

Alberto Culver

**SALLY BEAUTY
HOLDINGS, INC.**

Dear Shareholder:

As a part of the November 16, 2006 separation of Alberto-Culver Company and Sally Beauty Holdings, you were paid a \$25 per share special cash distribution. At that time, we issued you a 2006 form 1099-DIV for the distribution and advised you that under IRS regulations this needed to be reported as a fully taxable distribution until it could be determined, with reasonable certainty, that a portion of such dividend was a return of capital.

With the filing of our tax returns for the year ended September 30, 2007 we are now able to make that determination.

Dividend treatment of the \$25 per share special cash distribution

The portion of the \$25 per share special cash distribution taxable as a qualifying dividend was \$13.0673 per share. An amended 1099-DIV reflecting that revision for the 2006 calendar year is attached. We are required to file this amended 1099-DIV with the IRS. You should file an amended 2006 income tax return to report the correct taxable dividend which may result in a reduced tax liability for you in 2006. We urge you to consult with your tax advisor concerning the tax consequences for you of this determination including the application of state, local and foreign tax laws.

Cost basis determination for your shares

The remaining balance of \$11.9327 from the \$25 special cash distribution ($\$25.00 - \$13.0673 = \$11.9327$) was a return of capital distribution which will reduce the adjusted cost basis of your shares of Alberto-Culver Company and Sally Beauty Holdings to the extent of the tax basis of such shares. To the extent this \$11.9327 exceeds the adjusted cost basis of your shares, the excess will be treated as a gain at the time of the distribution (November 16, 2006) from the sale or exchange of your shares. If you have sold the ACV or SBH shares that you received as a result of the separation, the amount of the gain realized may be impacted by this determination of the return of capital distribution.

We previously issued guidance on allocating the tax basis for your old Alberto-Culver Company shares between your new Alberto-Culver Company shares and new Sally Beauty Holdings, Inc. shares. Attached is a copy of this guidance for your easy reference. We would suggest that the newly designated return of capital distribution be allocated between each Alberto-Culver Company and Sally Beauty Holdings, Inc. share in the same manner as your original allocation of tax basis between each share. If you followed our previously outlined approach, you would now reduce your basis in each new Alberto-Culver Company share by \$8.7419 ($\$11.9327 \times 73.26\%$) and each new Sally Beauty Holdings, Inc. share by \$3.1908 ($\$11.9327 \times 26.74\%$).