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CONFERENCE CALL TRANSCRIPT

REGIS CORPORATION ANNOUNCES AGREEMENT TO MERGE WITH ALBERTO-CULVER S SALLY BEAUTY COMPANY BUSINESS UNIT

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PRESENTATION

Operator

Good morning, my name is Eric, and I will be your conference facilitator today. At this time I would like to welcome everyone to this morning s conference call.

All lines have been placed on mute to prevent any background noise. If anyone has not received a copy this afternoon s press release, please call Regis Corporation at 952-947-7798, or Alberto-Culver at 708-450-2545 and a copy will be faxed to you immediately.

If you wish to access the replay for this call, you may do so by dialing 800-405-2236 and use access code 11050797 followed by the pound key.

I would like to remind you that to the extent that the Company s statements or comments this morning represent forward-looking statements, I refer you to the risk factors and other cautionary factors in today s news releases as well as Regis Corporation and Alberto-Culver s SEC filings. Reconciliation to non-GAAP financial measures mentioned in the following presentation can be found on their Web sites at www.Regiscorp.com and www.Alberto.com.

With us this morning are Paul Finkelstein, Chairman and Chief Executive Officer of Regis Corporation, and Howard Bernick, President and Chief Executive Officer of Alberto-Culver.

After management has completed this presentation, we will open the call to questions. [OPERATOR INSTRUCTIONS]

I d now turn the call over to Paul Finkelstein for his comments. Paul, you may begin.

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Good morning, everyone.

The merging of the beauty industry s most successful retailers creates enormous future opportunities. In fiscal 2007, the new Regis Corporation expects revenues in excess of $5 billion, EBITDA of $650 million and systemwide sales over $6 billion.

The combined entity will have 11,000 salons, 2,500 Sally Beauty stores, 1,250 professional sales consultants and 825 BSG professional-only stores creating a powerful company in the hair care industry. In addition, we will have 45 beauty schools and 90 hair restoration centers. The Company will have more than 70,000 employees.

Retailing in general is characterized by rapid consolidation of both manufacturers and retail store organizations. Our industry is following suit.

Manufacturers such as Procter and Gamble and L Oreal are rapidly consolidating the supplier community common to both Regis and Sally/BSG. We feel that this trend towards consolidation will continue to occur at an increasing rate.

The issue really is countervailing power. The acceleration of consolidation is driven by the need for countervailing power for both suppliers and retailers.

We did not enter into this transaction to become bigger. The objective is for us to become better.

Merging with Sally and BSG is a once-in-a lifetime opportunity brought about by a unique combination of circumstances of Sally s and BSG s parent, Alberto-Culver. Howard will talk to you about that a little later on.

There were inherent conflicts between Sally Beauty Stores and Alberto-Culver s consumer product division s customers. This transaction fixes these potential problems.

It s of interest to note that we have not paid a premium for these wonderful businesses. We merged at market price.

I have long admired Sally. Mike Renzulli and Gary Winterhalter have built a spectacular business.

Sally has been one of the top specialty retailing stories in the history of retailing with last year s pretax profit exceeding $160 million on a sales base slightly in excess of $1.35 billion. Very few retailers enjoy almost 12% pretax profits on revenues.

BSG has had extraordinary growth over the last five years. It did have a hiccup this year, but it is already turning its business around, and its future prospects are bright indeed.

Both Sally and BSG are poised for continued organic and acquisition growth.

This transaction is solidly cash flow accretive and initially EPS neutral. There are significant financial advantages.

The annual dividend will increase 125% to $0.36 a share, and we will be reviewing our dividend rate annually. There will be higher pretax margins and better debt ratios.

Projected revenue of $4.5 billion would make Regis Corporation a Fortune 500 Company. The new Company will be a much better cash flow generator than Regis standalone and there is limited capital needed to continue to expand Sally and BSG.

Excluding the non-cash amortization of intangibles, one-time integration and transaction costs and one-time write-up of inventory, the transaction is expected to be breakeven to slightly accretive in fiscal 2007, and about 3% accretive in fiscal year 2008.

Conservatively we anticipate synergies to be north of $20 million. However, these benefits will be offset by a similar amount of amortization of intangibles.

Most importantly, in addition to projected synergies, we expect to create significantly greater shareholder value to other long-term strategic initiatives which have not been factored into our models. These initiatives include but are not limited to, first, our vendor relationships.

We have wonderful relationships with our vendors and we look forward to creatively building on these relationships. We believe Regis and BSG offer a compelling distribution channel for our professional product vendors.

Working with our vendors, we can play an even more important role in reducing product diversion. Reduced diversion will definitely help sales at Regis salons and BSG.

Together we also have the ability to acquire or develop our own brands if diversion is not curtailed.

Regis will continue its growth which should be helped significantly by BSG salespeople who know acquisition targets. In the past these salespeople were disappointed when ever Regis acquired a salon group because they lost a customer.

We have the ability, however, to financially incent these salespeople to identify potentially acquisition targets.

Next, Sally can be far more aggressive in advertising and marketing as it will have eliminated its conflicts. Sally Beauty Stores will be able to become significantly more aggressive in competing against other retailers for consumer beauty product sales.

Sally Beauty Supply vendor partners will be able to look forward to harder hitting marketing and advertising as Sally seeks to increase its competitiveness in the retail market.

International expansion opportunities should be even greater because we ll be able to have a bigger corporate base to afford infrastructure.

Beauty salons are a people business. Standing up and cutting hair for eight hours a day is physically difficult. People do burn out.

Regis stylists can become excellent Sally and BSG employees, thus there will be far more opportunities for our staff to advance.

As we look out to the future we expect our long-term earnings growth rate to be in the range of 8% to 12%. Our projected growth rate is tempered by the size of the new Regis Corporation.

We look forward to being a $7 to $8 billion company within five years, generating approximately $1 billion of EBITDA. The resulting cash flows will give us many opportunities to create incremental shareholder value.

Finally, Howard Bernick, currently President and CEO of Alberto-Culver will become non-executive Chairman of Regis Corporation. I have known Howard for many years. He is both a fantastic executive as well as a wonderful human being.

Under Howard s leadership, Alberto-Culver has increased shareholder value nearly eight-fold in the 17 years since he was named President and COO and subsequently CEO of Alberto-Culver. Howard and I will be working closely together to integrate our companies and achieve our long-term objectives. You ll be seeing a lot of us in the coming months.

Howard will now continue our presentation.

Howard Bernick - ***Alberto-Culver Company - President, CEO***

Thank you, Paul.

I think you ve covered things extremely well. And as Paul mentioned, ladies and gentlemen, we ve known each other for well over 10 years and have worked closely together in conceiving and putting this merger transaction together approximately last June when Paul called me after the announcement that Alberto-Culver had acquired Nexxus.

Frankly, we at Alberto-Culver have been fascinated with the idea of doing something with Regis for a very long time and have followed the Company for many years. We believe that Paul and his team at Regis have done a very fine job in a closely allied business to that of our Sally/BSG operations and combining Sally/BSG into Regis with its strong management team we believe is going to be extremely powerful.

I know that many of you in the investment community have heard me allude to the fact that we may have some interest in Regis over the years and also to the fact that Sally s strategic plan has called for it to get into the beauty salon industry in order for us to sell more beauty products to the end customer.

Let me get into our strategic background to our merger here. Our strategic planning process, which the Alberto-Culver management team presented to our board of directors, reached a number of conclusions including the most important part of splitting our Company

into two pieces, consumer products being separate from Sally/BSG.

I think I ve been asked that question several thousand times over the years by the investment community as to when it was going to take place. Paul alluded to the conflicts that have been developing that Sally and BSG s major customers are Alberto-Culver consumer products archrivals Procter and Gamble and L Oreal.

I may have said Sally Beauty s customers, I meant their suppliers, and also the fact that Sally stores do compete with traditional food and drug stores for beauty product sales.

Both companies have reached sufficient size to be standalone, and as I mentioned, Sally s strategy was to get into the service end as a vehicle to sell more professional product. It would have taken us decades and decades to get sufficient scale in the service salon arena competing against Regis, trying to buy the same companies that they were buying, vying for the same real estate, and this allows us overnight, by merging Sally/BSG into Regis, to become the number-one player on both fronts.

Going forward, I want to talk about our consumer products business. ACV consumer products will be a $1.4 billion entity, earning approximately 10% pretax profit margins or operating margins with excellent cash flow and a zero debt balance sheet.

And recently, this part of the business in fiscal 05, for instance, had an outstanding year and grew even more quickly in the last year or two, than the more mature Sally business. Jim Marino has been intricately involved in running this Company during its most recent growth spurt and highly equipped to be the Company s President and CEO working with Carol Bernick as Executive Chairman as he did for several years before Carol became Chairman in 2004.

Frankly, a lot of you have heard me say that it was Mike Renzulli and Gary Winterhalter and Carol Bernick and Jim Marino that made me look like a good CEO. In any event, Sally will be able to compete more aggressively for retail customers in light of the fact that they re not going up against consumer products customers such as food, drug and mass stores.

I m very much looking forward to supporting Paul in the years ahead. Doing the board governance work, which may not be my first love, but hopefully working with him also with supplier relations, customer relations and investor relations and also on certain acquisition work that we will be pursuing where I have some knowledge of some of the owners of future BSG businesses.

But that s just to help Paul. He s the President. I m sorry, he s the Chief Executive Officer. As far as I m concerned you can be the President, too, Paul.

You re the Chief Executive, you re the boss. I m here to help and enjoy the building, I believe, of a fantastic $7, $8, $9, $10 billion company probably after I m gone.

But for fiscal 2007, which starts July 1 for Regis, this is will do over $5 billion in sales. That s a lot of business. Very strong double-digit EBITDA margins.

I don t think there s very many specialty retail distribution companies in the world in any industry that will have the type of size, profitability, and cash flow that Regis Corporation will enjoy.

I think next, Paul, you want to add anything before I ask the Operator to open it to questions? It would be worthwhile to do that now.

Paul Finkelstein - *Regis Corporation - Chairman, CEO*

Well done, Howard.

Howard Bernick - *Alberto-Culver Company - President, CEO*

Would you like to open to questions, please, Eric?

QUESTION AND ANSWER

Operator

Thank you, Paul and Howard. The question-and-answer session will begin at this time. [OPERATOR INSTRUCTIONS] As a courtesy, please indicate who you are addressing your question to in order to limit confusion on the call. One moment please for the first question. Amy Chasen with Goldman Sachs and Company. Please go ahead with your question.

Amy Chasen - ***Goldman Sachs - Analyst***

Hi, congratulations.

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Thank you.

Howard Bernick - ***Alberto-Culver Company - President, CEO***

Thank you.

Amy Chasen - *Goldman Sachs - Analyst*

Howard, just a couple of things on the core ACV business.

We re coming out on a preliminary basis with EPS kind of annualized on 06, for fiscal 06 assuming the deal had happened at the beginning of the year of about $0.95. And I m wondering if you can just give us some idea of whether that s in the ballpark? And if it s not, you know, is there any change in your base business assumption specifically as it relates to the Nexxus rollout?

Howard Bernick - *Alberto-Culver Company - President, CEO*

You know, Amy, I didn t have an answer prepared for that question, perhaps I should have.

But if we re $1.4 billion consumer products business earning $130, $140 million in pretax, it sounds to me that the after-tax earnings would be $80, $90 million and close to your number. But I can t be any more precise than that.

Amy Chasen - *Goldman Sachs - Analyst*

Okay. And can you comment a little bit on how Nexxus is doing, kind of preliminarily in the marketplace?

Howard Bernick - *Alberto-Culver Company - President, CEO*

It s just starting to show up later this month at retail shelves but we continue to be very excited about it. This is going to be an excellent quarter for the Alberto-Culver businesses in total.

Amy Chasen - *Goldman Sachs - Analyst*

And last but not least a more strategic question. Have you rethought any of the longer term goals for the consumer packaged goods business? And also, can you update your thoughts, I guess going forward it probably won t be as relevant, but your thoughts specifically on how this may change or not change Alberto s packaged goods M&A thought process?

Howard Bernick - *Alberto-Culver Company - President, CEO*

I think that the merger and acquisition process on consumer products will continue to be as active as ever. Keep in mind that the largest acquisition we ever made as a company was about $130, $140 million purchase price.

Alberto-Culver is going to be a company in the consumer product side with close to a $2 billion market cap, zero debt, $100 million in cash flow. There should be no problems with Alberto-Culver continuing to pursue strategic, accretive consumer product acquisitions like Nexxus, like St. Ives, like Pro-Line, like our Argentina, Chile, Poland, and other transactions. Very few companies are in a debt-free position at that size plays to know how to buy brands [inaudible] brands.

Amy Chasen - *Goldman Sachs - Analyst*

Is your expectation that the CPG business will think about something even bigger and more strategic like a merger post this?

Howard Bernick - *Alberto-Culver Company - President, CEO*

My thinking at all, we ve always been a company that pursued bite-sized deals. I will not be the CEO any longer, so I won t have much say about it. But we re a company that likes to hit singles and not go for home runs all the time.

But certainly financially, we re able to do acquisitions. Consumer products will be able to do acquisitions in the several hundred million dollar range without any trouble if it s strategic, accretive and within management s capabilities.

Amy Chasen - ***Goldman Sachs - Analyst***

Okay. And then any idea on the longer term goals for that business, sales, margins, that type of thing?

Howard Bernick - ***Alberto-Culver Company - President, CEO***

Well, Amy, this is more than two questions, but since you got in line first I guess I got to keep going. You know, Paul and I were thinking this call would last an hour.

This should be a good, solid mid to high single-digit grower, and we expect to be able to maintain high single digits at double-digit profit margins. That doesn t mean it s every quarter. It doesn t mean it s necessarily every year.

But as I said, Carol and Jim have built this business and turned it around, and they are highly equipped to continue to do so with their team of people.

Amy Chasen - ***Goldman Sachs - Analyst***

Great. Thanks very much.

Operator

Our next question comes from Jeff Stein with KeyBanc Capital Markets. Please go ahead with your question.

Jeff Stein - ***Keybanc Capital Markets - Analyst***

Good morning, Paul.

A couple of questions with respect to the modeling assumptions that you used to kind of get to a breakeven guidance for year one and accretion for year two.

Are you assuming, first of all, can you tell us what the intangible amortization is going to be, what the one-time costs are going to be, and what your underlying assumptions on top line and margins are going to be for the acquired business?

Paul Finkelstein - *Regis Corporation - Chairman, CEO*

Good morning, Jeff, how you doing?

Jeff Stein - *Keybanc Capital Markets - Analyst*

Doing terrific. Congratulations.

Paul Finkelstein - *Regis Corporation - Chairman, CEO*

Thank you. In terms of one-time costs there s going to be a write-up of inventory about $10 million, integration costs of about $5 million, transaction costs of about $21 million. The, your first question, Jeff, again, was

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Jeff Stein - ***Keybanc Capital Markets - Analyst***

The assumption

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Amortization of intangibles will be about $22 million. That is equal to the synergies that we re projecting.

And the synergies should be about, you know, half the synergies should be purchasing power and synergies and half the synergies should be back office.

Jeff Stein - ***Keybanc Capital Markets - Analyst***

Okay. It sounds to me, you know, in acquiring a business of this size, $2.5 billion, it sounds to me like maybe $10 million or so of cost savings sounds a little bit on the conservative side. I m wondering if you could comment on that?

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

I think you re right. But as you know, we always like to meet or beat our projections and yes, we think we can do better than that.

Jeff Stein - ***Keybanc Capital Markets - Analyst***

And also, Paul, you indicated that you would hope that you could accelerate the top line growth of Sally s by increasing the marketing spending. And I m wondering, too, if you have factored that into your guidance?

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

No, we have not.

Jeff Stein - ***Keybanc Capital Markets - Analyst***

Okay. So basically all you re doing is taking their business plan and your business plan, adding them together. You are factoring in the synergy cost savings, the conservative synergy cost savings you ve outlined less the amortization of intangibles to come up with your guidance.

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Correct.

Jeff Stein - ***Keybanc Capital Markets - Analyst***

Okay. Very good. Thank you.

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Thank you.

Operator

Next question comes from Sharon Zackfia with William Blair. Please go ahead.

Sharon Zackfia - ***William Blair & Company - Analyst***

Hi. Good morning. I guess two quick questions.

On Sally, I m not very familiar with how quickly that business has been growing. I guess can you give us some perspective on how quickly unit expansion has been occurring in that business and sales growths and what you think sales growth will be once you start increasing that marketing in an advertising sense?

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Sharon, Howard, as you know, is in Chicago because he is with his people and I m in Minneapolis with our home office associates, as well. So we re not able to look across the table at one another. But I think, and Howard, if you wouldn t mind answering Sharon s question because you re obviously more familiar with the history of Sally.

Howard Bernick - ***Alberto-Culver Company - President, CEO***

Yes, Paul, thank you.

Sharon, Sally has grown from 39 stores and $10 million in sales in 1980 to about $1.3, $1.4 billion in sales on 2,400 stores approximately now. That s just the Sally Beauty piece. Those are the cash-and-carry stores that are open to the general public, although they cater to the professional.

Those stores, between new store openings which has been about 2.5% of new square footage in North America and same store sales growth rates, are a mid single-digit grower with excellent profit margins exceeding 12%, as Paul alluded to earlier, and tremendous cash flow.

We ve been testing some advertising for the Sally stores, and we think we can educate more consumers as to what Sally stores are, why they should shop there, and enhance those same store sales growth rates, which I think ran approximately 3% in the quarter that just

ended, by being able to advertise more aggressively against retail customers and not be concerned as we compete with traditional food, drug and mass under Alberto ownership.

Sharon Zackfia - ***William Blair & Company - Analyst***

Okay, and then a follow-up question, Paul.

You had mentioned something in your commentary where this might give you increased power to help reduce product diversion. And then I think you followed up on that by saying something about perhaps developing new brands. Can you elaborate on why this would give you that kind of increased power and what you really are talking about when you re saying develop new brands?

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Sure. Our relationships with our vendors are very precious relationships, and we want them to even be better in the years ahead. But diversion is an issue. It s been with us for years.

We think that our vendors can do a better job of controlling it. I think our vendors believe they should be doing a better job of controlling it.

I think together we have the technology at the BSG division to make that division totally diversion free. And working with our vendors we can certainly do that or should be able to do that.

If diversion continues to grow, let s face it, we have 15% at Regis of all the professional products sold in North America. We have a huge share. We have 11,000 doors, 160 million transactions.

We re adding 1,000 doors a year. We re in the beauty school business. So we have an awful lot of stylists and customers exposed to these major professional brands.

And the BSG distribution facilities must hit, you know, tens of thousands of salons. And if the diversion is not curtailed we do have the ability to buy small manufacturers or create new brands, put them in our salons, almost give them the initial order free to the leading salons in Peoria and Chicago and St. Louis.

And we can build new brands. We can build new lines. We can be very effective at building new lines. Either we ll keep them. We might, you know, sell them one day or we would have a lot of options going forward.

But between BSG and Regis, we have an enormous opportunity to build our own brands if we have to. We don t necessarily want to, but if we have to, we will.

Sharon Zackfia - *William Blair & Company - Analyst*

Okay, thank you.

Operator

Our next question comes from Linda Bolton Weiser with Oppenheimer. Please go ahead with your question.

Linda Bolton Weiser - *Oppenheimer & Company - Analyst*

Thanks.

Howard, I was wondering if you could comment a bit on your thoughts on the international side of your business? Can you comment on how the profitability was in FY 05 in terms of the international profit, and are you more or less likely now to further develop your international infrastructure?

Howard Bernick - *Alberto-Culver Company - President, CEO*

Well Linda, we had a great year internationally in 05. And I think this is somewhat more specific for today when we have our regular conference call in two weeks, reporting on our first quarter. Jim Marino will be able to answer some of those questions and so on.

But as you know, we ve been focusing on fewer, larger countries internationally, and we have a fabulous business in the U.K. that s doing very well. And on an overall basis, Alberto-Culver s international business on the consumer side is very strong. On the Sally side the U.K. has continued to be a tough market.

Linda Bolton Weiser - *Oppenheimer & Company - Analyst*

Okay. And secondly just on the consolidation that now has occurred in the distribution of the professional products, does that make you more or less likely to pursue professional products in terms of developing brand or acquiring brands or will you steer away from that area?

Howard Bernick - *Alberto-Culver Company - President, CEO*

Well, Alberto-Culver s focus has and always has been on retail, hair care and skin care brands. So we haven t identified any additional brands that we would like to acquire that we plan to tell you about on this call.

You know what we re doing with Nexxus, and we re excited about Nexxus. And as you know, we d like to be involved in another skin care brand in addition to our St. Ives skin care business as well.

Linda Bolton Weiser - ***Oppenheimer & Company - Analyst***

Can

Paul Finkelstein - ***Regis Corporation - Chairman, CEO***

Linda? Do me a favor, please don t give Howard any ideas. Any new ideas about this. Nexxus is enough.

Howard Bernick - ***Alberto-Culver Company - President, CEO***

No, I should jump in, Paul. Paul and I have known each other for years, but Paul called me when the announcement came out on Nexxus. And he wasn t very pleased because he thought we might take it retail.

And that was our plan, and that s when we started these conversations last June about Alberto-Culver s need to separate the two businesses strategically and the benefit of Sally/BSG instead of being a standalone public company getting together with Paul s company and becoming this $4.5, $5 billion entity that can do a better and better job for its suppliers and with a pure focus on the salon industry and the salon operator.

If I may elaborate for a second, Paul, bear with me. We ve got to get used to each other, Paul, now that we re going to be working together.

When I see Paul and Michael Renzulli, who s the Chairman and the guy who built Sally, and he s the Sam Walton of the beauty supply distribution business, and Gary Winterhalter in a room with me talking about the possibilities for this combination, it s extremely exciting. It s impossible to put dollars and cents on it, but it s extremely exciting.

On the other hand, as you all know, this is a tough, tough business with thousands and thousands of locations and employees and so on. But together, we can be stronger and be a better distributor for L Oreal and Procter and Gamble, and also be a better supplier to beauty operators here in the United States and around the world.

Linda Bolton Weiser - ***Oppenheimer & Company - Analyst***

Okay. Just one final question about when you talk again about being more aggressive in terms of Sally competing with other types of retailers, are you talking about expanding Sally s product offerings into really broad line personal care like toothpaste and deodorant and things like that?

Howard Bernick - ***Alberto-Culver Company - President, CEO***

Absolutely not. Sally s focus will continue, sorry, Paul, will continue to be in professional products, but we are open to the general public. And we re old-fashioned. We like to do business with everyone who has money.

Linda Bolton Weiser - ***Oppenheimer & Company - Analyst***

Okay. Thank you very much.

Operator

Our next question comes from Justin Hott from Bear Stearns. Please go ahead.

Justin Hott - ***Bear, Stearns & Company - Analyst***

A couple of questions for Paul, one for Howard.