ALBERTO CULVER CO
Form 425
January 26, 2006

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Subject Company:

Sally Holdings, Inc.

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FOR IMMEDIATE RELEASE

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Alberto-Culver Company Announces Record Fiscal First Quarter Results

Melrose Park, IL, (January 26, 2006) Alberto-Culver Company (NYSE: ACV) today announced continued record sales and record profits for the fiscal year 2006 first quarter, which ended on December 31, 2005. First quarter sales increased 6.0% to $898.3 million while net earnings in the first quarter of 2006 increased 5.4% to $52.1 million including stock option expense and the non-cash charge discussed below. Including stock option expense and the non-cash charge, diluted net earnings per share were 56 cents in the current quarter versus 53 cents last year with basic net earnings per share of 57 cents compared to 54 cents in the prior year.

Excluding stock option expense and the non-cash charge, pre-tax earnings were up 11.0% in the fiscal year 2006 first quarter to $88.6 million from $79.8 million in the prior year. Diluted net earnings per share were 61 cents compared to 56 cents last year and basic net earnings per share improved to 62 cents from 57 cents in 2005. Had foreign exchange rates this year been the same as fiscal 2005, diluted net earnings per share would have been higher by one cent.

Alberto-Culver Company Chairman of the Board, Carol L. Bernick said, Fiscal year 2006 is off to an excellent start as we report a record quarter for Alberto-Culver Company and each of our key operating units consumer products and Sally Beauty. Each of the environments in which we compete remains challenging, but we continue to find creative and innovative ways to grow. As announced earlier this month, we have reached an agreement to spin-off our Sally/BSG business and merge it with Regis Corporation. We believe this is both consistent with our commitment to building long-term shareholder value and recognizing that the rapid growth of Sally and consumer products is increasingly creating conflicts with our major vendors and trade partners. After the closing of this merger, Alberto-Culver will be focused solely on its consumer brands. I can assure you that we are dedicated and optimistic about our ability to sustain continued growth for our shareholders both in the professional beauty business from the Sally-Regis combination and through the continuing growth of our consumer brands.

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Commenting on the quarter, Alberto-Culver President and Chief Executive Officer Howard Bernick said, I am very pleased with the results of our first quarter. In many respects, the results of this quarter are even more impressive given the strong comparables from the prior year s first quarter excellent growth rates. *TRESemmé* along with *Alberto VO5, St. Ives* and our *Pro-Line* brands, continues to lead the way in building our global consumer products business. In the U.K., where *TRESemmé* was launched more than a year ago, we again produced double-digit sales growth during the first quarter. In the U.S., we opened a new 450,000 square foot Midwest distribution facility for our consumer products business allowing us to better serve our customers while becoming more efficient and providing for future expansion opportunities. We also continued to set the stage for the successful launch of *Nexxus* into the food, mass and drug channel early in the second fiscal quarter. The whole transition of taking *Nexxus* from a salon-only brand to mass retail distribution in less than nine months has truly been a dedicated multi-functional team effort directed by Jim Marino, President Alberto-Culver Consumer Products Worldwide. I am both excited and optimistic about the future of *Nexxus* and its ability to complement Alberto-Culver s consumer products portfolio.

Sally Beauty Supply, the world s largest marketer and distributor of professional salon products, delivered another consistent growth quarter and recorded a double-digit rate of earnings increase in a challenging retail environment. We ended the quarter with 2,441 Sally stores in the U.S., Canada, Mexico, Puerto Rico, the U.K., Ireland, Germany and Japan and our Beauty Systems Group had 826 stores and 1,218 professional distributor sales consultants at December 31, 2005, added Mr. Bernick.

Mr. Bernick continued, In reflecting on the recently announced tax-free spin/merge transaction between Sally/BSG and Regis Corporation, I have spent considerable time recently visiting with many of our institutional shareholders with Paul Finkelstein, Chairman and Chief Executive Officer of Regis Corporation. Together we are both in agreement that there are significant future benefits available through this transaction. I believe that important long-term benefits will accrue to Alberto-Culver and Regis shareholders in the years ahead as a result of this exciting combination and from the continuing growth that can be produced by our very strong consumer products team than would be the case if both companies had maintained their status quo structures.

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Also announced today, the Company s board of directors approved the regular 11.5 cent quarterly cash dividend. The dividend will be paid on February 17, 2006 to shareholders of record on February 6, 2006.

Effective October 1, 2005, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (R) pertaining to the expensing of stock options. As allowed by the statement, the Company elected not to restate its previously issued financial statements and instead adopted SFAS No. 123 (R) on a modified prospective basis. The Company recorded stock option expense in the first quarter of fiscal year 2006 that reduced operating earnings by $7.0 million, provision for income taxes by $2.5 million, net earnings by $4.5 million and basic and diluted net earnings per share by 5 cents. The stock option expense recorded in the first quarter of fiscal year 2006 had no effect on the operating profits or cash flows of the Company s business segments or on the consolidated cash flows of the Company.

Prior to the adoption of SFAS No. 123 (R), U.S. generally accepted accounting principles (GAAP) required that the Company record a non-cash charge due to the remeasurement of the intrinsic value of stock options affected by the November, 2003 conversion to a single class of common stock. GAAP did not allow the Company to record the entire non-cash charge related to the share conversion immediately when it took place during the fiscal 2004 first quarter. In fiscal year 2005, the non-cash charge reduced pre-tax earnings in the first quarter by $3.8 million ($2.5 million after tax). Due to the adoption of SFAS No. 123 (R) effective October 1, 2005, the amount of the non-cash charge impacting the first quarter of fiscal year 2006 was nearly zero. The non-cash charge relates to a change in the capital structure of the Company rather than the normal operations of the Company s core businesses and had no effect on the operating profits or cash flows of the Company s business segments or on the consolidated cash flows of the Company.

Due to the disclosure of financial results excluding stock option expense and the non-cash charge related to the conversion to a single class of common stock, this press release contains certain non-GAAP financial measures as defined by Regulation G of the Securities and Exchange Commission. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures is included as a schedule to this release and can also be found on the Company s web site at www.alberto.com.

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Mr. Bernick said the Company would discuss first quarter fiscal year 2006 results with investors in a call to be held later today (Thursday, January 26) at 3 p.m. ET. The dial-in numbers for the call are 800-819-9193 or 913-981-4911. The numbers for a replay of the conference call are 888-203-1112 or 719-457-0820 and will be available through Sunday, February 26, 2006. The pass code is 4728793.

The call and a replay will also be available on the internet for 30 days at www.alberto.com in the Investing Section, and at www.earnings.com.

About the Alberto-Culver Company

Alberto-Culver Company manufactures, distributes and markets leading personal care products including *Alberto VO5, St. Ives*, *TRESemmé* and *Nexxus* in the United States and internationally. Several of its household/grocery products including *Mrs. Dash* and *Static Guard* are niche category leaders in the U.S. Its Pro-Line International unit is the second largest producer in the world of products for the ethnic hair care market with leading brands including *Motions* and *Soft & Beautiful*. Its Cederroth International unit is a major consumer goods marketer in the Nordic countries. Sally Beauty Company is the world s number one marketer of professional beauty care products through its chain of domestic and international Sally stores. Beauty Systems Group is a network of stores and professional sales consultants selling exclusive professional beauty care brands such as *Matrix, Redken, Paul Mitchell, Wella, L Oreal, Graham Webb* and *Sebastian* exclusively to salon owners, salon professionals and franchisees.

On January 10, 2006, the Company announced an agreement to spin-off its Beauty Supply Distribution business consisting of Sally Beauty Supply and Beauty Systems Group and merge it with the Regis Corporation (NYSE: RGS). A press release announcing this contemplated transaction can be found in the Investing section at www.alberto.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Alberto-Culver s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the pattern of brand sales; competition within the relevant product markets; risks inherent in acquisitions, divestitures and strategic alliances; loss of one or more key employees; loss of

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distributorship rights; sales by unauthorized distributors in Alberto-Culver Company s exclusive markets; the effects of a prolonged United States or global economic downturn or recession; changes in costs; the costs and effects of unanticipated legal or administrative proceedings; health epidemics; adverse weather conditions; and variations in political, economic or other factors such as currency exchange rates, inflation rates, interest rates, tax changes, legal and regulatory changes or other external factors over which Alberto-Culver has no control. In addition, the following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements with respect to the benefits of the business combination transaction involving Alberto-Culver and Regis: the failure of Alberto-Culver and Regis shareholders to approve the transaction; the risk that the businesses will not be integrated successfully; failure to realize cost-savings from the transaction as a result of technical, logistical, competitive and other factors; disruption from the transaction making it more difficult to maintain relationships with clients, employees or suppliers; and events outside the control of Alberto-Culver or Regis that negatively affect the intended tax free nature of the combination transaction involving Alberto-Culver and Regis. These forward-looking statements speak only as of the time first made, and no undertaking has been made to update or revise them as more information becomes available. Additional factors that could cause Alberto-Culver s results to differ materially from those described in the forward-looking statements can be found in the 2005 Annual Report on Form 10-K of Alberto-Culver filed with the SEC and available at the SEC s Internet site (http://www.sec.gov).

This communication is not a solicitation of a proxy from any security holder of Alberto-Culver or Regis and Alberto-Culver and Regis will be filing with the Securities and Exchange Commission a joint proxy statement/prospectus, which will be mailed to security holders, and other relevant documents concerning the planned transaction involving Alberto-Culver and Regis. WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain the documents free of charge at the SEC s website, www.sec.gov. In addition, documents filed with the SEC by Alberto-Culver will be available free of charge by contacting Alberto-Culver, Wesley C. Davidson, Vice President, Corporate Development and Investor Relations at 708-450-3145. Documents filed with the SEC by Regis Corporation will be available free of charge by contacting Regis, Jack Nielsen, Director of Finance, Investor Relations and Investment Benefits, at 952-947-7000.

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The respective directors and executive officers of Alberto-Culver and Regis and other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction proposal. Information regarding Alberto-Culver s directors and executive officers is available in its proxy statement filed with the SEC by Alberto-Culver on December 13, 2005, and information regarding Regis directors and executive officers is available in its proxy statement filed with the SEC by Regis on September 26, 2005. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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Consolidated Condensed Statements of Earnings (Unaudited)

(in thousands, except per share data)

Three Months Ended December 31, 2005 and 2004	**2005**	**2004**
Net sales	**$ 898,265**	847,534
Cost of products sold	**448,363**	421,473
Gross profit	**449,902**	426,061
Advertising, marketing, selling and administrative *	**366,736**	344,509
Non-cash charge related to conversion to one class of common stock **	**1**	3,790
Operating earnings	**83,165**	77,762
Interest expense, net	**1,549**	1,734
Earnings before income taxes	**81,616**	76,028
Provision for income taxes	**29,513**	26,610
Net earnings	**$ 52,103**	49,418
Net earnings per share:		
Basic	**$ .57**	.54
Diluted	**$ .56**	.53
Weighted average shares outstanding:		
Basic	**91,846**	90,703
Diluted	**92,467**	92,450

* Advertising, marketing, selling and administrative expenses include $6,956 of stock option expense recorded in accordance with SFAS No. 123 (R), which was adopted effective October 1, 2005.

** The non-cash charge relates to the remeasurement of stock options affected by the conversion to one class of common stock.

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Consolidated Condensed Balance Sheets (Unaudited)

(in thousands)

	December 31	
	2005	**2004**
Assets		
Cash, cash equivalents and short-term investments	**$ 177,602**	126,491
Accounts receivable, net	**277,133**	243,817
Inventories	**716,629**	688,028
Other current assets	**49,060**	45,319
Total current assets	**1,220,424**	1,103,655
Property, plant and equipment, net	**346,865**	313,945
Goodwill and trade names	**685,732**	646,528
Other assets, net	**87,092**	83,539
Total assets	**$ 2,340,113**	2,147,667
Liabilities and Stockholders Equity		
Short-term borrowings and current maturities of long-term debt	**$ 922**	539
Accounts payable, accrued expenses and income taxes	**534,040**	517,691
Total current liabilities	**534,962**	518,230
Long-term debt	**124,271**	141,368
Other liabilities and deferred taxes	**104,388**	96,792
Stockholders equity	**1,576,492**	1,391,277
Total liabilities and stockholders equity	**$ 2,340,113**	2,147,667

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Segment Data (Unaudited)

(in thousands)

Three Months Ended December 31, 2005 and 2004	**2005**	**2004**
Net Sales:		
Global Consumer Products	**$ 318,905**	303,735
Beauty Supply Distribution:		
Sally Beauty Supply	**349,982**	337,791
Beauty Systems Group	**236,373**	213,019
Total	**586,355**	550,810
Eliminations	**(6,995)**	(7,011)
	$ 898,265	847,534
Earnings Before Income Taxes:		
Global Consumer Products	**$ 31,423**	27,404
Beauty Supply Distribution:		
Sally Beauty Supply	**47,273**	42,058
Beauty Systems Group	**16,839**	15,161
Total	**64,112**	57,219
Segment operating profit	**95,535**	84,623
Unallocated expenses	**(5,413)**	(3,071)
Stock option expense*	**(6,956)**	
Non-cash charge related to conversion to one class of common stock**	**(1)**	(3,790)
Interest expense, net	**(1,549)**	(1,734)
	$ 81,616	76,028

* Beginning October 1, 2005, the Company has recorded stock option expense in accordance with SFAS No. 123 (R).

** The non-cash charge relates to the remeasurement of stock options affected by the conversion to one class of common stock.

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Schedule - Reconciliation of Non-GAAP Financial Measures

The Company s press release announcing results of operations for the three months ended December 31, 2005 includes references to certain of the following non-GAAP financial measures as defined by Regulation G of the Securities and Exchange Commission:

Pre-tax earnings excluding stock option expense and the non-cash charge

Net earnings excluding stock option expense and the non-cash charge

Basic net earnings per share excluding stock option expense and the non-cash charge

Diluted net earnings per share excluding stock option expense and the non-cash charge

Organic sales growth

As discussed in the press release, the Company has recorded stock option expense in accordance with SFAS No. 123 (R) and a non-cash charge related to the Company s conversion to one class of common stock, both of which affected its financial results in the first quarter of fiscal year 2006. The non-cash charge also affected the first quarter of fiscal year 2005.

Effective October 1, 2005, the Company adopted SFAS No. 123 (R) pertaining to the expensing of stock options. As allowed by the statement, the Company elected not to restate its previously issued financial statements and instead adopted SFAS No. 123 (R) on a modified prospective basis. The Company recorded stock option expense in the first quarter of fiscal year 2006 that reduced operating earnings by $7.0 million, provision for income taxes by $2.5 million, net earnings by $4.5 million and basic and diluted net earnings per share by 5 cents. The stock option expense recorded in the first quarter of fiscal year 2006 had no effect on the operating profits or cash flows of the Company s business segments or on the consolidated cash flows of the Company.

Prior to the adoption of SFAS No. 123 (R), GAAP required that the Company record a non-cash charge due to the remeasurement of the intrinsic value of stock options affected by the November, 2003 conversion to a single class of common stock. GAAP did not allow the Company to record the entire non-cash charge related to the share conversion immediately when it took place during the fiscal 2004 first quarter. In fiscal year 2005, the non-cash charge reduced pre-tax earnings in the first quarter by $3.8 million ($2.5 million after tax). Due to the adoption of SFAS No. 123 (R) effective October 1, 2005, the amount of the non-cash charge impacting the first quarter of fiscal year 2006 was nearly zero. The non-cash charge relates to a change in the capital structure of the Company rather than the normal operations of the Company s core businesses and had no effect on the operating profits or cash flows of the Company s business segments or on the consolidated cash flows of the Company.

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Schedule - Reconciliation of Non-GAAP Financial Measures (continued)

Reconciliations of these non-GAAP financial measures to their most directly comparable financial measures under GAAP for the three months ended December 31, 2005 and 2004 are as follows (in thousands, except per share data):

	Three Months Ended December 31	
	2005	**2004**
Pre-tax earnings, as reported	**$ 81,616**	76,028
Stock option expense	**6,956**	
Non-cash charge related to conversion to one class of common stock	**1**	3,790
Pre-tax earnings excluding stock option expense and non-cash charge	**$ 88,573**	79,818
Net earnings, as reported	**$ 52,103**	49,418
Stock option expense, net of income taxes	**4,452**	
Non-cash charge related to conversion to one class of common stock, net of income taxes	**1**	2,464
Net earnings excluding stock option expense and non-cash charge	**$ 56,556**	51,882
Basic net earnings per share, as reported	**$ .57**	.54
Stock option expense, net of income taxes	**.05**	
Non-cash charge related to conversion to one class of common stock, net of income taxes		.03
Basic net earnings per share excluding stock option expense and non-cash charge	**$ .62**	.57
Diluted net earnings per share, as reported	**$ .56**	.53
Stock option expense, net of income taxes	**.05**	
Non-cash charge related to conversion to one class of common stock, net of income taxes		.03
Diluted net earnings per share excluding stock option expense and non-cash charge	**$ .61**	.56

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Schedule - Reconciliation of Non-GAAP Financial Measures (continued)

A reconciliation of organic sales growth, a non-GAAP financial measure, to its most directly comparable financial measure under GAAP for the three months ended December 31, 2005 and 2004 is as follows:

	Three Months Ended December 31	
	2005	**2004**
Net sales growth, as reported	**6.0%**	10.8%
Impact of foreign exchange	**1.1**	(2.0)
Impact of acquisitions	**(3.8)**	(4.5)
Impact of divestiture	**0.4**	1.2
Organic sales growth	**3.7%**	5.5%

Management uses these non-GAAP financial measures to evaluate the performance of the Company and believes the presentation of these amounts provides the reader with information necessary to analyze the Company s normal operations for the periods compared.

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> **Hungary: 0.7%** 1,189,307 @ Magyar Telekom Telecommunications PLC **1,757,331 0.7** **India: 6.3%** 485,073 Bharat Heavy Electricals Ltd. 1,989,174 0.8 535,299 Coal India Ltd. 3,362,269 1.3 1,487,772 NTPC Ltd. 4,042,128 1.5 491,845 Oil & Natural Gas Corp., Ltd. 3,148,766 1.2 414,522 Oriental Bank Of Commerce 2,378,568 0.9 102,808 Punjab National Bank 1,644,007 0.6 **16,564,912 6.3** **Indonesia: 1.0%** 4,477,000 Indofood Sukses Makmur Tbk PT **2,622,388 1.0** **Malaysia: 3.4%** 2,299,221 Berjaya Sports Toto BHD 2,734,332 1.0 1,769,700 IJM Corp. Bhd 3,686,925 1.4 1,647,300 @ IOI Corp. Bhd 2,528,637 1.0 **8,949,894 3.4** **Mexico: 2.4%** 1,164,375 Grupo Financiero Santander Mexico SAB de CV 3,122,751 1.2 108,613 Southern Copper Corp. 3,227,978 1.2 **6,350,729 2.4** **Panama: 0.9%** 87,577 @ Banco Latinoamericano de Comercio Exterior SA **2,341,809 0.9** **Poland: 3.3%** 296,800 @ Energa SA 1,847,938 0.7 285,352 @ PGE SA 1,970,717 0.8 121,932 @ Powszechna Kasa Oszczednosci Bank Polski S.A. 1,632,711 0.6 20,560 Powszechny Zaklad Ubezpieczen SA 3,026,981 1.2 **8,478,347 3.3**

Voya Emerging Markets High Dividend Equity Fund — PORTFOLIO OF INVESTMENTS
as of May 31, 2014 (Unaudited) (Continued)

		Qatar: 1.7%		
145,462	@	Commercial Bank of Qatar	2,871,743	1.1
31,074	@	Industries Qatar QSC	1,615,027	0.6
			4,486,770	**1.7**
		Russia: 6.7%		
269,241		CTC Media, Inc.	2,738,181	1.1
568,249		Gazprom OAO ADR	4,631,798	1.8
6,995		Lukoil OAO ADR	396,204	0.1
52,203		Lukoil OAO	2,945,219	1.1
189,359	@	Mobile Telesystems OJSC ADR	3,501,248	1.3
154,970	@	Phosagro OAO GDR	1,807,702	0.7
172,096	@	Severstal	1,453,436	0.6
			17,473,788	**6.7**
		Singapore: 1.0%		
148,000		United Overseas Bank Ltd.	**2,664,292**	**1.0**
		South Africa: 5.2%		
115,933	@	Barclays Africa Group Ltd.	1,689,012	0.6
166,491		Foschini Group Ltd./The	1,780,522	0.7
161,126		MTN Group Ltd.	3,398,828	1.3
1,117,561	@	PPC Ltd.	3,436,151	1.3
253,058	@	Standard Bank Group Ltd.	3,389,591	1.3
			13,694,104	**5.2**
		South Korea: 11.7%		
136,502		Hite Jinro Co. Ltd.	2,893,412	1.1
108,590		Hyundai Marine & Fire Insurance Co., Ltd.	3,084,265	1.2
9,049		Hyundai Motor Co.	1,995,457	0.8
8,851		Hyundai Motor Co.- Series 2	1,312,738	0.5
110,830		Kangwon Land, Inc.	3,311,934	1.3
83,120	@	KB Financial Group, Inc.	2,826,463	1.1
41,884		KT&G Corp.	3,407,540	1.3
11,635		POSCO	3,298,458	1.2
2,035	@	Samsung Electronics Co., Ltd.	2,882,728	1.1
72,070		Shinhan Financial Group Co., Ltd.	3,150,711	1.2
23,586		SK Innovation Co. Ltd.	2,466,529	0.9
			30,630,235	**11.7**
		Sweden: 1.1%		
29,634	@	Millicom International Cellular S.A.	**2,739,603**	**1.1**
		Taiwan: 9.7%		

695,959		Cheng Uei Precision Industry Co., Ltd.	1,334,226	0.5
4,459,390	@	CTBC Financial Holding Co. Ltd	2,844,202	1.1
216,083		MediaTek, Inc.	3,514,402	1.3
4,047,466		Mega Financial Holdings Co., Ltd.	3,382,485	1.3
1,599,700		Powertech Technology, Inc.	3,088,888	1.2
1,133,000		Quanta Computer, Inc.	3,051,148	1.2
1,597,000		Taiwan Semiconductor Manufacturing Co., Ltd.	6,400,772	2.4
1,235,000		TXC Corp.	1,830,981	0.7
			25,447,104	**9.7**
		Thailand: 1.2%		
259,300		PTT PCL	2,324,155	0.9
79,500		PTT PCL-Foreign	712,574	0.3
			3,036,729	**1.2**
		Total Common Stock (Cost $237,996,895)	**241,941,901**	**92.6**

PREFERRED STOCK: 4.2%

	Brazil: 1.9%		
253,329	Gerdau SA	1,515,247	0.6
309,423	Vale SA	3,556,507	1.3
		5,071,754	**1.9**
	Russia: 0.9%		
1,202,255	Sberbank of Russia	**2,366,766**	**0.9**
	South Korea: 1.4%		
3,392	Samsung Electronics Co., Ltd.	**3,689,319**	**1.4**
	Total Preferred Stock (Cost $11,409,865)	**11,127,839**	**4.2**
	Total Long-Term Investments (Cost $249,406,760)	**253,069,740**	**96.8**

SHORT-TERM INVESTMENTS: 3.2%

	Mutual Funds: 3.2%		
8,251,340	BlackRock Liquidity Funds, TempFund, Institutional Class, 0.030%†† (Cost $8,251,340)	**8,251,340**	**3.2**
	Total Short-Term Investments (Cost $8,251,340)	**8,251,340**	**3.2**
	Total Investments in Securities (Cost $257,658,100)	**$261,321,080**	**100.0**
	Liabilities in Excess of Other Assets	**(86,025)**	**–**
	Net Assets	**$261,235,055**	**100.0**

†† Rate shown is the 7-day yield as of May 31, 2014.
@ Non-income producing security

ADR American Depositary Receipt
GDR Global Depositary Receipt

Cost for federal income tax purposes is $260,130,231.

Net unrealized appreciation consists of:

Gross Unrealized Appreciation	$23,287,969
Gross Unrealized Depreciation	(22,097,120)
Net Unrealized Appreciation	$1,190,849

Voya Emerging Markets High Dividend Equity Fund — PORTFOLIO OF INVESTMENTS as of May 31, 2014 (Unaudited) (Continued)

Sector Diversification	Percentage of Net Assets
Financials	29.9 %
Energy	11.8
Information Technology	10.6
Utilities	10.0
Materials	8.4
Telecommunication Services	7.9
Consumer Discretionary	6.9
Industrials	6.2
Consumer Staples	4.4
Health Care	0.7
Short-Term Investments	3.2
Liabilities in Excess of Other Assets	–
Net Assets	**100.0 %**

Fair Value Measurements

The following is a summary of the fair valuations according to the inputs used as of May 31, 2014 in valuing the assets and liabilities:

	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs # (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2014
Asset Table				
Investments, at fair value				
Common Stock				
Brazil	$ 23,069,142	$–	$ –	$ 23,069,142
Chile	6,650,835	–	–	6,650,835
China	3,354,968	44,421,135	–	47,776,103

Czech Republic	–	5,720,007	–	5,720,007
Greece	–	2,014,442	–	2,014,442
Hong Kong	–	9,473,337	–	9,473,337
Hungary	–	1,757,331	–	1,757,331
India	–	16,564,912	–	16,564,912
Indonesia	–	2,622,388	–	2,622,388
Malaysia	–	8,949,894	–	8,949,894
Mexico	6,350,729	–	–	6,350,729
Panama	2,341,809	–	–	2,341,809
Poland	1,847,938	6,630,409	–	8,478,347
Qatar	–	4,486,770	–	4,486,770
Russia	10,871,227	6,602,561	–	17,473,788
Singapore	–	2,664,292	–	2,664,292
South Africa	–	13,694,104	–	13,694,104
South Korea	3,407,540	27,222,695	–	30,630,235
Sweden	–	2,739,603	–	2,739,603
Taiwan	–	25,447,104	–	25,447,104
Thailand	–	3,036,729	–	3,036,729
Total Common Stock	57,894,188	184,047,713	–	241,941,901
Preferred Stock	5,071,754	6,056,085	–	11,127,839
Short-Term Investments	8,251,340	–	–	8,251,340
Total Investments, at fair value	$ 71,217,282	$190,103,798	$ –	$261,321,080
Liabilities Table				
Other Financial Instruments+				
Written Options	$ –	$(911,924)	$ –	$(911,924)
Total Liabilities	$ –	$(911,924)	$ –	$(911,924)

+ Other Financial Instruments are derivatives not reflected in the Portfolio of Investments and may include open forward foreign currency contracts, futures, centrally cleared swaps, OTC swaps and written options. Forward foreign currency contracts, futures and centrally cleared swaps are valued at the unrealized gain (loss) on the instrument. OTC swaps and written options are valued at the fair value of the instrument.

The earlier close of the foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities. To account for this, the Fund may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available. Accordingly, a portion of the Fund's investments are categorized as Level 2 investments.

Voya Emerging Markets High Dividend Equity Fund PORTFOLIO OF INVESTMENTS
as of May 31, 2014 (Unaudited) (Continued)

Voya Emerging Markets High Dividend Equity Fund Written OTC Options on May 31, 2014:

Number of Contracts	Counterparty	Description	Exercise Price		Expiration Date	Premiums Received	Fair Value
Options on Indices							
605,700	Citigroup, Inc.	Call on iShares MSCI Emerging Markets Index Fund	41.650	USD	06/06/14	$481,380	$(619,846)
608,900	Morgan Stanley	Call on iShares MSCI Emerging Markets Index Fund	42.969	USD	06/20/14	482,553	(292,078)
			Total Written OTC Options			$963,933	$(911,924)

Voya Emerging Markets High Dividend Equity Fund PORTFOLIO OF INVESTMENTS
as of May 31, 2014 (Unaudited) (Continued)

A summary of derivative instruments by primary risk exposure is outlined in the following tables.

The fair value of derivative instruments as of May 31, 2014 was as follows:

Derivatives not accounted for as hedging instruments

Liability Derivatives	Instrument Type	Fair Value
Equity contracts	Written options	$911,924
Total Liability Derivatives		$911,924

The following is a summary by counterparty of the fair value of OTC derivative instruments subject to Master Netting Agreements and collateral pledged (received), if at May 31, 2014:

	Citigroup, Inc.	**Morgan Stanley**	**Totals**
Liabilities:			
Written options	$ 619,846	$ 292,078	$911,924
Total Liabilities	$ 619,846	$ 292,078	$911,924
Net OTC derivative instruments by counterparty, at fair value	$ (619,846)	$ (292,078)	(911,924)
Total collateral pledged by the Fund/(Received from counterparty)	$ -	$ -	$-
Net Exposure[(1)]	$ (619,846)	$ (292,078)	$(911,924)

(1) Positive net exposure represents amounts due from each respective counterparty. Negative exposure represents amounts due from the Fund.

Item 2. Controls and Procedures.

(a) Based on our evaluation conducted within 90 days of the filing date, hereof, the design and operation of the registrant's disclosure controls and procedures are effective to ensure that material information relating to the registrant is made known to the certifying officers by others within the appropriate entities, particularly during the period in which Forms N-Q are being prepared, and the registrant's disclosure controls and procedures allow timely preparation and review of the information for the registrant's Form N-Q and the officer certifications of such Form N-Q.

(b) There were no significant changes in the registrant's internal controls over financial reporting that occurred during the registrant's last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2) is attached hereto as EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant):	Voya Emerging Markets High Dividend Equity Fund
By	/s/ Shaun P. Mathews Shaun P. Mathews President and Chief Executive Officer
Date:	July 24, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By	/s/ Shaun P. Mathews Shaun P. Mathews President and Chief Executive Officer
Date:	July 24, 2014
By	/s/ Todd Modic Todd Modic Senior Vice President and Chief Financial Officer
Date:	July 24, 2014