

---

---

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

---

**FORM 8-K**  
**CURRENT REPORT PURSUANT**  
**TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

---

**Date of Report (Date of Earliest Event Reported): August 9, 2005**

**SIMMONS BEDDING COMPANY**

**(formerly known as Simmons Company)**  
(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**333-113861**

(Commission File Number)

**13-3875743**

(I.R.S. Employer Identification No.)

**One Concourse Parkway, Suite 800,**  
**Atlanta, Georgia**

(Address of Principal Executive Offices)

**30328-6188**

(Zip Code)

**(770) 512-7700**

(Registrant's Telephone Number, Including Area Code)

**N/A**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 1.01. Entry Into a Material Agreement**

Pursuant to a written offer of employment (the "Offer Letter"), Stephen G. Fendrich was named Executive Vice President – Sales of Simmons Bedding Company (the "Company") on August 9, 2005. In addition, the Company and Mr. Fendrich entered into a non-compete agreement (the "Non-Compete Agreement") and a relocation agreement (the "Relocation Agreement") in connection with Mr. Fendrich's employment. The Offer Letter is filed with this report as Exhibit 10.1, its contents are incorporated by reference into this Item 1.01, and its material terms are summarized in Item 5.02 below. The contents of these summaries are incorporated into this Item 1.01 by reference.

**Item 2.02. Results of Operations and Financial Condition.**

On August 9, 2005, the Company issued a press release reporting its results of operations for the second quarter of 2005. The press release is furnished as Exhibit 99.1

**Item 5.02. Appointment of Principal Officer.**

On August 9, 2005, the Company issued a press release announcing the appointment of Stephen G. Fendrich as its Executive Vice President — Sales. Mr. Fendrich, age 44, was previously Chief Executive Officer and President of the Company's Sleep Country USA retail operations. Before joining Sleep Country, Mr. Fendrich was one of the founders of The Mattress Firm, one of the nation's largest mattress retailers.

Under the Offer Letter, Mr. Fendrich will be paid an annual base salary of \$300,000. In addition to his base salary, Mr. Fendrich received an option to purchase 30,000 shares of the Company's restricted Class B shares at fair market value. The preceding description of the terms of the Offer Letter is qualified in its entirety by reference to Exhibit 10.1 to this report.

In connection with Mr. Fendrich's Offer Letter, Mr. Fendrich signed a Non-Compete Agreement and a Relocation Agreement. The Non-Compete Agreement contains usual and customary restrictive covenants, including a two-year non-compete, a duty of non-disclosure, and provisions relating to non-solicitation/no hire of employees or customers and non-disparagement. In the event of a termination without "cause" or departure for "good reason," Mr. Fendrich is entitled to severance equal to two years salary. The preceding description of the terms of the Non-Compete Agreement is qualified in its entirety by reference to Exhibit 10.2 to this report. The Relocation Agreement provides for reimbursement of various relocation expenses. The preceding description of the Relocation Agreement is qualified in its entirety by reference to Exhibit 10.3 to this report.

**Item 9.01. Financial Statements and Exhibits.****(c) Exhibits**

- 10.1 Offer of Employment dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
- 10.2 Non-Compete Agreement dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
- 10.3 Relocation Agreement dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
- Exhibit 99.1 Press release dated as of August 9, 2005.

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, Simmons Bedding Company has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

SIMMONS BEDDING COMPANY

By: /s/ William S. Creekmuir

William S. Creekmuir  
Executive Vice President and Chief Financial Officer

Date: August 12, 2005

## EXHIBIT INDEX

Exhibit Number	Exhibit Name
10.1	Offer of Employment dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
10.2	Non-Compete Agreement dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
10.3	Relocation Agreement dated August 3, 2005 between Simmons Bedding Company and Stephen Fendrich.
99.1	Press release dated as of August 9, 2005.

August 3, 2005

Mr. Steve Fendrich  
[Address]

Dear Steve:

Congratulations! On behalf of the Simmons Bedding Company it is a pleasure to confirm our offer of employment to you. The position is Executive Vice President of Sales, reporting to the Chairman & CEO, Charlie Eitel. You will have responsibility for Simmons Bedding Company sales as well as SCUSA. Your anticipated start date is August 9, 2005. The semi-monthly salary for the position is \$12,500 which equates to \$300,000.

You are eligible for participation in Simmons Bedding Company's Management Bonus Plan, with a target EBITDA and Sales Performance Based Bonus of 60% of your base salary with no cap. Your 2005 bonus will follow SCUSA or Simmons Bedding Company's targeted EBITDA and Sales Performance, whichever is greater.

Simmons will offer you 30,000 Class B shares to be purchased at fair market value established at the August 9, 2005 Board of Directors meeting with a vesting schedule to begin in 2005. You will retain your current Class B shares of 12,500 which will follow SCUSA's vesting program.

Simmons will provide you with four weeks of vacation per year, a car allowance of \$750 per month and relocation assistance per our Level I policy which is attached. You will be offered temporary living through June, 2006. We will review the executive benefits package with you during your first few days of employment. These executive benefits will include an executive physical, tax and financial planning and we will apply for \$1.0 million of term life insurance, convertible to whole and can be assumed by the associate upon exiting the Company. Eligibility for group insurance benefits commences on the first day of the month following employment. Based on a start date of August 9, 2005, your benefits eligibility will be September 1, 2005.

You will be eligible to start participating in our 401(k) plan at the first of the month after completing 12 weeks of service. Plan entry dates are the first of each month. If you begin work on August 9, 2005, you will be eligible to enroll in the 401(k) plan on November 1, 2005.

In addition to the benefits listed above, Simmons is offering you a two year severance agreement for a termination without cause. Please review the attached document, sign and return with the offer letter.

Per the Immigration Reform and Control Act of 1986, we are required to verify that you are a citizen of the United States or that you have the legal right to work in the United States. When you report to work, you will be asked to produce ORIGINAL documentation attesting to your status as noted on the attached list of acceptable documentation. These originals will be viewed and returned to you.

You agree that the offer letter you signed with SC Holdings, Inc. and Sleep Country USA, Inc., dated July 2, 2003, shall terminate when you sign this offer letter including, without limitation, any rights to bonuses (except as stated above), salary, severance and other benefits under the same.

In accepting this offer, you also give us assurance that you have not relied on any agreements or representations, express or implied, with respect to your employment that are not set forth expressly in this letter agreement. By your execution of this letter agreement, you expressly acknowledge and agree that this letter (a) constitutes the entire understanding between you and the Company with respect to your employment with the Company and (b) supersedes all prior and contemporaneous understandings and agreements, whether written or oral, with respect to your employment with the Company.

We hope that you will find the tools and opportunities to help customize your career and create your success. However, please note that employment with Simmons Bedding Company is not for a specified term and can be terminated by you or Simmons Bedding Company at any time for any reason, with or without cause or advance notice. This offer of employment is contingent on the successful completion of a background check and drug screen.

We look forward to you joining our team and believe you will make an excellent contribution.

Sincerely,

/s/ Rhonda Rousch

Rhonda Rousch  
Executive Vice President, Human Resources

ACKNOWLEDGEMENT:

I accept the offer of Executive Vice President of Sales and the conditions explained in this letter.

Stephen G. Fendrich  
-----

August 9, 2005  
Date

Print Name

/s/ Stephen G. Fendrich  
-----

Signature

August 3, 2005

Stephen G. Fendrich  
[Address]

Dear Steve:

In consideration of your agreement to accept the position as Executive Vice President - Sales for Simmons, we would like to offer you a two year severance benefit in return for your agreement to certain matters as set out in specific detail below. It is important for you to read this in detail and understand it before you sign it. Do not hesitate to ask questions.

1. SEVERANCE BENEFIT. If you are terminated without Cause (as defined below) by Simmons Bedding Company ("Simmons", "we" or "us"), then until the second anniversary of the date on which termination is effective (the "Termination Date"), you shall be paid severance at a rate equal to 100% of your current salary in effect at the time notice of termination is given, such severance to be paid on a regular pay period basis. You will not be eligible for any bonuses during this two year severance period.

2. RESTRICTIVE COVENANTS. In consideration for the benefit outlined above, you agree to the following:

a) NONCOMPETE. You acknowledge that you will be engaged to perform certain Duties (as defined below) for Simmons. For a period of two years from your Termination Date, you shall not (i) directly or indirectly, perform the Duties for any Competing Entity (defined below) within a radius of 35 miles of any city in which you performed the Duties or in which individuals you directly supervised performed such Duties during the one year period prior to your Termination Date, or (ii) be an owner, partner, investor, consultant, agent, employee, or co-venturer of any Competing Entity. If, during this two year period, Simmons determines that you are competing in violation of this provision, then Simmons may immediately cease making the severance payments described above.

b) NONSOLICITATION OF CUSTOMERS. For a period of two years from your Termination Date, you promise that you will not, directly or indirectly, on your own behalf or on behalf of or in conjunction with any person or legal entity, actively solicit the business or patronage of any of the clients, customers, or accounts that you managed, serviced, or called upon on Simmons' behalf or about whom you learned Confidential Information (as defined below), at any time during the one year prior to the Termination Date, for the purpose of selling, marketing, designing or manufacturing mattresses and mattress-related products.

c) NONSOLICITATION OF EMPLOYEES. For a period of two years from your Termination Date, you promise that you will not, directly or indirectly, on your own behalf or on behalf of or in conjunction with any person or legal entity, recruit, solicit, or induce, or attempt to recruit, solicit, or induce, any non-clerical employee of the Company (as defined below) with whom you had contact while you were performing your Duties, to terminate their employment relationship with the Company.

d) NONDISCLOSURE OF CONFIDENTIAL INFORMATION. You acknowledge that the Company continually develops Confidential Information, that you may develop Confidential Information for the Company and that you may learn of Confidential Information during the course of employment. You will comply with the policies and procedures of the Company for protecting Confidential Information and agree not to disclose to any person (except as required by applicable law or for the proper performance of your duties and responsibilities to Simmons), or use for your own benefit or gain, any Confidential Information obtained by you incident to your employment or other association with the Company. You understand that this restriction shall continue for a period of five (5) years after your Termination Date; provided that, for any Confidential Information that constitutes Trade Secrets (as defined below) under applicable law, the restrictions shall continue for as long as such information remains a Trade Secret.

e) PROTECTION OF DOCUMENTS. All documents, records, tapes and other media of every kind and description relating to the business, present or otherwise, of the Company and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You shall safeguard all Documents and shall surrender to Simmons at the time your employment terminates, or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control.

f) OUTSIDE ACTIVITIES. You agree that during your employment with Simmons, you will not undertake any outside activity, whether or not competitive with the business of the Company, that could reasonably give rise to a conflict of interest with your duties and obligations to the Company.

g) OWNERSHIP OF SECURITIES. Notwithstanding the provisions in this letter, you shall have the right to (a) invest in or acquire any class of securities issued by any entity that is not a Competing Entity, or (b) acquire as a passive investor (with no involvement in the operations or management of the business) up to 1% of any class of securities which is (i) issued by any Competing Entity, and (ii) publicly traded on a national securities exchange or over-the-counter market.

h) NO DISPARAGEMENT. You agree that for two years following the Termination Date, you will not, directly or indirectly, either in writing or by any other medium, make any disparaging, derogatory or negative statement, comment or remark about the Company, or any of them, or Thomas H. Lee Partners, or any of their respective officers, directors, employees, successors and assigns, affiliates, subsidiaries, as the case may be; provided, however, that this shall not be construed to require you to provide other than truthful testimony when compelled to testify.

3. DEFINITIONS. The terms used above shall have the meanings as set forth below:

"Cause" shall mean any one or more of the following:

(a) You shall have been convicted of, or shall have pleaded guilty or nolo contendere to, any felony or a crime involving fraud, personal dishonesty or moral turpitude (whether or not in connection with your employment);

(b) You shall have repeatedly or consistently failed or refused to perform your duties or fulfill your responsibilities to Simmons, after verbal notice and ten (10) days opportunity to cure;

(c) You shall have breached any provision set forth in this letter or any other material obligation set forth in the offer letter, restricted stock agreement, securityholder agreement or related agreements, company handbook or other company policy; or

(d) You shall have committed any fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or other act of dishonesty against Simmons.

"Company" includes Simmons, its direct and indirect parent companies, THL-SC Bedding Company and Simmons Company, and all of Simmons's direct and indirect subsidiaries and affiliates, and their respective successors and assigns (whether by merger, operation of law or otherwise).

"Competing Entity" means the following mattress manufacturing companies: Serta, Inc., Sealy Corporation, Spring Air Company, Tempur-Pedic International Inc. and King Koil Licensing Company, Inc. and/or any licensee or entity which manufactures mattresses under the following brands: Serta, Sealy, Spring Air, Tempur-Pedic and King Koil.

"Confidential Information" means any and all information of the Company embodied in a writing or other tangible form whether or not constituting a Trade Secret which is or has been disclosed to you or of which you became aware as a consequence of or through your relationship to the Company and which has value to the Company and is not generally known to its competitors. Without limiting the foregoing, "Confidential Information" shall include: (a) all items of information that could be classified as a Trade Secret; (b) the names, addresses and special needs or requirements of the customers of the Company and the nature and amount of business done with such customers; (c) the names and addresses of employees and other business contacts of the Company; (d) the particular names, methods and procedures utilized by the Company in the conduct and advertising of their business; (e) application, operating system, communication and other computer software and derivatives thereof, including, without limitation, sources and object codes, flow charts, coding sheets, routines, subrouting and related documentation and manuals of the Company; and (f) marketing techniques, purchasing information, pricing policies, quoting procedures, financial information, customer data and other materials or information relating to the Company's manner of doing business. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by the Company (except where such public disclosure has been made by you without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means.

"Duties" means those duties described on Exhibit A attached hereto.



"Trade Secret" shall have the meaning as defined in Section 10-1-761 of the Official Code of Georgia Annotated.

4. OTHER.

a) The restrictive covenants outlined above are intended to and you agree that they do amend and replace any less restrictive covenants set forth in the Restricted Stock Agreement(s) that you have entered into or that you intend to enter into with Simmons Company.

b) You agree that your breach of these provisions cannot reasonably or adequately be compensated in damages in an action at law; and that such a breach will cause us irreparable injury and damage. Therefore, in addition to other remedies we may have, you agree that we are entitled to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach by you of these terms; provided, however, that this shall not be considered a waiver against the pursuit of other legal or equitable remedies in the event of such a breach.

c) You agree to keep the terms and the existence of this letter agreement strictly confidential and not to disclose the terms or the existence of the same to anyone, except that you may disclose such information as required by law or to your spouse, investment advisor, tax advisor, accountant and attorney in strictest confidence. You agree that Simmons may disclose this letter agreement if required by law.

To accept the terms outlined above, please sign and return this to me.

Very truly yours,

SIMMONS COMPANY  
SIMMONS BEDDING COMPANY

/s/ Charlie Eitel

Charlie Eitel  
Chairman and Chief Executive Officer

I accept the terms and conditions outlined above.

/s/ Stephen G. Fendrich

-----  
Stephen G. Fendrich

EXHIBIT A

DESCRIPTION OF "DUTIES" FOR EXECUTIVE VICE PRESIDENT - SALES

Date: August 3, 2005

"Duties" include:

- Building relationships with our retailers and being an advocate for our retailers;
- Supplying leadership and direction for the Company's sales force;
- Providing a strategic vision and direction for the Company, including specifically Sleep Country USA, Inc. ("SCUSA");
- Reviewing and analyzing the Company's financial performance;
- Recommending interventions in direction to both the sales force and retailers with regard to the Company's relationships with its retailers;
- Communicating Company expectations to the sales force and to SCUSA;
- Providing coaching and support to the Company's sales force and the SCUSA Leadership Team.

Please sign below to acknowledge the identification of "Duties" above:

/s/ Stephen G. Fendrich

-----  
Stephen G. Fendrich

Dear Stephen G. Fendrich,

As per our discussion, the Simmons Company will assist with your relocation to CITY LOCATION as detailed in the guidelines below. Upon receipt of this agreement, the Simmons Company will notify our approved relocation vendors who will initiate contact with you. To ensure timely attention to your relocation, please provide your current contact information at the end of this form. If you have any questions regarding your relocation assistance package, please contact the Corporate Recruiter in the Human Resources department.

Home finding: Simmons will reimburse the associate for the costs of two (2) house-hunting trips for you and your spouse. This includes coach round-trip travel, reasonable lodging, meals, and local transportation for up to a maximum of eight (8) days and nine (9) nights. If a personal automobile is used, mileage will be reimbursed at the current mileage allowance rate.

Temporary Living: You will be reimbursed for temporary living expenses for up to a sixty (60) day maximum. If an extension is required, it will need to be approved by your manager and the Executive VP of Human Resources. Temporary living expenses are defined as lodging and meals not to exceed \$150 per day. If there is a necessary extended delay in family relocation, Simmons will reimburse the cost of a round-trip, economy class airfare, or personal automobile use, for you to return home at two-week intervals for a maximum of 3 three trips.

Movement of Household Goods: The cost of packing, crating, insuring, and movement of household goods will be the responsibility of the Simmons Company. The Corporate Distribution and Traffic Department will handle all arrangements for the movement of household goods. The Corporate Recruiter will verify authorization of your move with the traffic department. Any further communication with regard to the movement of your household goods will be between you and the traffic department.

Where temporary storage of household goods is necessary, Simmons will pay such charges up to a maximum of 90 days. Local moving charges to remove household goods from storage will be paid by Simmons if the charges occur within that 90-day period only.

Simmons will pay to transport one automobile by van and will pay mileage at the current rate to transport a second automobile unless this is a cross-country move, in which case Simmons will pay to transport two (2) automobiles by van.

Simmons will not pay for the moving of aircraft, boats, house trailers, animals, firewood, plants, shrubbery, or combustible items such as building materials, alcoholic beverages, articles of extraordinary value (jewelry, precious stones, stamp collections, wills, stocks, etc...), frozen food or the contents of deep freezers requiring special refrigerated service, or any items requiring special handling or equipment. The Executive VP of Human Resources must make any exceptions to this provision.

Travel to New Location: Simmons will reimburse the costs of transportation, lodging, and meals for you and your family when traveling to the new location. You will be reimbursed at the current mileage rate for up to two (2) automobiles. The most direct route to the new location should be used. If you drive only one (1) automobile, a second automobile may be shipped as a part of your household goods move.

In the case of a cross-country move, costs will be reimbursed by Simmons and are not to exceed the cost of coach/standard airfare and the cost of the shipment of two (2) automobiles.

Lease Cancellation and Rental Agreements: If you rent at your old place of residence, Simmons will reimburse you for any forfeiture of deposit, penalty, or additional rent paid as a result of breaking or terminating a lease in order to relocate. The maximum reimbursable amount is the equivalent of two (2) months rent.

Sale of Home in Old Location: Simmons Company will reimburse you for normal agent's commissions and reasonable legal fees connected with sale of the present home. Closing costs paid by you as the seller as an inducement to the purchaser are not reimbursable.

Purchase of New Residence: If you own a home at the old location and purchase at the new location, you will be reimbursed for the normal expenses associated with the purchase. Reimbursement will be limited to a period of one (1) year from the date of the assignment at the new location. Reimbursable expenses, commonly known as closing costs, can include:

- Survey charge
- Home inspection report fee
- Title search and title insurance fee
- Legal, attorney, or escrow agent fees
- Transfer fees or transfer taxes
- Recording fees

Up to a total of 2% of the mortgage amount for any one of any combination of the following:

- Origination Fees
- Application Fees
- Processing Fees
- Commitment Fees

Loss of Annual Fees: Consideration will be given for reimbursement on a pro-rata basis for certain prepaid items such as annual memberships or tuition, which cannot be recovered and which cannot be utilized because of the move. Documentation and signed approval by the Hiring Manager and the Human Resources Manager will be required for reimbursement.

Allowance for Miscellaneous Items: To assist you with miscellaneous expenses incurred during your move, Simmons will pay a \$1,500 special allowance. This allowance is paid approximately one week before your move to the new location. The amount is put on an

expense report, signed off by the Hiring Manager, and then sent to the Corporate Recruiter for approval and processing.

Tax Assistance (Gross-Up): A tax gross-up will be added to the portion of relocation expense reimbursements that are taxable, but not deductible. There will be no gross-up on those expenses, which are deductible by the associate.

Tax Regulations Applicable to Moving Expenses: IRS regulations require that all moving expenses reimbursed or paid on behalf of the Simmons Company must be included in your taxable income. Please contact the Simmons Tax Department in the event that you have questions regarding taxable relocation expenses per IRS guidelines.

Expense Report Procedures: All requests for reimbursement should be made via expense report, which should be approved by the new manager and forwarded to the Corporate Recruiter for final review and approval. All expenses claimed should be supported by appropriate documentation. Please note that no expenses will be paid until the Corporate Recruiter receives an executed copy of the Voluntary Separation Form from the relocating associate.

Simmons Company will provide you with the Relocation Assistance Package as indicated above to pay for your moving related expenses, reimbursable through submitting expense reports and receipts. This is a complete agreement regarding your relocation assistance package and supersedes all prior agreements, and can only be amended in writing signed by you and the Executive VP of Human Resources.

Read and Agreed:

/s/ Stephen Fendrich

-----  
Name and Date

Street Address:  
\_\_\_\_\_

City, State, and Zip:  
\_\_\_\_\_

Home Phone:  
\_\_\_\_\_

Personal Email Address:

CORPORATE HUMAN RESOURCES

SIMMONS BEDDING COMPANY  
REPORTS SECOND QUARTER RESULTS;  
NAMES STEVE FENDRICH EXECUTIVE VICE PRESIDENT - SALES

ATLANTA, August 9, 2005 - Simmons Bedding Company ("Company" or "Simmons"), a leading manufacturer of premium-branded bedding products, released operating results for the second quarter of 2005 today.

RESULTS FOR THE QUARTER ENDED JUNE 25, 2005

For the second quarter of 2005, net sales were \$208.0 million compared to \$201.8 million for the same period a year ago, a 3.1% increase. Wholesale bedding segment net sales increased 2.6% to \$192.7 million for the second quarter of 2005 compared to \$187.7 million for the same period a year ago. The increase in wholesale bedding segment net sales was largely due to the addition of \$6.2 million in net sales of juvenile products as a result of the August 2004 acquisition of the crib mattress and related soft goods of Simmons Juvenile Products Company, Inc. ("Juvenile Acquisition"). Conventional bedding net sales declined \$0.9 million, or 0.5%, during the second quarter compared to the same period a year ago due primarily to a 7.4% decrease in unit volume, partially offset by a 6.0% increase in conventional bedding average unit selling price ("AUSP").

Simmons' retail bedding segment net sales decreased 2.3% to \$18.8 million for the second quarter of 2005 compared to \$19.2 million for the same period a year ago. Retail bedding segment net sales decreased due to the sale of the Company's Mattress Gallery retail operation in Southern California in May 2004. On a comparable store basis, Simmons' retail store sales increased 14.6% in the second quarter of 2005 versus the same period of 2004.

Gross margin for the second quarter of 2005 was 43.6%, a 1.8 percentage point decrease from the second quarter of 2004. Simmons' wholesale bedding segment gross margin for the second quarter of 2005 was 41.9%, compared to 43.4% for the second quarter of 2004. The second quarter 2005 gross margin was negatively impacted by increases in the costs of raw materials and sales of juvenile bedding products, which sell at lower margins, as a result of the Juvenile Acquisition.

For the second quarter of 2005, Simmons' operating income was \$18.9 million, compared to \$20.2 million for the second quarter of 2004. The Company's net income was \$3.7 million for the second quarter of 2005 compared to \$6.0 million for the second quarter of 2004. For the second quarter of 2005, adjusted EBITDA was \$27.5 million compared to \$28.9 million for the second quarter of 2004, a 5.0% decrease. For a full discussion of adjusted EBITDA see the Supplemental Information included later in this press release.

#### RESULTS FOR THE SIX MONTHS ENDED JUNE 25, 2005

For the first six months of 2005, net sales were \$413.6 million compared to \$425.1 million for the same period a year ago, a 2.7% decrease. Wholesale bedding segment net sales decreased 3.2% to \$382.3 million for the first six months of 2005 compared to \$394.8 million for the same period a year ago. The wholesale bedding segment sales decline in the first six months of 2005 was primarily due to an 11.4% decline in conventional bedding unit volume, partially offset by an increase in conventional bedding A USP of 6.3%. Additionally, wholesale bedding net sales increased \$11.9 million for the six months ended June 25, 2005 due to sales of juvenile products following the Juvenile Acquisition.

Simmons' retail bedding segment net sales decreased 14.5% to \$37.9 million for the first six months of 2005 compared to \$44.3 million for the same period of 2004. The 2005 sales decline was due to the May 2004 sale of the Company's Mattress Gallery retail operation. On a comparable store basis, Simmons' retail store sales increased 18.4% for the six months ended June 25, 2005 compared to the same period of 2004.

Simmons' gross margin for the first six months of 2005 was 44.1%, a 1.8 percentage point decrease from the first six months of 2004. The Company's wholesale bedding segment gross margin for the first six months of 2005 was 42.3%, compared to 44.8% for the first six months of 2004. The 2005 year-to-date margin decline, in comparison to the prior year, was due primarily to an increase in conventional bedding material and overhead costs, and the selling of juvenile products, which sell at lower margins.

Simmons' operating income was \$31.9 million for the first six months of 2005, compared to \$37.5 million for the first six months of 2004. The Company's net income was \$4.2 million for the first six months of 2005 compared to \$9.9 million for the first six months of 2004. For the first six months of

2005, adjusted EBITDA was \$47.5 million compared to \$66.2 million for the first six months of 2004, a 28.3% decrease.

Simmons' Chairman and Chief Executive Officer, Charlie Eitel, said "Although our second quarter adjusted EBITDA declined slightly compared to a year ago, we are still pleased with our second quarter financial performance. As a result of pricing and product modifications we have made, we regained some of the sales momentum in our wholesale bedding segment which we lost during our first quarter. Additionally, through our people realignment plan and other aspects of our cost reduction initiative, we made considerable progress during the second quarter towards lowering our overall cost structure."

#### BALANCE SHEET ITEMS

Net debt (total debt of \$747.3 million less cash of \$31.4 million) totaled \$715.9 million as of June 25, 2005, a decrease of \$12.4 million since December 25, 2004. During the second quarter, the Company repaid \$1.0 million of its tranche C term loan. For the second quarter of 2005, Simmons' working capital (see the Supplemental Information to this press release) as a percentage of net sales for the trailing twelve months was 1.9% compared to 2.1% at the end of 2004.

#### STEVE FENDRICH NAMED EXECUTIVE VICE PRESIDENT - SALES

The Company also announced that Stephen G. Fendrich had been named Executive Vice President - Sales. Mr. Fendrich, who has 22 years of bedding industry experience, was previously Chief Executive Officer and President of the Company's Sleep Country USA retail operations. Before joining Sleep Country, Mr. Fendrich was one of the founders of The Mattress Firm, one of the nation's largest mattress retailers.

Mr. Eitel commented, "Steve's experience as a mattress retailer will be invaluable to us. His insights should help us gain a deeper understanding of our retailers' needs. I believe Steve's successful track record of improving sales and profitability at Sleep Country, while at the same time creating a culture of creativity and growth, clearly demonstrates his leadership capabilities." Mr. Fendrich will retain his Sleep Country USA responsibilities until a successor is named.

Separately, the Company announced that Kevin Damewood, former Senior Vice President - Sales, had assumed the responsibilities of Divisional Vice President of Sales - Northeast Region. The above

mentioned personnel changes are the latest step in Simmons' corporate restructuring strategy to more effectively align resources and streamline operations.

#### CONCLUSION

The Company will webcast its 2005 second quarter financial results via a conference call on Wednesday, August 10, 2005, beginning at 11:00 a.m. Eastern Time. The webcast will be available at the Company's website [www.simmons.com](http://www.simmons.com) and will also be available for replay through August 23, 2005.

Atlanta-based Simmons Bedding Company is one of the world's largest mattress manufacturers, manufacturing and marketing a broad range of products including Beautyrest(R), BackCare(R), BackCare Kids(R), Olympic(R) Queen, Deep Sleep(R) and HealthSmart(TM). The Company operates 17 conventional bedding manufacturing facilities and three juvenile bedding manufacturing facilities across the United States and Puerto Rico. Simmons is committed to developing superior mattresses and promoting a higher quality sleep for consumers around the world. For more information, visit the Company's website at [www.simmons.com](http://www.simmons.com).

#### "SAFE HARBOR" STATEMENT UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

This press release includes forward-looking statements that reflect Simmons' current views about future events and financial performance. Words such as "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts" and variations of such words or similar expressions that predict or indicate future events, results or trends, or that do not relate to historical matters, identify forward-looking statements. The forward-looking statements in this press release speak only as of the date of this release. These forward-looking statements are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that the events, results or trends identified in these forward-looking statements will occur or be achieved. Investors should not rely on forward-looking statements because they are subject to a variety of risks, uncertainties, and other factors that could cause actual results to differ materially from Simmons' expectations. These factors include, but are not limited to: (i) competitive and pricing pressures in the bedding industry; (ii) legal and regulatory requirements; (iii) the success of new products, including HealthSmart(TM), our new Beautyrest(R) premium priced products, our new Deep Sleep(R) products, and the Beautyrest(R) Caresse(R) products; (iv) Simmons' relationships with Simmons' major suppliers; (v) fluctuations in costs of raw materials; (vi) Simmons' relationship with significant customers and licensees; (vii) Simmons' labor relations; (viii) departure of key personnel; (ix) Simmons' ability to achieve the expected benefits from its people realignment plan; (x) encroachments on Simmons' intellectual property; (xi) product liability claims; (xii) the timing, cost and success of opening new manufacturing facilities; (xiii) Simmons' level of indebtedness; (xiv) interest rate risks; (xv) compliance with covenants in Simmons' debt agreements; (xvi) future acquisitions; (xvii) an increase in return rates; and (xviii) other risks and factors identified from time to time in Simmons' reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise any forward-looking statements, either to reflect new developments or for any other reason.

-table follows-

SIMMONS BEDDING COMPANY AND SUBSIDIARIES  
CONDENSED HISTORICAL CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	QUARTER ENDED		SIX MONTHS ENDED	
	JUNE 25, 2005	JUNE 26, 2004	JUNE 25, 2005	JUNE 26, 2004
<S>	<C>	<C>	<C>	<C>
Wholesale net sales	\$ 192,697	\$ 187,735	\$ 382,297	\$ 394,838
Retail net sales	18,759	19,198	37,890	44,305
Eliminations	(3,414)	(5,138)	(6,563)	(14,028)
Net sales	208,042	201,795	413,624	425,115
Cost of products sold	117,256	110,245	231,422	230,110
Gross profit	90,786	91,550	182,202	195,005
Operating expenses:				
Selling, general and administrative expenses	73,056	73,605	152,126	158,866
Plant closure charges	40	764	40	764
Amortization of intangibles	1,417	(1,197)	2,858	2,289
Transaction expenses	177	662	177	662
Licensing fees	(2,815)	(2,481)	(4,866)	(5,062)
	71,875	71,353	150,335	157,519
Operating income	18,911	20,197	31,867	37,486
Interest expense, net	13,203	10,888	25,392	21,981
Income before income taxes	5,708	9,309	6,475	15,505
Income tax expense	2,029	3,351	2,313	5,582
Net income	\$ 3,679	\$ 5,958	\$ 4,162	\$ 9,923
Adjusted EBITDA (a)	\$ 27,477	\$ 28,907	\$ 47,458	\$ 66,204

</TABLE>

See Notes to Condensed Historical Financial Data.

SIMMONS BEDDING COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	JUNE 25, 2005	DECEMBER 25 2004*
	----- <C>	----- <C>
<b>&lt;S&gt;</b>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 31,368	\$ 23,854
Accounts receivable, net	71,915	85,433
Inventories	32,482	33,300
Deferred income taxes	1,448	2,445
Other current assets	17,893	20,204
	-----	-----
Total current assets	155,106	165,236
	-----	-----
Property, plant and equipment, net	60,034	62,842
Intangible assets, net	540,125	542,983
Goodwill, net	492,560	488,686
Other assets	38,800	41,987
	-----	-----
	\$1,286,625	\$ 1,301,734
	=====	=====
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 839	\$ 4,124
Accounts payable and accrued liabilities	107,784	123,357
	-----	-----
Total current liabilities	108,623	127,481
	-----	-----
Long-term debt	746,474	748,015
Deferred income taxes	155,655	154,775
Other non-current liabilities	11,110	10,856
	-----	-----
Total liabilities	1,021,862	1,041,127
	-----	-----
Stockholder's equity	264,763	260,607
	-----	-----
	\$1,286,625	\$ 1,301,734
	=====	=====

</TABLE>

See Notes to Condensed Historical Financial Data.

\* Derived from the Company's 2004 audited Consolidated Financial Statements.

SIMMONS BEDDING COMPANY AND SUBSIDIARIES  
(NOTES TO CONDENSED HISTORICAL FINANCIAL DATA - CONTINUED)

- a) Adjusted EBITDA (as defined in our senior credit facility) differs from the term "EBITDA" as it is commonly used. In addition to adjusting net income to exclude interest expense, income taxes and depreciation and amortization, adjusted EBITDA also adjusts net income by excluding items or expenses not typically excluded in the calculation of "EBITDA" such as management fees, ESOP expenses, non-cash stock compensation expenses, reorganization costs, etc. Adjusted EBITDA is presented because it is a material component of the covenants contained within our credit agreements and a measure used by management to determine compensation. EBITDA does not represent net income or cash flow from operations as those terms are defined by accounting principles generally accepted in the United States and does not necessarily indicate whether cash flows will be sufficient to fund cash needs.

<TABLE>  
<CAPTION>

	QUARTER ENDED		SIX MONTHS ENDED	
	JUNE 25, 2005	JUNE 26, 2004	JUNE 25, 2005	JUNE 26, 2004
<S>	<C>	<C>	<C>	<C>
Adjusted EBITDA:				
Net income	\$ 3,679	\$ 5,958	\$ 4,162	\$ 9,923
Depreciation and amortization	6,659	3,097	13,123	10,717
Income tax expense	2,029	3,351	2,313	5,582
Interest expense	13,215	10,919	25,440	22,056
EBITDA	25,582	23,325	45,038	48,278
Non-cash stock compensation expense	-	-	-	3,308
Reorganization expense	1,345	-	1,345	-
Transaction related expenditures, including cost of products sold	177	662	177	7,146
Plant opening/closing charges	40	4,722	40	6,951
Management fees	333	469	753	838
Management severance	-	-	105	-
Other	-	(271)	-	(317)
Adjusted EBITDA	\$ 27,477	\$ 28,907	\$ 47,458	\$ 66,204

</TABLE>

- b) Working capital computation (current assets less current liabilities as defined in our senior credit facility):

<TABLE>  
<CAPTION>

	JUNE 25, 2005	DECEMBER 25, 2004
<S>	<C>	<C>
Current assets	\$ 155,106	\$ 165,236
Less:		
Cash and equivalents	(31,368)	(23,854)
	123,738	141,382
Current liabilities	108,623	127,481
Less:		
Current maturities of long-term debt	(839)	(4,124)
	107,784	123,357
Working capital	\$ 15,954	\$ 18,025

</TABLE>