FORM 10-K

New Alberto-Culver LLC - ACV

Filed: December 19, 1996 (period: September 30, 1996)

Annual report which provides a comprehensive overview of the company for the past year

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED:

SEPTEMBER 30, 1996

-OR-

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-5050

ALBERTO-CULVER COMPANY
(Exact name of registrant as specified in its charter)

Delaware	36-2257936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2525 Armitage Avenue Melrose Park, Illinois	60160
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (708)450-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, par value $.22 per share	New York Stock Exchange
Class B Common Stock, par value $.22 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of common stock held by non-affiliates (assuming for this purpose only that all directors and executive officers are affiliates) on November 25, 1996 was $400.6 million for Class A Common Stock and $365.0 million for Class B Common Stock.

At November 25, 1996, there were 11,074,894 shares of Class A Common Stock outstanding and 16,766,240 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II........	Portions of annual report to stockholders for the year ended September 30, 1996
Part III.............	Portions of proxy statement and notice of annual meeting of stockholders on January 23, 1997

PART I

ITEM 1. BUSINESS

BUSINESS SEGMENTS AND GEOGRAPHIC AREA INFORMATION

Alberto-Culver Company and its consolidated subsidiaries (herein referred to collectively as the "company", unless indicated otherwise) have two principal business segments. One segment, "Consumer Products" principally includes developing, manufacturing, distributing and marketing branded consumer products worldwide and includes the company's Alberto-Culver USA and Alberto-Culver International business units. This segment also includes products intended for end use by institutions and industries and the manufacturing of custom label products for other companies. The second segment, "Specialty Distribution - -Sally", consists of Sally Beauty Company, a specialty distributor of professional beauty supplies with 1,656 stores as of September 30, 1996 in the United States, Puerto Rico, the United Kingdom, Japan and Germany.

In February 1996, the company acquired St. Ives Laboratories, Inc. (St. Ives) for approximately $110 million. St. Ives develops, manufactures and markets personal care products under its SWISS FORMULA brand and manufactures custom label products for sale by other companies.

Financial information about business segments and geographic area information is incorporated herein by reference to the Business Segments and Geographic Area Information note of "Notes to Consolidated Financial Statements" in the registrant's annual report to stockholders for the year ended September 30, 1996.

PRODUCTS

The classes of products in the "Consumer Products" business segment include health and beauty care products and food and household products. Health and beauty care products accounted for approximately 43%, 39% and 39% of the company's consolidated net sales for the years ended September 30, 1996, 1995 and 1994, respectively. Food and household products accounted for approximately 8%, 10% and 9% of the company's consolidated net sales for the years ended September 30, 1996, 1995 and 1994, respectively.

The company's major health and beauty care products in the United States include the ALBERTO VO5, TRESemme and CONSORT lines of hair care products, the St. Ives SWISS FORMULA line of hair and skin care products, FDS feminine deodorant sprays and the TCB line of hair care products for the ethnic market.

Food and household products sold in the United States include MRS. DASH salt-free seasonings, MOLLY McBUTTER dairy sprinkles, SUGARTWIN sugar substitute and STATIC GUARD anti-static spray. The company sold its Milani, Diafoods, Thick-It and Smithers institutional food lines in July, 1996.

The company's consumer products are sold in more than 100 countries. Through its Cederroth subsidiary, the company manufactures and markets health and beauty care products throughout Scandanavia and Europe. Major products include SALVEKVICK adhesive bandages, ALBERTO VO5 hair care products, SAMARIN antacids, SELTIN salt substitute, LACTACYD liquid soap, TOPZ cotton buds, BLIW liquid soaps, DATE anti-perspirants and cologne for women, FAMILY FRESH shampoo and shower products, SUKETTER artificial sweetener, HEMANENT home permanents, HTH and L300 skin care products and GRUMME TVATTSAPA detergents.

In the United Kingdom, the company markets, among other products, the ALBERTO VO5 line of hair care products, the St. Ives SWISS FORMULA line of hair and skin care products, ALBERTO BALSAM shampoo and conditioner and the TRESemme line of hair care products. INDOLA professional color bleaches, shampoos, conditioners and styling products are sold throughout Europe and other international markets. Other major international markets include Australia, Canada, China, Hong Kong, Italy, Mexico, New Zealand and Puerto Rico.

The "Specialty Distribution - Sally" business segment represents the operations of Sally Beauty Company, Inc. which operates a network of cash-and-carry professional beauty supply stores and also sells professional beauty products to hairdressers, beauticians and cosmetologists through its own full-service distributors. Sally stores provide salon owners, hairdressers and consumers with an extensive selection of hair care and skin care products, cosmetics, styling appliances and other beauty items. Sales of the "Specialty Distribution - Sally" business segment accounted for approximately 49%, 51% and 52% of the company's consolidated net sales for the years ended September 30, 1996, 1995 and 1994, respectively.

Many of the company's consumer products are developed in the company's laboratories. New products introduced by the company are assigned product managers who guide the products from development to the consumer. The product managers are responsible for the overall marketing plans for the products and coordinate advertising, promotion and market research activities.

MARKETING

The company allocates a large portion of its revenues to advertising, promotion and market research. Net earnings for all periods are materially affected by advertising, promotion and market research expenditures. These expenditures are charged to income in the period in which they are incurred. Advertising, promotion and market research expenditures were $208.4 million in 1996, $188.0 million in 1995 and $178.5 million in 1994.

Advertising, promotion, and market research expenditures relating to a new product will ordinarily constitute a higher percentage of sales than in the case of a well-established product. There can be no assurance that such expenditures will result in consumer acceptance and profitability for a product.

The company regards television as the best medium for its advertising and uses it to conduct extensive network, spot and cable television advertising campaigns. The company also advertises through other media such as newspapers, magazines and radio as well as through Sally Beauty Company's direct mailings to professional customers.

Extensive advertising and promotion are required to build and protect a product's market position. The company believes there is significant consumer awareness of its major brands and that such awareness is an important factor in the company's operating results.

COMPETITION

The markets for the company's branded consumer products are highly competitive and sensitive to changes in consumer preferences and demands. The company's competitors range in size from large, highly diversified companies (some of which have substantially greater financial resources than the company) to small, specialized producers. The company competes on the basis of product quality and price and believes that brand loyalty and consumer acceptance are important factors. The company's markets are characterized by frequent introductions of competitive products and by the entry of other manufacturers as new competitors, both typically accompanied by extensive advertising and promotional campaigns. Such campaigns are often very costly and can significantly affect the sales and earnings of the company and its competitors.

Sally Beauty Company experiences competition from local and regional professional beauty supply stores, full-service dealers calling directly on salons and a wide range of retail outlets carrying a limited selection of professional beauty products.

DISTRIBUTION IN THE UNITED STATES

Retail health and beauty care products and food and household products are sold in the United States primarily through the company's sales force of approximately 68 employees and 122 food brokers calling upon wholesale drug establishments and retail outlets such as supermarkets, drug stores, mass merchandisers and variety stores.

Hair care products for the professional trade in the United States are sold by company sales representatives and brokers to beauty supply outlets and to beauty distributors who in turn sell to beauty salons, barber shops and beauty schools.

Sally Beauty Company sells its professional beauty supplies through full-service distributors and its 1,656 stores located in 46 states, Puerto Rico, the United Kingdom, Japan and Germany. Sally's stores are self-service, cash-and-carry and are primarily located in shopping centers. Sally operates the world's largest chain of professional beauty supply stores and as such is a major customer of some of the company's competitors in the personal care products industry. Sally sells the company's professional hair care products, but these products represent only a small portion of Sally's selection of salon brands.

FOREIGN OPERATIONS

Products of the company are sold in more than 100 countries or geographic regions, primarily through direct sales by subsidiaries, independent distributors and licensees.

The company's foreign operations are subject to risks inherent in transactions involving foreign currencies and fluctuating exchange rates.

EMPLOYEES

In its domestic and foreign operations, the company had approximately 10,700 full-time equivalent employees as of September 30, 1996, consisting of 6,200 hourly personnel and 4,500 salaried employees. At September 30, 1995, the company had approximately 9,900 full-time equivalent employees. The increase in employees in fiscal year 1996 is principally due to the growth in the number of Sally Beauty Company stores and the acquisition of St. Ives Laboratories, Inc.

Certain subsidiaries of the company have union contracts covering production, warehouse, shipping and maintenance personnel. The company considers relations with its employees to be satisfactory.

REGULATION

The company is subject to the regulations of several federal and state agencies, including the Federal Food and Drug Administration and the Federal Trade Commission.

TRADEMARKS AND PATENTS

The company's trademarks, certain of which are material to its business, are registered or legally protected in the United States, Canada and other countries throughout the world in which products of the company are sold. Although the company owns patents and has other patent applications pending, its business is not materially dependent upon patents or patent protection.

ITEM 2. PROPERTIES

The company's properties, plants and equipment are maintained in good condition and are suitable and adequate to support the business. The company's principal properties and their general characteristics are described in the following table

Location	Type of Facility	Business Segment
Company-Owned Properties:		
Melrose Park, Illinois		
(2525 Armitage Avenue)	Executive Offices, Manufacturing, Warehouse	(1)
(2150 N. 15th Avenue)	Manufacturing, Warehouse	(1)
(2100 N. 15th Avenue)	Warehouse	(1)
(1930 George Street)	Office, Warehouse	(1)
Atlanta, Georgia	Warehouse	(1)
Columbus, Ohio	Warehouse	(2)
Denton, Texas	Office, Warehouse	(2)
Falun, Sweden	Office, Manufacturing, Warehouse	(1)
Jacksonville, Florida	Warehouse	(2)
Madrid, Spain	Office, Manufacturing, Warehouse	(1)
Naguabo, Puerto Rico	Manufacturing, Warehouse	(1)
Naucalpan de Juarez, Mexico	Office, Manufacturing, Warehouse	(1)
North Rocks, New South Wales, Australia	Office, Manufacturing, Warehouse	(1)
Reno, Nevada	Warehouse	(2)
Swansea, Wales, England	Office, Manufacturing, Warehouse	(1)
Tilburg, Holland	Office, Manufacturing, Warehouse	(1)
Toronto, Ontario, Canada	Office, Manufacturing, Warehouse	(1)
Leased Properties:		
Albertslund, Denmark	Office, Warehouse	(1)
Auckland, New Zealand	Office	(1)
Basingstoke, Hampshire, England	Office	(1)
Chatsworth, California	Office, Manufacturing, Warehouse	(1)
Espoo, Finland	Office, Warehouse	(1)
Macedonia, Ohio	Warehouse	(2)
Morrow, Georgia	Warehouse	(2)
Rakkestad, Norway	Office, Warehouse	(1)
Sparks, Nevada	Office, Warehouse	(1)
Stockholm, Sweden	Office, Manufacturing, Warehouse	(1)
Various (1,656 locations in 46 states, Puerto Rico, the United Kingdom, Japan and Germany)	Sally Beauty Company Stores	(2)

(1) Consumer Products
(2) Specialty Distribution - Sally

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the year ended September 30, 1996.

EXECUTIVE OFFICERS

The following table sets forth the names and current positions of the registrant's executive officers, including their five-year business history and ages. Executive officers of the company and its subsidiaries are elected annually.

Name	Current Position and Five-Year Business History	Age
Leonard H. Lavin (1)	October, 1994 - Chairman; previously Chairman and Chief Executive Officer for more than five years	77
Howard B. Bernick (1)	October, 1994 - President and Chief Executive Officer; previously President and Chief Operating Officer for more than five years	44
Bernice E. Lavin (1)	July, 1994 - Vice Chairman, Secretary and Treasurer; previously Vice President, Secretary and Treasurer for more than five years	71
Carol L. Bernick (1)	October, 1994 - Executive Vice President and Assistant Secretary, Alberto-Culver Company and President, Alberto-Culver USA, Inc., a subsidiary of registrant; September, 1992 to October, 1994-Executive Vice President and Assistant Secretary; October, 1990 to September, 1992 - Executive Vice President, Worldwide Marketing and Assistant Secretary	44
John T. Boone	June, 1994 - Group Vice President, Domestic Consumer Products, Alberto-Culver USA, Inc., a subsidiary of registrant; August, 1993 to June, 1994 - Vice President, Operations, Modami Services, Inc.; August, 1991 to August, 1993 - President, JTB Management, Inc.	61
William J. Cernugel	October, 1993 - Senior Vice President, Finance & Controller; April, 1982 to October, 1993 -Vice President, Finance & Controller	54

Name	Current Position and Five-Year Business History	Age
David D. DeTomaso	October, 1993 - Senior Vice President, Professional Domestic Division, Alberto-Culver USA, Inc., a subsidiary of registrant; May, 1983 to October, 1993 - Vice President, Professional Domestic Division	53
Raymond W. Gass	Vice President and General Counsel	59
John G. Horsman, Jr.	January, 1994 -President, Alberto-Culver International, Inc., a subsidiary of registrant; January, 1992 to January, 1994 - Retired; 1978 to January, 1992 - Group Vice President, American Home Products Corporation	58
Thomas J. Pallone	Vice President, Research and Development	51
Michael H. Renzulli	President, Sally Beauty Company, Inc., a subsidiary of registrant	56

(1) Leonard H. Lavin and Bernice E. Lavin are husband and wife. Carol L. Bernick is the wife of Howard B. Bernick and the daughter of Mr. and Mrs. Lavin.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information required for this Item is incorporated herein by reference to the section entitled "Market Price of Common Stock and Cash Dividends Per Share" and note 4 of "Notes to Consolidated Financial Statements" in the registrant's annual report to stockholders for the year ended September 30, 1996.

ITEM 6. SELECTED FINANCIAL DATA

Information required for this Item is incorporated herein by reference to the section entitled "Selected Financial Data" in the registrant's annual report to stockholders for the year ended September 30, 1996.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required for this Item is incorporated herein by reference to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the registrant's annual report to stockholders for the year ended September 30, 1996.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required for this Item is incorporated herein by reference to the consolidated financial statements and notes and "Independent Auditors' Report" of KPMG Peat Marwick LLP in the registrant's annual report to stockholders for the year ended September 30, 1996.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required for this Item regarding the directors of the company and regarding delinquent filers pursuant to Item 405 of Regulation S-K is incorporated herein by reference to the sections entitled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", respectively, in the registrant's proxy statement for its annual meeting of stockholders on January 23, 1997. Information concerning Executive Officers of the registrant is included in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

Information required for this Item is incorporated herein by reference to the section entitled "Executive Compensation" in the registrant's proxy statement for its annual meeting of stockholders on January 23, 1997.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required for this Item is incorporated herein by reference to the sections entitled "Share Ownership of Directors and Executive Officers" and "Principal Stockholders" in the registrant's proxy statement for its annual meeting of stockholders on January 23, 1997.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

1. Financial statements:

The consolidated financial statements and notes to be included in Part II, Item 8 are incorporated by reference to the registrant's annual report to stockholders for the year ended September 30, 1996, which is filed as an exhibit to this report.

2. Financial statement schedules:

Description	Schedule
Valuation and Qualifying Accounts	II

Schedules I, III, IV, and V are omitted as the information required by these schedules is not applicable.

3. Exhibits:

Exhibit Number	Description
2 (a)	Copy of Agreement and Plan of Merger, dated as of October 30, 1995, between Alberto- Culver Company, AC Acquiring Co., and St. Ives Laboratories, Inc. (filed as Exhibit 2 and incorporated herein by reference from the company's Schedule 13D filed on November 7, 1995).
2 (b)	Copy of stockholders stock option agreement, dated as of october 30, 1995, among alberto-culver company, gary h. Worth, john r. Worth, the house of worth trust dated july 9, 1982 as amended, the worth family trust under an agreement dated november 24, 1990 and the worth family partnership, l.P. (Filed as exhibit 1 and incorporated herein by reference from the company's schedule 13d filed on november 7, 1995).
3(i)(a)	Copy of Restated Certificate of Incorporation of Alberto-Culver Company (filed as Exhibit 3(a) and incorporated herein by reference from the company's Form 10-K Annual Report for the year ended September 30, 1988).
3(i)(b)	Copy of the amendment to the Restated Certificate of Incorporation of Alberto-Culver Company (filed as Exhibit 3(a)(1) and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended December 31, 1989).
3(ii)	Copy of the By-Laws of Alberto-Culver Company, as amended and in effect as of January 17, 1990 (filed as Exhibit 3(b)(1) and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended December 31, 1989).

3. Exhibits: (continued)

Exhibit Number	Description
4	Certain instruments defining the rights of holders of long-term obligations of the

	registrant and certain of its subsidiaries (the total amount of securities authorized under each of which does not exceed ten percent of the registrant's consolidated assets) are omitted pursuant to part 4 (iii) (A) of Item 601 (b) of Regulation S-K. The registrant agrees to furnish copies of any such instruments to the Securities and Exchange Commission upon request.
4 (a)	Copy of Note Agreement dated September 28, 1993 among Alberto-Culver Company and Institutional Investors (filed as Exhibit 4(f) and incorporated herein by reference from the company's Form 10-K Annual Report for the year ended September 30, 1993).
4 (b)	Copy of Indenture dated June 30, 1995 by and between Alberto-Culver Company as Issuer and Bankers Trustee Company Limited as Trustee of 5-1/2% Convertible Subordinated Debentures due June 30, 2005 (filed as Exhibit 4(C)and incorporated herein by reference from the company's Form 10-K Annual Report for the year ended September 30, 1995).
10 (a)	Copy of Alberto-Culver Company Management Incentive Plan dated October 27, 1994 *(filed as Exhibit 10(a) and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended March 31, 1995).
10 (b)	Copy of Alberto-Culver Company Employee Stock Option Plan of 1988, as amended. *(filed as Exhibit 10(b) and incorporated herein by reference from the company's Form 10-K Annual Report for the year ended September 30, 1995).
10 (c)	Copy of Alberto-Culver Company 1994 Shareholder Value Incentive Plan * (filed as Exhibit 10(C)and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended March 31, 1995).
10 (d)	Copy of Alberto-Culver Company 1994 Restricted Stock Plan *(filed as Exhibit 10(d) and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended March 31, 1995.)
10 (e)	Copy of Alberto-Culver Company 1994 Stock Option Plan for Non-Employee Directors *(filed as Exhibit 10(e) and incorporated herein by reference from the company's Form 10-Q Quarterly Report for the quarter ended March 31, 1995).
10 (f)	Copy of Split Dollar Life Insurance Agreement dated September 30, 1993 between Alberto-Culver company and the trustee of the Lavin Survivorship Insurance Trust * (filed as Exhibit 10(e) and incorporated herein by reference from the company's Form 10-K Annual Report for the year ended September 30, 1993).

3. Exhibits: (continued)

Exhibit Number	Description

11	Computation of net earnings per share
13	Portions of annual report to stockholders for the year ended September 30, 1996 incorporated herein by reference.
21	Subsidiaries of the Registrant.
23	Consent of KPMG Peat Marwick LLP
27	Financial Data Schedule

* This exhibit is a management contract or compensatory plan or arrangement of the registrant.

(b) Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of December, 1996.

ALBERTO-CULVER COMPANY

By /s/ Howard B. Bernick
Howard B. Bernick
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Leonard H. Lavin Leonard H. Lavin	Chairman of the Board and Director	December 12, 1996
/s/ Howard B. Bernick Howard B. Bernick	President, Chief Executive Officer and Director	December 12, 1996
/s/ Bernice E. Lavin Bernice E. Lavin	Vice Chairman, Secretary, Treasurer and Director	December 12, 1996
/s/ Carol L. Bernick Carol L. Bernick	Executive Vice President, Assistant Secretary and Director	December 12, 1996
/s/ William J. Cernugel William J. Cernugel	Senior Vice President, Finance & Controller (Principal Financial & Accounting Officer)	December 12, 1996
/s/ Robert Abboud A. Robert Abboud	Director	December 12, 1996
/s/ A.G. Atwater A. G. Atwater	Director	December 12, 1996
Robert P. Gwinn	Director	December 12, 1996
/s/ Leander W. Jennings Leander W. Jennings	Director	December 12, 1996
/s/ Allan B. Muchin Allan B. Muchin	Director	December 12, 1996
/s/ Robert H. Rock Robert H. Rock	Director	December 12, 1996
/s/ Dr. Harold M. Visotsky Dr. Harold M. Visotsky	Director	December 12, 1996
/s/ William W. Wirtz William W. Wirtz	Director	December 12, 1996

Independent Auditors' Report

The Board of Directors and Stockholders
Alberto-Culver Company:

Under date of October 23, 1996, we reported on the consolidated balance sheets of Alberto-Culver Company and subsidiaries as of September 30, 1996 and 1995 and the related consolidated statements of earnings, retained earnings, and cash flows for each of the years in the three-year period ended September 30, 1996, as contained in the 1996 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1996. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedule as listed in Item 14(a)2 of the annual report on Form 10-K. This financial statement schedule is the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG PEAT MARWICK LLP

KPMG PEAT MARWICK LLP

Chicago, Illinois
October 23, 1996

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Valuation and Qualifying Accounts
(Thousands)

	Year Ended September 30,		
	1996	1995	1994
Allowance for doubtful accounts:			
Balance at beginning of period	$5,663	5,497	5,493
Additions (deductions):			
Charged to costs and expenses	6,309	3,277	3,412
Uncollectible accounts written off, net of recoveries	(4,326)	(3,187)	(3,588)
Allowance for doubtful accounts of acquired company	580	--	83
Other	(18)	76	97
Balance at end of period	$8,208	5,663	5,497

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Exhibit 11

ALBERTO-CULVER COMPANY
Computation of Net Earnings Per Share
Years Ended September 30, 1996, 1995 and 1994

(Amounts in thousands, except per share amounts)

	1996	1995	1994
PRIMARY:			
Net earnings	$62,744	52,651	44,068
Weighted average shares outstanding	27,786	27,715	28,031
Add:			
Net additional shares from the assumed exercise of stock options	427	134	11
Weighted average shares outstanding including common stock equivalents	28,213	27,849	28,042
Net earnings per share	$ 2.22	1.89	1.57
FULLY-DILUTED:			
Net earnings	$62,744	52,651	44,068
Add:			
Interest expense on convertible subordinated debentures, net of tax benefit	3,635	783	--
Adjusted net earnings	$66,379	53,434	44,068
Weighted average shares outstanding	27,786	27,715	28,031
Add:			
Net additional shares from the assumed exercise of stock options	513	184	50
Weighted average shares from the assumed conversion of the subordinated debentures	3,089	677	--
Weighted average shares outstanding including common stock equivalents	31,388	28,576	28,081
Net earnings per share	$ 2.11	1.87	1.57

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EXHIBIT 13

Consolidated Statements of Earnings
Alberto-Culver Company and Subsidiaries

(Dollars in thousands, except per share data)	Year ended September 30, 1996	1995	1994
Net sales	$1,590,409	1,358,219	1,216,119
Costs and expenses:			
Cost of products sold	805,080	682,589	602,749
Advertising, promotion, selling and administrative	673,247	584,856	536,441
Interest expense, net of interest income of $3,837 in 1996, $3,414 in 1995 and $2,779 in 1994	12,068	6,532	5,851
Total costs and expenses	1,490,395	1,273,977	1,145,041
Earnings before provision for income taxes	100,014	84,242	71,078
Provision for income taxes (note 6)	37,270	31,591	27,010
Net earnings	$ 62,744	52,651	44,068
Net earnings per share:			
Primary	$ 2.22	1.89	1.57
Fully-diluted	2.11	1.87	1.57

See accompanying notes to consolidated financial statements

Consolidated Statements of Retained Earnings
Alberto-Culver Company and Subsidiaries

(Dollars in thousands)	Year ended September 30, 1996	1995	1994
Retained earnings, beginning of year	$ 337,506	293,445	257,085
Net earnings	62,744	52,651	44,068
	400,250	346,096	301,153
Cash dividends (note 4)	(9,724)	(8,590)	(7,708)
Retained earnings, end of year	$ 390,526	337,506	293,445

See accompanying notes to consolidated financial statements

Consolidated Balance Sheets
Alberto-Culver Company and Subsidiaries

(Dollars in thousands, except per share data)

Assets	September 30, 1996	1995
Current assets:		
Cash and cash equivalents	$ 66,211	142,585
Short-term investments	5,346	4,400
Receivables, less allowance for doubtful accounts of $8,208 in 1996 and $5,663 in 1995 (note 3)	125,718	128,482
Inventories:		
Raw materials	31,286	32,408
Work-in-process	5,622	4,897
Finished goods	251,617	211,224
Total inventories	288,525	248,529
Prepaid expenses	26,918	12,549
Total current assets	512,718	536,545
Property, plant and equipment (note 7):		
Land	9,310	8,396
Buildings	113,775	100,954
Machinery and equipment	196,781	176,684
Total property, plant and equipment	319,866	286,034
Accumulated depreciation	143,946	128,243
Property, plant and equipment, net	175,920	157,791
Goodwill, net	107,603	55,225
Trade names, net	76,877	34,198
Other assets	36,148	31,327
	$ 909,266	815,086

Liabilities and Stockholders' Equity

	1996	1995
Current liabilities:		
Short-term borrowings	$ 2,337	103
Current maturities of long-term debt	1,313	1,286
Accounts payable	154,634	144,253
Accrued expenses (note 2)	115,139	76,141
Income taxes	13,172	13,056
Total current liabilities	286,595	234,839
Long-term debt (note 3)	61,548	83,094
Convertible subordinated debentures (note 3)	100,000	100,000
Deferred income taxes	16,582	15,365
Other liabilities	19,445	10,885
Stockholders' equity (note 4): Common stock, par value $.22 per share:		
Class A authorized 25,000,000 shares; issued 13,262,624 shares	2,918	2,918
Class B authorized 25,000,000 shares; issued 20,944,424 shares	4,608	4,608
Additional paid-in capital	88,955	87,896
Retained earnings	390,526	337,506
Foreign currency translation (note 1)	(13,428)	(12,966)
	473,579	419,962
Less treasury stock, at cost (Class A common stock: 1996 - 2,214,024 shares and 1995 - 2,299,618 shares; Class B common stock: 1996 and 1995 - 4,178,184 shares) (note 4)	48,483	49,059
Total stockholders' equity	425,096	370,903
	$ 909,266	815,086

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Alberto-Culver Company and Subsidiaries

(Dollars in thousands)	Year ended September 30, 1996	1995	1994
Cash Flows from Operating Activities:			
Net earnings	$ 62,744	52,651	44,068
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	26,159	20,712	17,234
Amortization of goodwill, trade names and other assets	6,757	3,967	3,668
Deferred income taxes	(1,858)	243	(158)
Other, net	(1,527)	852	447
Cash effects of changes in:			
Receivables, net	(2,955)	(20,144)	5,995
Inventories	(12,287)	(7,783)	(21,972)
Prepaid expenses	302	(1,940)	(348)
Accounts payable and accrued expenses	17,930	29,420	16,815
Income taxes	(2,520)	3,852	(347)
Net cash provided by operating activities	92,745	81,830	65,402
Cash Flows from Investing Activities:			
Short-term investments	(946)	4,129	(329)
Capital expenditures	(40,894)	(31,002)	(26,184)
Other assets	(7,313)	(8,143)	(6,842)
Proceeds from sales of businesses	12,448	--	1,592
Payments for purchased businesses, net of acquired companies' cash	(130,981)	(41,635)	(7,618)
Proceeds from disposals of assets	1,599	1,006	2,096
Net cash used by investing activities	(166,087)	(75,645)	(37,285)
Cash Flows from Financing Activities:			
Short-term borrowings	(315)	(2,091)	(4,147)
Proceeds from issuance of long-term debt	5,475	45,001	5,776
Repayments of long-term debt	(29,118)	(37,773)	(33,757)
Issuance of convertible subordinated debentures	--	100,000	--
Convertible subordinated debentures issuance costs	--	(2,945)	--
Proceeds from sale of receivables	30,000	--	--
Proceeds from exercise of stock options	1,717	659	651
Cash dividends paid	(9,724)	(8,590)	(7,708)
Stock purchased for treasury	(759)	--	(13,729)
Net cash provided (used) by financing activities	(2,724)	94,261	(52,914)
Effect of foreign exchange rate changes on cash	(308)	306	883
Net increase (decrease) in cash and cash equivalents	(76,374)	100,752	(23,914)
Cash and cash equivalents at beginning of year	142,585	41,833	65,747
Cash and cash equivalents at end of year	$ 66,211	142,585	41,833
Supplemental Cash Flow Information:			
Cash paid for:			
Interest	$ 12,206	6,831	7,643
Income taxes	42,589	26,801	27,387
Capital lease obligations assumed	282	1,393	843

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include accounts of Alberto-Culver Company and its subsidiaries ("company"). All significant intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements. Management believes these estimates and assumptions are reasonable.

CASH EQUIVALENTS
All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents. These investments are stated at cost which approximates market value.

SHORT-TERM INVESTMENTS
Short-term investments are stated at cost which is equal to market value at September 30, 1996 and 1995, respectively.

INVENTORIES
Inventories are stated at the lower of cost (first-in, first-out method or retail method) or market (net realizable value).

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are carried at cost. Depreciation is provided primarily on the straight-line method based on the estimated useful lives of assets. Expenditures for maintenance and repairs are expensed as incurred.

GOODWILL AND TRADE NAMES
The cost of goodwill and trade names is amortized on a straight-line basis over periods ranging from ten to forty years. Management periodically considers whether there has been a permanent impairment to the value of goodwill and trade names by evaluating various factors including current operating results, market and economic conditions and anticipated future results and cash flows. Accumulated amortization at September 30, 1996 and 1995, was $17.3 million and $12.9 million respectively.

FOREIGN CURRENCY TRANSLATION
Foreign currency balance sheet accounts are translated at rates of exchange in effect at the balance sheet date. Results of operations are translated using the average exchange rates during the period.

The following is an analysis of changes in the foreign currency translation account:

(Thousands)	1996	1995
Balance, beginning of year	$(12,966)	(11,793)
Foreign currency translation loss	(462)	(1,173)
Balance, end of year	$(13,428)	(12,966)

Realized gains and losses from foreign currency transactions included in the consolidated statements of earnings resulted in losses of $17,000, $359,000 and $323,000 in 1996, 1995 and 1994, respectively.

ADVERTISING, PROMOTION AND MARKET RESEARCH

Advertising, promotion and market research costs are expensed as incurred and amounted to $208.4 million, $188.0 million and $178.5 million in 1996, 1995 and 1994, respectively.

INCOME TAXES

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are estimated to be recovered or settled.

CALCULATION OF EARNINGS PER SHARE

Primary earnings per share are based on the weighted average shares outstanding, including common stock equivalents, of 28,213,000 in 1996, 27,849,000 in 1995 and 28,042,000 in 1994.

Fully-diluted earnings per share are determined by dividing net earnings plus the interest expense on the convertible subordinated debentures (net of tax benefit) by the weighted average shares outstanding, including common stock equivalents, after giving effect for common shares to be issued assuming conversion of the convertible subordinated debentures to common shares. Fully-diluted weighted average shares outstanding were 31,388,000 in 1996, 28,576,000 in 1995 and 28,081,000 in 1994.

(2) Accrued Expenses

Accrued expenses consist of the following:

(Thousands)	1996	1995
Compensation and be	$ 48,960	31,597
Advertising and promotions	28,085	21,320
Other	38,094	23,224
	$115,139	76,141

(3) Debt and Other Financing Arrangements

Long-term debt, exclusive of current maturities, consists of the following:

(Thousands)	1996	1995
5.5% convertible subordinated debentures due June, 2005	$100,000	100,000
Term notes payable:		
9.73% due November, 1998	----	20,000
6.2% due September, 2000	20,000	20,000
Revolving Swedish krona credit agreements at 5.3% - 11.7%	39,200	40,302
Other, principally foreign borrowings and capitalized leases, at weighted average interest rates of 8.2% in 1996 and 9.0% in 1995	2,348	2,792
	$161,548	183,094

Maturities of debt for the next five years are as follows (in thousands): 1997 - $1,313; 1998 - $1,172; 1999 - $558; 2000 - $59,433; 2001- $175 and later - - $100,210. The fair value of long-term debt approximates its recorded value.

In July, 1995, the company issued $100 million of 5.5% convertible subordinated debentures maturing on June 30, 2005. The debentures are convertible into Class A common shares at a conversion rate of 30.888 shares per $1,000 principal amount of debentures (equivalent to a conversion price of approximately $32-3/8). The debentures are redeemable, in whole but not in part, at the option of the company any time on or after June 30, 1998 at par plus accrued interest.

In August, 1996, the company prepaid $20 million of 9.73% term notes scheduled to mature in November, 1998 and incurred a prepayment penalty. Due to immateriality, the penalty is not reported as an extraordinary item, but is included in net interest expense.

The term notes due September, 2000 impose restrictions on such items as total debt, working capital, dividend payments, treasury stock purchases and interest expense. At September 30, 1996, the company was in compliance with these arrangements and $132.5 million of consolidated retained earnings was not restricted as to the payment of dividends or purchases of treasury stock.

The company had available lines of credit of approximately $109 million with various banks at September 30, 1996. The credit lines, which require no compensating balances, may be terminated at the option of the banks or the company.

In January, 1996, the company entered into an agreement to sell, without recourse, up to $30 million of a designated pool of trade receivables on an ongoing basis. The agreement expires in one year and is renewable annually upon the mutual consent of both parties. At September 30, 1996, the facility was fully utilized. Costs related to this agreement are included in administrative expenses.

(4) Treasury Stock and Additional Paid-In Capital

Changes in treasury stock and additional paid-in capital during 1996, 1995 and 1994 were as follows:

(Thousands)	Treasury Stock Shares	Amount	Additional Paid-In Capital
Balance at September 30, 1993	5,842	$ 36,392	$ 87,262
Stock options exercised	(46)	(461)	190
Stock purchased for treasury	731	13,729	--
Balance at September 30, 1994	6,527	49,660	87,452
Stock options exercised	(33)	(399)	260
Stock issued pursuant to employee incentive plans ..	(16)	(202)	184
Balance at September 30, 1995	6,478	49,059	87,896
Stock options exercised	(84)	(1,029)	688
Stock purchased for treasury	23	759	--
Stock issued pursuant to employee incentive plans ...	(25)	(306)	371
Balance at September 30,1996	6,392	$ 48,483	$ 88,955

The company has two classes of common stock, both of which are listed on the New York Stock Exchange. Except for voting, dividend and conversion rights, the Class A and Class B common stock are identical. Class A has one-tenth vote per share and Class B has one vote per share. No dividend may be paid on the Class B unless an equal or greater dividend is paid on the Class A, and dividends may be paid on the Class A in excess of dividends paid, or without paying dividends, on the Class B. All, and not less than all, of the Class A may at any time be converted into Class B on a share-for-share basis at the option of the company. The Class B is convertible into Class A on a share-for-share basis at the option of the holders.

Cash dividends for Class B common stock in 1996, 1995 and 1994 were $5.9 million or $.35 per share, $5.2 million or $.31 per share and $4.6 million or $.275 per share, respectively. Cash dividends for Class A common stock in 1996, 1995 and 1994 were $3.9 million or $.35 per share, $3.4 million or $.31 per share and $3.1 million or $.275 per share, respectively. Class A common stock dividends per share have been equal to those of Class B common stock since the Class A shares were issued in April, 1986.

(5) Stock Option and Restricted Stock Plans

Pursuant to its stock option plans, the company is authorized to issue non-qualified options to employees and directors to purchase a limited number of shares of the company's Class A common stock at a price not less than the fair market value of the stock on the date of grant. Options under the plans expire five or ten years from date of grant and are exercisable on a cumulative basis in four equal annual increments commencing one year after the date of grant.

Shares under option at September 30, 1996 are summarized as follows:

Year Granted	Shares Under Option	Per Share Option Price	Total Option Price (Thousands)
1989	4,250	$13.25	$ 56
1990	69,366	18.75	1,301
1991	33,250	19.88	661
1992	109,800	21.50 - 23.65	2,371
1993	136,875	23.69 - 26.06	3,252
1994	183,750	19.50 - 21.63	3,616
1995	462,358	23.69	10,952
1996	494,800	26.75 - 34.13	13,462
	1,494,449		$35,671

Options for 83,442 shares were exercised in 1996 whereas options for 32,634 shares were exercised in the prior year. During 1996 and 1995, options for 52,675 and 35,525 shares, respectively, were terminated. Options for 526,787 shares were exercisable at September 30, 1996.

The company is also authorized to grant shares of Class A common stock to employees under its restricted stock plan. The restricted shares vest on a cumulative basis in four equal annual installments commencing four years after the date of grant. At September 30, 1996, there were 40,500 restricted shares outstanding.

(6) Income Taxes

The provisions for income taxes consist of the following:

(Thousands)	1996	1995	1994
Current:			
Federal	$27,651	20,820	19,477
Foreign	5,566	5,310	3,768
State	5,911	5,218	3,923
	39,128	31,348	27,168
Deferred:			
Federal	(2,349)	(213)	(1,315)
Foreign	1,268	561	974
State	(777)	(105)	183
	(1,858)	243	(158)
	$37,270	31,591	27,010

The difference between the effective income tax rate and the United States statutory federal income tax rate is summarized below:

	1996	1995	1994
Statutory tax rate	35.0%	35.0%	35.0%
Effect of foreign income tax rates	(1.5)	(1.0)	.1
State income taxes, net of federal tax benefit	3.3	3.9	3.7
Other, net	.5	(.4)	(.8)
Effective tax rate	37.3%	37.5%	38.0%

Significant components of the company's deferred tax assets and liabilities as of September 30, 1996 and 1995 are as follows:

(Thousands)	1996	1995
Deferred tax assets attributable to:		
Accrued expenses	$15,802	5,220
Inventory adjustments	2,045	--
Total deferred tax assets	17,847	5,220
Deferred tax liabilities attributable to:		
Depreciation and amortization	15,785	13,956
Inventory adjustments	--	983
State income taxes	18	1,095
Other	479	313
Total deferred tax liabilities	16,582	16,347
Net deferred tax assets (liabilities)	$ 1,265	(11,127)

Prepaid expenses at September 30, 1996 and 1995 include $17.8 million and $4.2 million, respectively, of net deferred tax assets.

Domestic earnings before income taxes were $77.9 million, $72.0 million and $62.3 million in 1996, 1995 and 1994, respectively. Foreign operations had earnings before income taxes of $22.1 million, $12.2 million and $8.8 million in 1996, 1995 and 1994, respectively.

Undistributed earnings of the company's foreign operations amounting to $99.3 million are intended to remain permanently invested to finance future growth and expansion. Accordingly, no U.S. income taxes have been provided on those earnings at September 30, 1996. Should such earnings be distributed, the credit for foreign income taxes paid would substantially offset applicable U.S. income taxes.

(7) Lease Commitments

The major portion of the company's leases are for Sally Beauty Company stores. Other leases cover certain manufacturing and warehousing properties, office facilities, data processing equipment and automobiles. At September 30, 1996, future minimum payments under noncancelable leases are as follows:

(Thousands)	Operating Leases	Capital Leases
1997	$ 39,160	1,031
1998	29,498	746
1999	20,846	211
2000	13,093	101
2001	6,435	17
2002 and later	7,469	--
Total minimum lease payments	$116,501	2,106

Total rental expense for operating leases amounted to $53.0 million in 1996, $47.4 million in 1995 and $44.2 million in 1994. Certain leases require the company to pay real estate taxes, insurance, maintenance and special assessments.

(8) Business Segments and Geographic Area Information

The "consumer products" business segment principally includes developing, manufacturing, distributing and marketing branded consumer products worldwide and includes the company's Alberto-Culver USA and Alberto-Culver International business units. This segment also includes products intended for end use by institutions and industries and the manufacturing of custom label products for other companies. The "specialty distribution - Sally" business segment consists of Sally Beauty Company, a specialty distributor of professional beauty supplies.

Segment and geographic data for the years ended September 30, 1996, 1995 and 1994 are as follows:

Business Segments Information (Thousands)	1996	1995	1994
Net sales:			
Consumer products:			
Alberto-Culver USA	$ 377,468	305,681	293,685
Alberto-Culver International	452,030	363,294	300,605
Total consumer products	829,498	668,975	594,290
Specialty distribution - Sally	771,868	697,668	631,529
Eliminations	(10,957)	(8,424)	(9,700)
	$ 1,590,409	1,358,219	1,216,119
Earnings before provision for income taxes:			
Consumer products:			
Alberto-Culver USA	$ 21,445	16,011	11,867
Alberto-Culver International	21,737	16,604	12,241
Total consumer products	43,182	32,615	24,108
Specialty distribution - Sally	78,871	71,889	63,907
Operating profit	122,053	104,504	88,015
Unallocated expenses, net*	(9,971)	(13,730)	(11,086)
Interest expense, net of interest income	(12,068)	(6,532)	(5,851)
	$ 100,014	84,242	71,078
Identifiable assets:			
Consumer products:			
Alberto-Culver USA	$ 197,478	130,592	128,189
Alberto-Culver International	333,738	284,750	208,545
Total consumer products	531,216	415,342	336,734
Specialty distribution - Sally	308,869	257,437	229,543
Corporate**	69,181	142,307	43,931
	$ 909,266	815,086	610,208
Depreciation and amortization expense:			
Consumer products:			
Alberto-Culver USA	$ 7,601	4,616	4,041
Alberto-Culver International	11,376	8,433	6,217
Total consumer products	18,977	13,049	10,258
Specialty distribution - Sally	11,780	9,953	9,077
Corporate	2,159	1,677	1,567
	$ 32,916	24,679	20,902
Capital expenditures:			
Consumer products:			
Alberto-Culver USA	$ 11,419	11,975	6,107
Alberto-Culver International	8,885	6,293	4,978
Total consumer products	20,304	18,268	11,085
Specialty distribution - Sally	20,872	13,746	15,482
Corporate	--	381	460
	$ 41,176	32,395	27,027

Geographic Area Information (Thousands)	1996	1995	1994
Net sales:			
United States	$ 1,148,268	997,065	918,870
Foreign	453,709	364,543	300,850
Eliminations	(11,568)	(3,389)	(3,601)
	$ 1,590,409	1,358,219	1,216,119
Operating profit:			
United States	$ 97,628	88,025	77,248
Foreign	24,425	16,479	10,767
	$ 122,053	104,504	88,015
Identifiable assets:			

United States	$ 507,545	390,763	362,781
Foreign	332,540	282,016	203,496
Corporate**	69,181	142,307	43,931
	$ 909,266	815,086	610,208

* "Unallocated expenses, net" principally consists of general corporate expenses and foreign exchange gains and losses.

** Corporate identifiable assets are primarily cash, cash equivalents, short-term investments and equipment.

(9) Quarterly Financial Data

Unaudited quarterly consolidated statement of earnings information for the years ended September 30, 1996 and 1995 are summarized below (in thousands, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1996:				
Net sales	$347,638	396,146	415,554	431,071
Cost of products sold	178,343	200,459	208,526	217,752
Net earnings	12,875	14,469	16,452	18,948
Earnings per share:				
Primary	.46	.51	.58	. 67
Fully-diluted	.44	.49	.55	. 63
1995:				
Net sales	$311,474	324,208	357,678	364,859
Cost of products sold	155,548	161,597	180,590	184,854
Net earnings	11,195	12,230	13,634	15,592
Earnings per share:				
Primary	.40	.44	.49	.56
Fully-diluted	.40	.44	.49	.54

(10) Acquisitions and Divestiture

In April, 1995, the company's Sweden-based subsidiary, Cederroth International AB, completed the acquisition of the Toiletries Division of Molnlycke AB. The acquired division develops, manufactures and markets body and skin care, hair care, oral care and household products in Scandinavia. The acquisition, valued at approximately $50 million, was accounted for as a purchase and was funded with local bank borrowings payable in Swedish krona.

The operations of the Molnlycke Toiletries business have been included in the company's consolidated financial statements since April, 1995. Had Molnlycke Toiletries been acquired at the beginning of fiscal year 1994, the pro-forma inclusion of its operating results would not have had a significant effect on the reported consolidated net earnings for the two year period ended September 30, 1995.

In February, 1996, the company acquired St. Ives Laboratories, Inc. ("St. Ives") for approximately $110 million. St. Ives develops, manufactures and markets personal care products under its Swiss Formula brand and manufactures custom label products for other companies.

The purchase of St. Ives was funded with the net proceeds available from the July, 1995 issuance of $100 million of 5.5% convertible subordinated debentures and from the sale of certain trade accounts receivable in January, 1996.

The acquisition has been accounted for as a purchase and, accordingly, the operating results of St. Ives have been included in the company's consolidated financial statements since the date of acquisition. The excess of the aggregate purchase price over the fair market value of net assets acquired of approximately $47 million is being amortized over 40 years.

The following unaudited pro forma consolidated results of operations for the years ended September 30, 1996 and 1995 assume the St. Ives acquisition occurred as of October 1, 1994 (in thousands, except per share data):

	1996	1995
Net sales	$1,647,063	1,518,487
Net earning	63,056	48,875
Earnings per share:		
Primary	2.23	1.76
Fully-diluted	2.12	1.74

In July, 1996, Alberto-Culver USA sold its Milani, DiaFoods, Thick-It and Smithers institutional food lines and granted the purchaser a master distribution license to sell the company's other institutional food products. The transaction resulted in an immaterial gain and is included in administrative expense.

Independent Auditors' Report

The Board of Directors and Stockholders
Alberto-Culver Company:

We have audited the accompanying consolidated balance sheets of Alberto-Culver Company and subsidiaries as of September 30, 1996 and 1995, and the related consolidated statements of earnings, retained earnings and cash flows for each of the years in the three-year period ended September 30, 1996. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alberto-Culver Company and subsidiaries as of September 30, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 1996, in conformity with generally accepted accounting principles.

Chicago, Illinois
October 23, 1996 KPMG Peat Marwick LLP

Management's Discussion and Analysis of Results of Operations and Financial Condition Alberto-Culver Company and Subsidiaries

RESULTS OF OPERATIONS

Fiscal year 1996 marked the company's thirteenth consecutive year of record sales. Net sales for the year ended September 30, 1996 were $1.59 billion, an increase of 17.1% over prior year sales of $1.36 billion. Net sales in 1994 were $1.22 billion.

Record net earnings of $62.7 million in 1996 increased 19.2% from 1995 net earnings of $52.7 million. Primary earnings per share of $2.22 were 33 cents or 17.5% higher than 1995. Fully-diluted earnings per share were $2.11, an increase of 24 cents or 12.8% from 1995. Net earnings in 1994 were $44.1 million or $1.57 per share on a primary and fully-diluted basis.

Prior to 1996, the Consumer Products Division of Alberto-Culver USA recorded certain promotional allowances that were shown as a deduction from the list price reported on customer invoices as promotion expenses. Effective October 1, 1995, the division changed its method of reporting to a net sales basis thereby reducing sales and promotion expense by $12.6 million for 1996. This change had no effect on net income and prior periods have not been reclassified due to immateriality. The change is in conformity with industry practice and also provides management with financial information that is consistent across other divisions of Alberto-Culver USA and Alberto-Culver International.

Sales of Alberto-Culver USA consumer products in 1996 were $377.5 million, an increase of 23.5% from prior year sales of $305.7 million. The 1996 increase primarily resulted from the acquisition of St. Ives Laboratories, Inc. ("St. Ives") in February, 1996, which added $87.7 million of sales, partially offset by lower sales due to the change in the classification of certain off-invoice promotional allowances discussed above. In 1995, sales increased 4.1% from 1994 sales of $293.7 million primarily due to higher sales of Alberto VO5 and TRESemme shampoo and conditioner products, FDS feminine deodorant spray and Mrs. Dash seasoning products, partially offset by lower sales for the Alberto, Alberto VO5 and Bold Hold hair styling lines and the discontinuation of Village Saucerie sauce and recipe mixes.

Alberto-Culver International consumer products sales were $452.0 million in 1996 compared to $363.3 million in 1995 and $300.6 million in 1994. The sales increases in 1996 and 1995 primarily resulted from acquisitions. The Toiletries Division of Sweden-based Molnlycke AB was purchased in April, 1995 and St. Ives was acquired in February, 1996.

Sales of the "Specialty distribution - Sally" business segment increased to $771.9 million in 1996 compared to $697.7 million and $631.5 million in 1995 and 1994, respectively. The higher sales in 1996 were attributable to sales gains for established Sally Beauty Company outlets and the addition of 162 stores during the year. The number of Sally stores increased 34.1% over the last three years to a total of 1,656 at the end of 1996 compared to 1,494 and 1,363 at the end of 1995 and 1994, respectively.

Cost of products sold as a percentage of sales was 50.6% in fiscal year 1996 compared to 50.3% in 1995 and 49.6% in 1994. The increase in the cost of products sold percentage over the last three years primarily resulted from changes in product mix, higher raw material costs and the 1996 addition of St. Ives' custom label business which has a higher cost of goods sold percentage. In 1996, the cost of products sold percentage was also higher due to the reduction in sales resulting from the change in recording certain off-invoice promotional allowances.

Advertising, promotion, selling and administrative expenses increased 15.1% in 1996 and 9.0% in 1995. The increase in 1996 resulted from the acquisition of St. Ives in February, 1996, the inclusion of the operations of Molnlycke Toiletries for a full year, higher selling and administrative costs associated with the increase in the number of Sally Beauty Company stores and the discount on the sale of certain trade receivables. These increases were partially offset by an immaterial, non-recurring gain on the sale of certain Alberto-Culver USA institutional food lines in July, 1996. The higher costs in 1995 were primarily due to selling and administrative costs associated with the increase in the number of Sally stores and higher advertising and promotional expenditures for consumer products.

Advertising, promotion and market research expenditures were $208.4 million, $188.0 million and $178.5 million in 1996, 1995 and 1994, respectively. The increase in 1996 mainly resulted from the acquisition of St. Ives in February, 1996 and the inclusion of the operations of Molnlycke Toiletries for a full year, partially offset by the reclassification of certain off-invoice promotional allowances.

Interest expense, net of interest income, was $12.1 million, $6.5 million and $5.9 million in 1996, 1995 and 1994, respectively. Interest expense was $15.9 million in 1996 versus $9.9 million in 1995 and $8.6 million in 1994. The increase in interest expense in 1996 was attributable to the convertible subordinated debentures and borrowings related to the Molnlycke acquisition being outstanding for the full year along with the penalty incurred on the August, 1996 prepayment of the $20 million, 9.73% term notes. These increases were mitigated by the elimination of interest expense on the $30.0 million of term loans retired in July, 1995.

Interest income was $3.8 million, $3.4 million and $2.8 million in 1996, 1995 and 1994, respectively. The increases in 1996 and 1995 principally resulted from investing the July, 1995 net proceeds of the $100 million convertible subordinated debentures until the funds were used for the acquisition of St. Ives in February, 1996.

The provision for income taxes as a percentage of earnings before income taxes was 37.3%, 37.5% and 38.0% in 1996, 1995 and 1994, respectively. Factors which influenced the effective tax rates for those years are described in "note 6" to the consolidated financial statements.

FINANCIAL CONDITION

Working capital at September 30, 1996 was $226.1 million, a decrease of $75.6 million from the prior year's working capital of $301.7 million. The resulting current ratio was 1.79 to 1.00 at September 30, 1996 compared to 2.28 to 1.00 last year. The decrease was primarily due to the acquisition of St. Ives in February, 1996, the prepayment of the $20 million term notes in August, 1996, capital expenditures and dividend payments, partially offset by the net after-tax proceeds from the sale of certain Alberto-Culver USA institutional food lines in July, 1996 and cash provided by operating activities.

Accounts receivable and inventories less accounts payable were $259.6 million at September 30, 1996 compared to $232.8 million last year. The increase was primarily due to inventories needed to support the 10.8% increase in the number of Sally stores in 1996 and the acquisition of St. Ives in February, 1996, partially offset by the sale of $30 million of certain trade accounts receivable in January, 1996.

Prepaid expenses in 1996 increased $14.4 million to $26.9 million primarily due to current deferred tax assets. Components of deferred tax assets are described in "note 6" to the consolidated financial statements.

Net property, plant and equipment increased $18.1 million to $175.9 million at September 30, 1996. The increase resulted primarily from the acquisition of St. Ives, additional Sally stores, a new Sally warehouse and other capital expenditures for machinery, equipment and information systems.

Goodwill and trade names, net of amortization, increased $130.2 million over the last two years to a total of $184.5 million as of September 30, 1996. The primary reasons for the increase were the acquisitions of St. Ives in 1996 and the Toiletries Division of Molnlycke AB in 1995.

Long-term debt decreased $21.5 million principally due to the August, 1996 prepayment of the $20 million, 9.73% term notes which were scheduled to mature in November, 1998.

Total stockholders' equity increased $54.2 million to $425.1 million at September 30, 1996, primarily due to net earnings for the fiscal year partially offset by dividend payments.

LIQUIDITY AND CAPITAL RESOURCES

The company's primary sources of cash over the past three years have been funds provided by operating activities and the July, 1995 issuance of convertible subordinated debentures. Operating activities provided cash of $92.7 million, $81.8 million and $65.4 million in 1996, 1995 and 1994, respectively.

The company has obtained long-term financing as needed to fund acquisitions and other growth opportunities. As evidenced by the issuance of the $100 million of convertible subordinated debentures in July, 1995, funds are occasionally obtained prior to their actual need in order to take advantage of opportunities in the debt markets. The company also obtained funds in 1996 through the sale of $30 million of trade accounts receivable.

Under existing debt covenants, the company has the ability to enter into new financing arrangements aggregating up to $685 million. At September 30, 1996, the company had available lines of credit of $109 million with various financial institutions. The credit lines, which require no compensating balances, may be terminated at the option of the respective banks or the company.

The primary uses of cash have been to repay long-term debt and fund acquisitions. Over the three year period ending September 30, 1996, debt repayments exceeded proceeds from new borrowings, excluding the convertible subordinated debentures, by $44.4 million. Other major uses of cash during the three year period included payments for acquired companies of $180.2 million, capital expenditures of $98.1 million, cash dividends of $26.0 million and common stock purchases for the treasury of $14.5 million.

Compared to 1993, cash dividends per share increased 27.3% over the three-year period ended September 30, 1996. Cash dividends paid on Class A and Class B common stock were 35 cents per share in 1996, 31 cents per share in 1995 and 27.5 cents per share in 1994.

The company anticipates that cash flows from operations and available credit will be sufficient to fund operational requirements in future years. During 1997, the company expects that cash will continue to be used for acquisitions, capital expenditures, new product development, market expansion, retirement of debt and dividend payments. The company may also purchase shares of its common stock depending on market conditions.

IMPACT OF NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", requires that long-lived assets and certain identifiable intangibles of an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The company is required to comply with SFAS No. 121 in fiscal year 1997 and estimates that its adoption will not have a material effect on the consolidated financial statements.

SFAS No. 123, "Accounting for Stock-Based Compensation", requires either the adoption of a fair value based method of accounting for stock-based compensation or pro forma disclosures as if the fair value method was adopted. The company will implement SFAS No. 123 in fiscal year 1997 by providing the required pro forma disclosures.

SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", requires an entity, after a transfer of financial assets, to recognize the assets it controls and the liabilities it has incurred, and to write-off assets when control has been surrendered and remove liabilities when obligations have been extinguished. The company is required to comply with SFAS No. 125 in fiscal year 1997 and estimates that its adoption will not have a material effect on the consolidated financial statements.

INFLATION

The company was not significantly affected by inflation during the past three years. Management continuously attempts to resist cost increases and counteract the effects of inflation through productivity improvements, cost reduction programs and price increases within the constraints of the highly competitive markets in which the company operates.

Selected Financial Data
Alberto-Culver Company and Subsidiaries

(In thousands, except per share data)	Year ended September 30, 1996	1995	1994	1993	1992
Operating Results:					
Net sales	$1,590,409	1,358,219	1,216,119	1,147,990	1,091,286
Cost of products sold	805,080	682,589	602,749	564,260	534,979
Interest expense	15,905	9,946	8,630	9,661	11,665
Earnings before income taxes	100,014	84,242	71,078	65,129	61,356
Provision for income taxes	37,270	31,591	27,010	23,857	22,740
Net earnings	62,744	52,651	44,068	41,272	38,616
Net earnings per share:					
Primary	2.22	1.89	1.57	1.44	1.36
Fully-diluted	2.11	1.87	1.57	1.44	1.36
Weighted average shares outstanding:					
Primary	28,213	27,849	28,042	28,717	28,363
Fully-diluted	31,388	28,576	28,081	28,717	28,363
Financial Condition:					
Cash, cash equivalents and short-term investments	$ 71,557	146,985	50,362	73,947	80,158
Working capital	226,123	301,706	185,747	205,050	193,080
Current ratio	1.79 to 1	2.28 to 1	1.86 to 1	2.05 to 1	1.88 to 1
Property, plant and equipment, net	175,920	157,791	132,881	124,449	121,703
Total assets	909,266	815,086	610,208	593,046	610,400
Long-term debt	61,548	83,094	42,976	80,184	84,549
Convertible subordinated debentures	100,000	100,000	--	--	--
Stockholders' equity	425,096	370,903	326,970	298,857	286,222
Cash dividends per share*	.35	.31	.275	.275	.235

* Dividends per share on Class A common stock and Class B common stock have been equal since the Class A shares were issued in April,1986. Dividends paid in fiscal 1993 include a one-time extraordinary dividend of two cents per share in recognition of the company surpassing one billion dollars in sales for the fiscal year ended September 30, 1992.

Annual 10-K Report
Stockholders may obtain a copy of the company's 1996 Form 10-K Report filed with the Securities and Exchange Commission without charge by writing to the Corporate Secretary, Alberto-Culver Company, 2525 Armitage Avenue, Melrose Park, Illinois 60160.

Market Price of Common Stock and Cash Dividends Per Share
Alberto-Culver Company and Subsidiaries

The high and low sales prices of both classes of the company's common stock on the New York Stock Exchange and cash dividends per share in each quarter of fiscal years 1996 and 1995 are as follows:

	Market Price Range				Cash Dividends Per Share	
	1996		1995			
	High	Low	High	Low	1996	1995
Class A (NYSE Symbol ACVA):						
First Quarter	$32-3/8	25-3/4	24-7/8	20-7/8	$ .08	.07
Second Quarter	38-7/8	29-5/8	26-5/8	23	.09	.08
Third Quarter	40-1/8	32-7/8	28	24-7/8	.09	.08
Fourth Quarter	40-1/4	33-7/8	27-1/4	24-3/4	.09	.08
					$ .35	.31
Class B (NYSE Symbol ACV):						
First Quarter	$36-1/2	29-7/8	27-3/8	21-3/4	$ .08	.07
Second Quarter	43-3/4	32-1/2	30-7/8	25-7/8	.09	.08
Third Quarter	46-3/4	36-3/4	32-1/2	29-5/8	.09	.08
Fourth Quarter	47-1/2	40	31-1/2	27-7/8	.09	.08
					$ .35	.31

As of November 21, 1996, stockholders of record totaled 1,107 for Class A shares and 1,221 for Class B shares.

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Exhibit 21

ALBERTO-CULVER COMPANY AND SUBSIDIARIES

Subsidiaries of the Registrant

Subsidiary	State or Other Jurisdiction of Incorporation
Alberto-Culver (Australia) Pty. Ltd.	Australia
Alberto-Culver Canada, Inc.	Canada
Alberto-Culver Company (U.K.), Limited	United Kingdom
Alberto-Culver International, Inc.	Delaware
Alberto-Culver de Mexico, S.A. de C.V.	Mexico
Alberto-Culver (P.R.), Inc.	Delaware
Alberto-Culver USA, Inc.	Delaware
BDM Grange, Ltd.	New Zealand
Cederroth Holding B.V.	Holland
Cederroth International AB	Sweden
CIFCO, Inc.	Delaware
Indola Cosmetics, B.V.	The Netherlands
Indola SpA	Italy
Sally Beauty Company, Inc.	Delaware
St. Ives Laboratories, Inc.	Delaware

Subsidiaries of the company omitted from the above table, considered in the aggregate, would not be considered significant.

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Exhibit 23

Consent of KPMG Peat Marwick LLP

The Board of Directors and Stockholders
Alberto-Culver Company:

We consent to incorporation by reference in the Registration Statements on Form S-8 (Numbers 33-36051, 33-47748, 33-62693, 33- 62699 and 33-62701) and Form S-3 (Number 333-00619) of Alberto-Culver Company of our reports dated October 23, 1996, relating to the consolidated balance sheets of Alberto-Culver Company and subsidiaries as of September 30, 1996 and 1995 and the related consolidated statements of earnings, retained earnings and cash flows and related schedule for each of the years in the three-year period ended September 30, 1996 which reports appear or are incorporated by reference in the September 30, 1996 annual report on Form 10-K of Alberto-Culver Company.

/s/ KPMG PEAT MARWICK LLP

KPMG PEAT MARWICK LLP

Chicago, Illinois
December 12, 1996

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This schedule contains summary financial information extracted from the consolidated balance sheet as of September 30, 1996 and the consolidated statement of earnings for the year ended September 30, 1996 and is qualified in its entirety by reference to such financial statements.
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