

Edgar Filing: ALBERTO CULVER CO - Form 11-K

ALBERTO CULVER CO
Form 11-K
June 27, 2002

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

Form 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____
Commission file number 333-70067

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Sally Beauty 401(k) Savings Plan Alberto-Culver 401(k) Savings Plan
3900 Morse Street
Denton, TX 76205

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Alberto-Culver Company
2525 Armitage Ave.
Melrose Park, IL 60160

SIGNATURES

The Plans: Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plans) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

SALLY BEAUTY 401(k) SAVINGS PLAN
By: Sally Beauty Company, Inc., Plan Administrator

By:/s/ William J. Cernugel

William J. Cernugel
Plan Administrator

ALBERTO-CULVER 401(k) SAVINGS PLAN
By: Alberto-Culver Company, Inc., Plan Administrator

By:/s/ William J. Cernugel

Edgar Filing: ALBERTO CULVER CO - Form 11-K

William J. Cernugel
Plan Administrator

Dated: June 24, 2002

SALLY BEAUTY
401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2001 and 2000

(With Independent Auditors' Report Thereon)

SALLY BEAUTY
401(K) SAVINGS PLAN

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedule	
1 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	9

[LETTERHEAD OF KPMG]

303 East Wacker Drive
Chicago, IL 60601

Independent Auditors' Report

To the Plan Administrator of the
Sally Beauty 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Sally Beauty 401(k) Savings Plan (the Plan) as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits

Edgar Filing: ALBERTO CULVER CO - Form 11-K

for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2001 and 2000, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 24, 2001

SALLY BEAUTY
401(k) SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2001 and 2000

	2001	2000
	-----	-----
Assets:		
Cash	\$ 192,707	98,327
Investments	21,431,058	17,520,818
	-----	-----
Total assets held for investment	21,623,765	17,619,145
Employer contribution receivable	1,503,555	1,217,441
	-----	-----
Net assets available for plan benefits	\$ 23,127,320	18,836,586
	=====	=====

See accompanying notes to financial statements.

Edgar Filing: ALBERTO CULVER CO - Form 11-K

2

SALLY BEAUTY
401(k) SAVINGS PLAN

Statements of Changes in Net Assets Available

Years ended December 31, 2001 and 2000

	2001	2000
	-----	-----
Additions to net assets attributed to:		
Investment income (loss):		
Net depreciation in fair value of investments	\$ (1,766,638)	(1,363,352)
Dividend and interest income	273,311	213,535
Interest on participant loans	57,191	39,624
	-----	-----
Total investment loss	(1,436,136)	(1,110,193)
	-----	-----
Contributions:		
Employer	1,503,555	1,217,441
Employee	5,993,977	5,224,212
	-----	-----
Total contributions	7,497,532	6,441,653
	-----	-----
Total additions	6,061,39	6,331,460
	-----	-----
Deductions from net assets attributed to:		
Benefits paid to participants	(1,740,721)	(2,169,482)
Administrative fees	(29,941)	(25,685)
	-----	-----
Total deductions	(1,770,662)	(2,195,167)
	-----	-----
Net increase	4,290,734	3,136,293
	-----	-----
Net assets available for plan benefits at beginning of year	18,836,586	15,700,293
	-----	-----
Net assets available for plan benefits at end of year	\$ 23,127,320	18,836,586
	-----	-----

See accompanying notes to financial statements.

3

SALLY BEAUTY
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

(1) Description of the Plan

General

Edgar Filing: ALBERTO CULVER CO - Form 11-K

The Sally Beauty 401(k) Savings Plan (the Plan), established on January 1, 1994, is a defined contribution plan available to eligible employees of Sally Beauty Company (the Company).

The Plan is administered by the Company with the assistance of Connecticut General Life Insurance Company, a CIGNA company. The investment assets of the Plan are held by CIGNA Bank & Trust Company (the Trustee).

The following description of the Plan provides only general information. Information about the Plan's provisions is contained in the plan document, which may be obtained from the Company.

Participation

All eligible employees whose customary employment is for at least 1,000 hours within 12 consecutive months, who are not members of a collective bargaining unit, and who are at least 21 years of age may participate in the Plan on the first day of the month coincident with or following the completion of 12 months of service. On December 31, 2001, there were 2,607 employees in the Plan.

Contributions

Participants may elect to contribute any amount from 1% to 15% of their eligible compensation, in whole percentage points, subject to the limitations of the Internal Revenue Code, as amended (the Code). The percentage of compensation contributed may be increased or decreased at the election of the participant any time during the year. All eligible participant contributions are tax deferred contributions pursuant to a qualified cash or deferral arrangement subject to the limitations of the Code. Company contributions to the Plan are based on a discretionary match on an annual basis. For the plan years 2001 and 2000, the Company matched \$.50 of each dollar on 4% of eligible participant compensation.

Investment Options

Effective January 1, 2001, additional investment fund options were added to the Plan for the purposes of providing a broader selection of investment options for the participants to choose from. Effective May 1, 2001, the Fidelity Growth Opportunities Fund was deleted from the available Plan investment options due to the fund's inability to meet certain performance criteria established by the Plan's Investment Policy Statement.

Participants may elect to invest their contributions and any Company contributions in nineteen investment options within seven different asset classes and the Company's Class B common stock. Such asset classes include: (i) fixed income, (ii) balanced, (iii) large capitalization equity, (iv) mid capitalization equity, (v) small capitalization equity, (vi) global equity, and (vii) international equity.

Participants may invest Company and employee contributions in 1% increments in the Plan's available fund options and may reallocate their investments among the available fund options any time during the year.

(Continued)

SALLY BEAUTY
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

None of the investment funds, other than the CIGNA Guaranteed Income Fund, guarantee a positive return to the participant. This fund invests in a diversified portfolio of high quality, fixed income instruments within CIGNA's general account. Principal and interest are backed by the underlying assets of CIGNA. Dividend and interest income received on investments made by the investment funds are reinvested accordingly in the same funds.

Vesting

Participants are fully vested in the current value of their contributions and earnings thereon, and become fully vested in the Company contributions and related earnings credited to their accounts based upon their years of vesting service as shown in the following table:

Years of vesting service	Vested percentage -----
Less than 1	0%
1 but less than 2	20
2 but less than 3	40
3 but less than 4	60
4 but less than 5	80
5 or more	100

Participants who are age 65 or over, die, or become permanently disabled are automatically 100% vested in the value of Company contributions and related earnings or losses credited to their account.

Distribution Options

Upon termination of employment, participants generally may elect to receive the total value of their account attributable to their contributions, as well as the vested value of their Company contributions in cash, annual installments, direct rollover, Company stock, or an annuity according to the provisions of the Plan. Alternatively, participants may elect to defer the distribution of their account balance until age 65. Such deferred benefits remain in the Plan and participate in the earnings and losses of the investments.

Participant Loans

Participants may borrow against their account balances for periods of one to five years. In the event the loan is used to purchase a primary residence, an extended period of time for repayment is allowed. Participant loans are limited to the lesser of \$50,000 or 50% of the participants' vested account balance and bear interest at a rate of prime plus 1% at the time the loan is made. Outstanding participant loans are considered investments of the Plan and repayments of principal and interest are credited to the borrowing participants' account using his or her current

Edgar Filing: ALBERTO CULVER CO - Form 11-K

investment election. At December 31, 2001 and December 31, 2000, interest rates on outstanding loans ranged from 6.00% to 10.5% and 7.0% to 10.5%, respectively.

(Continued)

5

SALLY BEAUTY 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

Forfeitures

Company contributions, and earnings thereon, forfeited by terminating employees are used to reduce future Company contributions to the Plan. The Company will reinstate forfeited balances to the accounts of employees who rejoin the Company within five years of their termination. In 2001 and 2000, Company contributions were reduced by forfeiture amounts of \$28,145 and \$41,428 respectively.

Administrative Expenses

Administrative fees are paid by the Plan. All other Plan-related expenses are paid by the Company. Investment management fees are included in the investment fund yields.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Company maintains the accounts of the Plan on an accrual basis.

Asset Valuation

The investment assets in the trust are valued at the quoted closing sale price on the last business day of the year. Securities traded in over-the-counter markets and listed securities for which no sale was reported on the last business day of the year are valued at their last reported bid price. Participant loans are stated at contract value which approximates fair value.

Security Transactions and Investment Income

Purchases and sales of investments in the Plan are recorded on a trade date basis. When investments are sold, the difference between the original cost (computed on an average cost basis) and the proceeds received are recorded as a realized gain or loss. Interest and dividend income are recorded when earned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of plan administrator estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the date of the financial statements and the changes in net assets

Edgar Filing: ALBERTO CULVER CO - Form 11-K

available for plan benefits during the reporting period and related disclosures. Actual results could differ from these estimates.

(Continued)

6

SALLY BEAUTY
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Certain Derivative Instruments and Certain Hedging Activity. In June 2000, the FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment to SFAS No. 133. SFAS No. 133 and SFAS No. 138 require that all derivative instruments be recorded on the statement of net assets available for benefits at their respective fair values. The Plan adopted SFAS No. 133 and No. 138 on January 1, 2001 and the adoption had no impact on the Plan's consolidated financial statements.

(3) Termination of the Plan

It is the intent of the Company that the Plan continue into the future; however, the Company reserves the right to terminate the Plan. In the event the Plan is terminated, participants would become fully vested in their accounts, and the assets of the Plan would be distributed to the participants in proportion to their respective interests in the Plan.

(4) Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service (IRS), dated June 19, 1997, indicating that the Plan is qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code. The plan administrator is not aware of any activity or transaction that may adversely affect the qualified status of the Plan.

(5) Reconciliation of Financials Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits included in the financial statements to the Form 5500:

	Year ended December 31, 2001
Net assets available for plan benefits included in the financial statements	\$ 23,127,320
Amounts allocated to withdrawing participants at December 31, 2001	(28,384)

Edgar Filing: ALBERTO CULVER CO - Form 11-K

Net assets available for plan benefits included
in the IRS Form 5500 \$ 23,098,936
=====

(Continued)

7

SALLY BEAUTY
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	Year ended December 31, 2001

Benefits paid to participants per the financial statements	\$ 1,740,721
Add amounts allocated to withdrawing participants at December 31, 2001	28,384

Benefits paid to participants per IRS Form 5500	\$ 1,769,105 =====

(6) Other Investment Information

The fair values of investment fund balances which represent 5% or more of the Plan's net assets as of December 31, 2001 and 2000 are as follows:

	2001	2000
	-----	-----
CIGNA Guaranteed Income Fund	\$ 5,689,805	4,266,633
Fidelity Advisor Equity Growth Fund	3,079,198	3,211,745
CIGNA Large Cap Growth Fund/Morgan Stanley	2,369,217	443,721
CIGNA S&P 500 Index Fund	1,970,890	1,765,088
Fidelity Advisor Balanced Fund	1,798,270	1,639,722
Alberto-Culver Company Class B Common Stock	1,184,684	543,357
Fidelity Advisor Growth Opportunities Fund	--	1,800,702
	=====	=====

(7) Subsequent Events

Effective January 1, 2002, the annuity and installment provisions were eliminated as distribution options for the purposes of administration efficiency.

Effective May 1, 2002, participants may elect to contribute any amount from 1% to 50% of their eligible compensation in whole percentage points to the Plan, subject to the limitations of the Internal Revenue Code.

Effective May 1, 2002, participants were allowed to make catch-up contributions up to \$1,000 in the Plan year 2002. Such amounts will increase by \$1,000 per year up to a contribution of \$5,000 in 2006 and then

Edgar Filing: ALBERTO CULVER CO - Form 11-K

increases in \$500 increments thereafter. Employer matching contributions will not be made on catch-up contributions.

8

Schedule 1

SALLY BEAUTY
401(k) SAVINGS PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2001

Identity of issues, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, par value, or number of shares	Fair value
* CIGNA Bank & Trust Company Fidelity	Guaranteed Income Fund	\$ 5,689,8
* CIGNA Bank & Trust Company	Advisor Equity Growth Fund	3,079,1
* CIGNA Bank & Trust Company Fidelity	Large Cap Growth Fund/Morgan Stanley S&P 500 Index Fund	2,369,2 1,970,8
* Alberto-Culver Company Janus	Advisor Balanced Fund Class B Common Stock, 26,475 shares Worldwide Fund	1,798,2 1,184,6 1,018,1
* CIGNA Bank & Trust Company Credit Suisse	Small Cap Growth/Times Square International Equity Fund	632,8 576,3
* CIGNA Bank & Trust Company	Small Cap Value/Berger	397,1
* CIGNA Bank & Trust Company	Mid Cap Growth Fund/Cadence	338,6
* CIGNA Bank & Trust Company	Lifetime 40	321,7
* CIGNA Bank & Trust Company	Balanced Fund/Wellington Management	289,0
* CIGNA Bank & Trust Company	Lifetime 50	264,9
* CIGNA Bank & Trust Company	Lifetime 30	251,7
* CIGNA Bank & Trust Company	Lifetime 20	248,9
* CIGNA Bank & Trust Company Lazard	Large CapValue/John A. Levin & Co. International Equity Fund	140,0 68,0
* CIGNA Bank & Trust Company	Lifetime 60	37,4
* Plan participants	Loans to participants, bearing interest from 6.0% to 10.5%	753,7
		----- \$ 21,431,0 =====

* Represents a party-in-interest.

See accompanying independent auditors' report.

9

ALBERTO-CULVER
401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedule

Edgar Filing: ALBERTO CULVER CO - Form 11-K

December 31, 2001 and 2000

(With Independent Auditors' Report Thereon)

ALBERTO-CULVER
401(k) SAVINGS PLAN

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedule	
1 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	9

[LETTERHEAD OF KPMG]

Independent Auditors' Report

To the Plan Administrator of the
Alberto-Culver 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Alberto -Culver 401(k) Savings Plan (the Plan) as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2001 and 2000, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic

Edgar Filing: ALBERTO CULVER CO - Form 11-K

financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 24, 2001

ALBERTO-CULVER
401(k) SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2001 and 2000

	2001	2000
	-----	-----
Assets:		
Cash	\$ --	45,929
Investments	25,563,595	24,052,038
	-----	-----
Total assets held for investment	25,563,595	24,097,967
Employer contribution receivable	894,637	796,329
	-----	-----
Net assets available for plan benefits	\$ 26,458,232	24,894,296
	=====	=====

See accompanying notes to financial statements.

2

ALBERTO-CULVER
401(k) SAVINGS PLAN

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2001 and 2000

	2001	2000
	-----	-----
Additions to net assets attributed to:		
Investment income (loss):		
Net depreciation in fair value of investments	\$ (2,421,012)	(2,037,5
Dividend and interest income	359,304	294,2

Edgar Filing: ALBERTO CULVER CO - Form 11-K

Interest on participant loans	60,540	50,2
	-----	-----
Total investment loss	(2,001,168)	(1,692,9
	-----	-----
Contributions:		
Employer	894,637	796,3
Employee	4,096,672	4,016,4
Transfers from Pro-Line International, Inc. 401(k) Savings Plan	--	267,4
	-----	-----
Total contributions	4,991,309	5,080,1
	-----	-----
Total additions	2,990,141	3,387,2
	-----	-----
Deductions from net assets attributed to:		
Benefits paid to participants	(1,415,618)	(2,377,3
Administrative fees	(10,587)	(10,2
	-----	-----
Total deductions	(1,426,205)	(2,387,5
	-----	-----
Net increase	1,563,936	999,6
	-----	-----
Net assets available for benefits at beginning of year	24,894,296	23,894,6
	-----	-----
Net assets available for benefits at end of year	\$ 26,458,232	24,894,2
	=====	=====
See accompanying notes to financial statements		

3

ALBERTO-CULVER
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

(1) Description of the Plan

General

The Alberto-Culver 401(k) Savings Plan (the Plan), established on January 1, 1994, is a defined contribution plan available to eligible employees of Alberto-Culver Company (the Company), and certain subsidiaries of the Company.

On March 23, 2000 the Company acquired Pro-Line Corporation and subsequently terminated the Pro-Line 401(k) / ESOP Plan (the Pro-Line Plan). Upon termination, participants were provided the opportunity to receive a distribution of assets from the ESOP portion of the Pro-Line Plan or transfer their funds to the Plan. Assets of the 401(k) portion of the Pro-Line Plan were automatically transferred to the Plan. Participants in the Pro-Line Plan received service credit for eligibility and vesting as of the date of acquisition.

The Plan is administered by the Company with the assistance of Connecticut General Life Insurance Company, a CIGNA company. The investment assets of the Plan are held by CIGNA Bank & Trust Company (the Trustee).

Edgar Filing: ALBERTO CULVER CO - Form 11-K

The following description of the Plan provides only general information. Information about the Plan's provisions is contained in the Plan document, which may be obtained from the Company.

Participation

All eligible employees whose customary employment is for at least 1,000 hours within 12 consecutive months and are at least 21 years of age may participate in the Plan on the first day of the month coincident with or following the employee's hire date. Effective January 1, 2000, eligible employees of the Alberto-Culver Local 9777 Pension Plan were permitted to participate in the Plan. The Plan does not allow for Company matching contributions to this group. On December 31, 2001, there were 1,371 employees in the Plan.

Contributions

Participants may elect to contribute any amount from 1% to 15% of their eligible compensation, in whole percentage points, subject to the limitations of the Internal Revenue Code, as amended (the Code). The percentage of compensation contributed may be increased or decreased at the election of the participant any time during the year. All eligible participant contributions are tax deferred contributions pursuant to a qualified cash or deferral arrangement subject to the limitations of the Code. Company contributions to the Plan are based on a discretionary match on an annual basis. For the plan years 2001 and 2000, the Company matched \$.50 of each dollar on 4% of eligible participant compensation.

(Continued)

4

ALBERTO-CULVER 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

Investment Options

Effective January 1, 2001, additional investment fund options were added to the Plan for the purposes of providing a broader selection of investment options for the participants to choose from. Effective May 1, 2001, the Fidelity Growth Opportunities Fund was deleted from the available plan investment options due to the fund's inability to meet certain performance criteria established by the Plan's Investment Policy Statement.

Participants may elect to invest their contributions and any Company contributions in nineteen investment options within seven different asset classes and the Company's Class B common stock. Such asset classes include: (i) fixed income, (ii) balanced, (iii) large capitalization equity, (iv) mid capitalization equity, (v) small capitalization equity, (vi) global equity, and (vii) international equity.

Participants may invest Company and employee contributions in 1% increments in the Plan's available fund options and may reallocate

Edgar Filing: ALBERTO CULVER CO - Form 11-K

their investments among the available fund options any time during the year.

None of the investment funds, other than the CIGNA Guaranteed Income Fund, guarantee a positive return to the participant. This fund invests in a diversified portfolio of high quality, fixed income instruments within CIGNA's general account. Principal and interest are backed by the underlying assets of CIGNA. Dividend and interest income received on investments made by the investment funds are reinvested accordingly in the same funds.

Vesting

Participants are fully vested in the current value of their contributions and earnings thereon, and become fully vested in the Company contributions and related earnings credited to their accounts based upon their years of vesting service as shown in the following table:

Years of vesting service	Vested percentage -----
Less than 1	0%
1 but less than 2	20
2 but less than 3	40
3 but less than 4	60
4 but less than 5	80
5 or more	100

Participants who are age 65 or over, die, or become permanently disabled are automatically 100% vested in the value of Company contributions and related earnings or losses credited to their account.

(Continued)

ALBERTO-CULVER 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

Distribution Options

Upon termination of employment, participants generally may elect to receive the total value of their account attributable to their contributions, as well as the vested value of their Company contributions in cash, annual installments, direct rollover, Company stock, or an annuity according to the provisions of the Plan. Alternatively, participants may elect to defer the distribution of their account balance until age 65. Such deferred benefits remain in the Plan and participate in the earnings and losses of the investments.

Participant Loans

Participants may borrow against their account balances for periods of one to five years. In the event the loan is used to purchase a primary

Edgar Filing: ALBERTO CULVER CO - Form 11-K

residence, an extended period of time for repayment is allowed. Participant loans are limited to the lesser of \$50,000 or 50% of the participants' vested account balance and bear interest at a rate of prime plus 1% at the time the loan is made. Outstanding participant loans are considered investments of the Plan and repayments of principal and interest are credited to the borrowing participants' account using his or her current investment election. At December 31, 2001 and December 31, 2000, interest rates on outstanding loans ranged from 5.75% to 10.5% and 7.25% to 10.5%, respectively.

Forfeitures

Company contributions and earnings thereon forfeited by terminating employees are used to reduce future Company contributions to the Plan. The Company will reinstate forfeited balances to the accounts of employees who rejoin the Company within five years of their termination. In 2001 and 2000, Company contributions were reduced by forfeiture amounts of \$11,111 and \$9,275, respectively.

Administrative Expenses

Administrative fees are paid by the Plan. All other Plan-related expenses are paid by the Company. Investment management fees are included in the investment fund yield.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Company maintains the accounts of the Plan on an accrual basis.

Asset Valuation

The investment assets in the Plan are valued at the quoted closing sale price on the last business day of the year. Securities traded in over-the-counter markets and listed securities for which no sale was reported on the last business day of the year are valued at their last reported bid price. Participant loans are stated at contract value which approximates fair value.

(Continued)

ALBERTO-CULVER
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

Security Transactions and Investment Income

Purchases and sales of investments in the Plan are recorded on a trade date basis. When investments are sold, the difference between the original cost (computed on an average cost basis) and the proceeds received is recorded as a realized gain or loss. Interest and dividend income are recorded when earned.

Use of Estimates

Edgar Filing: ALBERTO CULVER CO - Form 11-K

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of plan administrator estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the date of the financial statements and the changes in net assets available for plan benefits during the reporting period and related disclosures. Actual results could differ from these estimates.

Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Certain Derivative Instruments and Certain Hedging Activity. In June 2000, the FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment to SFAS No. 133. SFAS No. 133 and SFAS No. 138 require that all derivative instruments be recorded on the statement of net assets available for benefits at their respective fair values. The Plan adopted SFAS No. 133 and No. 138 on January 1, 2001 and the adoption had no impact on the Plan's consolidated financial statements.

(3) Termination of the Plan

It is the intent of the Company that the Plan continue into the future; however, the Company reserves the right to terminate the Plan. In the event the Plan is terminated, participants would become fully vested in their accounts and the assets of the Plan would be distributed to the participants in proportion to their respective interests in the Plan.

(4) Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service, dated December 16, 1996, indicating that the Plan is qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code.

(Continued)

7

ALBERTO-CULVER
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2001 and 2000

(5) Other Investment Information

The fair values of investment fund balances which represent 5% or more of the Plan's net assets as of December 31, 2001 and 2000 are as follows:

	2001	2000
CIGNA Guaranteed Income Fund	\$ 7,424,263	5,730,412
Fidelity Advisor Equity Growth Fund	3,954,975	4,323,890
CIGNA S&P 500 Index Fund	3,261,946	3,632,861
Fidelity Advisor Balanced Fund	1,952,313	1,939,426

Edgar Filing: ALBERTO CULVER CO - Form 11-K

Janus Worldwide Fund	1,173,869	1,254,062
Alberto-Culver Company Class B Common Stock	1,210,425	767,426
Fidelity Advisor Growth Opportunities Fund	--	2,099,446
	=====	=====

(6) Subsequent Events

Effective January 1, 2002, the annuity and installment provisions were eliminated as a distribution options for the purposes of administration efficiency.

Effective May 1, 2002, participants may elect to contribute any amount from 1% to 50% of their eligible compensation in whole percentage points to the Plan, subject to the limitations of the Internal Revenue Code.

Effective May 1, 2002, participants were allowed to make catch-up contributions up to \$1,000 in the Plan year 2002. Such amounts will increase by \$1,000 per year up to a contribution of \$5,000 in 2006 and then increases in \$500 increments thereafter. Employer matching contributions will not be made on catch-up contributions.

8

Schedule 1

ALBERTO-CULVER
401(k) SAVINGS PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2001

Identity of issues, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, par value, or number of shares	
* Connecticut General Life Insurance Company	CIGNA Guaranteed Income Fund	\$
Fidelity	Advisor Equity Growth Fund	
* Connecticut General Life Insurance Company	CIGNA S&P 500 Index Fund	
* Connecticut General Life Insurance Company	CIGNA Large Cap Growth Fund/Morgan Stanley	
Fidelity	Advisor Balanced Fund	
* Alberto-Culver Company	Class B Common Stock, 26,911 shares	
Janus	Worldwide Fund	
* Connecticut General Life Insurance Company	CIGNA Small Cap Growth/Times Square	
Credit Suisse	International Equity Fund	
* Connecticut General Life Insurance Company	CIGNA Small Cap Value/Berger	
* Connecticut General Life Insurance Company	CIGNA Mid Cap Growth Fund/Cadence	
* Connecticut General Life Insurance Company	CIGNA Lifetime 40	
* Connecticut General Life Insurance Company	CIGNA Lifetime 30	
* Connecticut General Life Insurance Company	CIGNA Lifetime 50	
* Connecticut General Life Insurance Company	CIGNA Large CapValue/John A. Levin & Co.	
* Connecticut General Life Insurance Company	CIGNA Lifetime 20	
* Connecticut General Life Insurance Company	CIGNA Balanced Fund/Wellington Management	
Lazard	International Equity Fund	
* Connecticut General Life Insurance Company	CIGNA Lifetime 60	
* Plan participants	Loans to participants, bearing interest from 5.75% to 10.5%	

* Represents a party-in-interest.

See accompanying independent auditors' report.