

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): February 7, 2007

SIMMONS COMPANY

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

333-124138

(Commission File Number)

20-0646221

(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)

NA

(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))
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Item 1.01. Entry into a Material Definitive Agreement.

On February 9, 2007 Simmons Bedding Company ("Simmons Bedding"), the indirect subsidiary of Simmons Company (the "Company"), entered into the first amendment to the second amended and restated credit and guaranty agreement to change, among other things, the definition of Parent and Parent Notes.

The first amendment to the second amended and restated credit and guaranty agreement is furnished as Exhibit 10.1 and incorporated into this Item 1.01 by reference.

On February 7, 2007, the Company entered into a merger agreement with Simmons Holdco, Inc. ("Simmons Holdco") and a wholly-owned subsidiary of Simmons Holdco, Simmons Merger Company ("Merger Sub") pursuant to which the parties agreed that Merger Sub would merge with and into the Company, with the Company as the surviving corporation (the "Merger").

The merger agreement is furnished as Exhibit 10.2 and incorporated into this Item 1.01 by reference.

Item 1.02. Termination of a Material Definitive Agreement.

In the Merger, the following material agreements of Simmons Company were terminated: (i) Securityholders Agreement and (ii) Registration Rights Agreement, and substantially similar documents were entered into among Simmons Holdco and its securityholders. In addition, Simmons Holdco assumed the Company's Equity Incentive Plan and all restricted stock agreements and option agreements entered into by the Company under such plan.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The Company amended and restated its Certificate of Incorporation.

The third amended and restated certificate of incorporation is furnished as Exhibit 3.1 and incorporated into this item 5.03 by reference.

Item 8.01. Other Events.

On February 9, 2007, Simmons Company completed a series of transactions in which Simmons Holdco, the new parent of the Company following the transactions, entered into a credit agreement with Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P. and Citigroup Global Markets Inc., as arrangers, and other lenders to be named in the credit agreement, providing for a \$300.0 million aggregate principal amount senior unsecured term loan (the "Loan").

In connection with the Loan, on February 9, 2007, the Company consummated the Merger and became a wholly-owned subsidiary of Simmons Holdco. Holders of common stock of the Company received in the Merger stock of Simmons Holdco and certain stockholders also received cash.

Simmons Holdco used the net proceeds from the Loan to pay transaction expenses and cash consideration to certain stockholders of the Company in connection with the Merger.

The press release dated February 9, 2007 is furnished as Exhibit 99.1 and incorporated into this Item 8.01 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

3.1 The Third Amended and Restated Certificate of Incorporation of Simmons Company dated February 9, 2007

10.1 First Amendment dated February 9, 2007 to the Second Amended and Restated Credit and Guaranty Agreement dated May 25, 2006

10.2 The Merger Agreement dated February 7, 2007 by and among Simmons Holdco, Inc., Simmons Merger Company and Simmons Company

99.1 Press Release dated February 12, 2007

SIGNATURES

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

SIMMONS COMPANY

By: /s/ William S. Creekmuir

William S. Creekmuir

Executive Vice President and Chief Financial Officer

Date: February 12, 2007

Exhibit Index

<u>Exhibit Number</u>	<u>Exhibit Name</u>
3.1	The Third Amended and Restated Certificate of Incorporation of Simmons Company dated February 9, 2007
10.1	First Amendment dated February 9, 2007 to the Second Amended and Restated Credit and Guaranty Agreement dated May 25, 2006
10.2	The Merger Agreement dated February 7, 2007 by and among Simmons Holdco, Inc., Simmons Merger Company, and Simmons Company
99.1	Press Release dated February 12, 2007

THIRD AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SIMMONS COMPANY

The undersigned officer of Simmons Company, a Delaware corporation organized and existing under and pursuant to the provisions of the Delaware General Corporation Law, (the "Corporation") for purposes herein stated, does hereby certify:

FIRST: The name of the Corporation is "Simmons Company." The Corporation was originally incorporated as THL Bedding Holding Company by the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware on December 2, 2003.

SECOND: The date of the filing of the Corporation's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware was December 18, 2003. The date of the filing of the Corporation's Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware was November 30, 2006.

THIRD: The Third Amended and Restated Certificate of Incorporation of the Corporation in the form attached hereto as Exhibit A has been duly adopted by written consent of the Board of Directors of the Corporation and by written consent of the stockholders in accordance with the applicable provisions of Sections 141, 228, 242 and 245 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation.

FOURTH: The Third Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed this 9th day of February, 2007.

/s/ Kristen K. McGuffey

Name: Kristen K. McGuffey

Title: Senior Vice President and General Counsel

THIRD AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SIMMONS COMPANY

ARTICLE FIRST

The name of the corporation is Simmons Company (the "Corporation").

ARTICLE SECOND

The address of the registered office of the Corporation in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

ARTICLE THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE FOURTH

A. Authorized Shares.

The total number of shares of common stock which the Corporation has authority to issue is 1,000, consisting of Common Stock, par value \$.01 per share ("Common Stock").

B. Common Stock.

Except as otherwise provided in this Third Amended and Restated Certificate of Incorporation or as otherwise required by applicable law, all shares of Common Stock shall be identical in all respects and shall entitle the holders thereof to the same rights and privileges, subject to the same qualifications, limitations and restrictions. Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock owned by such holder.

C. Miscellaneous.

1. Registration of Transfer. The Corporation shall keep at its principal office (or such other place as the Corporation reasonably designates) a register for the registration of shares of Common Stock. Upon the surrender of any certificate representing shares of any class of Common Stock at such place, the Corporation shall, at the request of the registered holder of such certificate, execute and deliver a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of such class represented by the surrendered certificate, and the Corporation forthwith shall cancel such surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of such class as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate. The issuance of new certificates shall be made without charge to the holders of the surrendered certificates for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such issuance, other than any applicable transfer tax resulting from the issuance of the new certificate registered in a name other than the name in which the old certificate was registered.

2. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing one or more shares of any class of Common Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor its own agreement will be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

3. Notices. All notices referred to herein shall be in writing, shall be delivered personally or by first class mail, postage prepaid, and shall be deemed to have been given when so delivered or mailed to the Corporation at its principal executive offices and to any stockholder at such holder's address as it appears in the stock records of the Corporation (unless otherwise specified in a written notice to the Corporation by such holder).

ARTICLE FIFTH

The election of directors of the Corporation need not be by ballot unless the By-laws so require. At each meeting of the Corporation's board of directors (or committee thereof) at which a quorum is present, each director shall be entitled to one vote on each matter to be voted on at such meeting.

ARTICLE SIXTH

To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages or breach of fiduciary duty as a director. The Corporation shall, to the fullest extent permitted by applicable law as then in effect, indemnify any person who was or is a party or is threatened to be made a party to, or testifies in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature (a

“Proceeding”), by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permitted by law, and the Corporation may adopt bylaws or enter into agreements with any such person for the purpose of providing for such indemnification.

Any indemnification under this Article Sixth (unless ordered by a court) shall be made by the Corporation upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, as the same exists or hereafter may be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment).

Expenses (including attorneys’ fees) incurred by a director, officer, employee or agent of the Corporation in defending a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay all amounts so advanced in the event that it shall ultimately be determined that such director, officer, employee or agent is not entitled to be indemnified by the Corporation as authorized in this Article Sixth.

The indemnification and advancement of expenses provided by this Article Sixth shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation. All rights to indemnification under this Article Sixth shall be deemed to be a contract between the Corporation and each director, officer, employee or agent of the Corporation or any of its subsidiaries who serves or served in such capacity at any time while this Article Sixth is in effect.

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation or any of its subsidiaries, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article Sixth.

If this Article Sixth or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify or advance expenses to each person entitled to indemnification or advancement of expenses, as the case may be, as to all expense, liability and loss actually and reasonably incurred or suffered by such person and for which indemnification or advancement of expenses, as the case may be, is available to such person pursuant to this Article Sixth to the full extent permitted by any applicable portion of this Article Sixth that shall not have been invalidated and to the full extent permitted by applicable law.

Neither any amendment nor repeal of this Article Sixth, nor the adoption of any provision of this Third Amended and Restated Certificate of Incorporation inconsistent with this Article Sixth, shall eliminate or reduce the effect of this Article Sixth in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article Sixth would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE SEVENTH

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the board of directors of the Corporation is expressly authorized and empowered to make, alter, amend or repeal the By-laws in any manner not inconsistent with the laws of the State of Delaware or this Third Amended and Restated Certificate of Incorporation.

ARTICLE EIGHTH

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree on any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE NINTH

The Corporation is to have perpetual existence.

ARTICLE TENTH

Meetings of stockholders may be held within or without the State of Delaware, as the By-laws may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the By-laws of the Corporation.

ARTICLE ELEVENTH

The Corporation reserves the right to amend or repeal any provision contained in this Third Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders are granted subject to this reservation.

ARTICLE TWELFTH

To the maximum extent permitted from time to time under the DGCL, the Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to its officers, directors or stockholders, other than those officers, directors or stockholders who are employees of the Corporation. No amendment or repeal of this Article Twelfth shall apply to or have any effect on the liability or alleged liability of any officer, director or stockholder of the Corporation for or with respect to any opportunities of which such officer, director or stockholder becomes aware prior to such amendment or repeal.

SIMMONS BEDDING COMPANY

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED

CREDIT AND GUARANTY AGREEMENT

THIS FIRST AMENDMENT (this "Amendment") dated as of February 9, 2007 to the SECOND AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT dated as of May 25, 2006 (the "Credit Agreement") is entered into by and among SIMMONS BEDDING COMPANY (formerly known as Simmons Company), a Delaware corporation ("Company"), THL-SC BEDDING COMPANY, a Delaware corporation ("Holdings"), CERTAIN SUBSIDIARIES OF COMPANY PARTY HERETO, as Credit Support Parties, GOLDMAN SACHS CREDIT PARTNERS L.P., sole bookrunner, Lead Arranger and Syndication Agent, CERTAIN FINANCIAL INSTITUTIONS LISTED ON THE SIGNATURE PAGES HERETO, and DEUTSCHE BANK AG, NEW YORK BRANCH, as Administrative Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement and in the amendments contained in Section 1 hereof.

RECITALS

WHEREAS, Company and Requisite Lenders desire to amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO CREDIT AGREEMENT

Section 1 of the Credit Agreement is hereby amended as follows:

(a) The definition of "Parent" is hereby deleted and replaced in its entirety as follows:

"Parent" means Simmons Company (formerly known as THL Bedding Holding Company), a Delaware corporation, or any direct or indirect parent thereof.

(b) The definition of "Parent Notes" is hereby deleted and replaced in its entirety as follows:

"Parent Notes" means those certain (i) 10% Senior Discount Notes due 2014 issued by Parent pursuant to that certain Indenture dated as of December 15, 2004 by and between Parent and Wells Fargo Bank, National Association, as Trustee, and (ii) the loans made under that certain Credit Agreement dated as of February [], 2007 by and among Simmons Holdco, Inc., the lenders from time to time party thereto, and Deutsche Bank Trust Company Americas, as administrative agent, in each case, as such notes, Indenture, loans and Credit Agreement may be amended, restated, supplemented or otherwise modified from time to time.

SECTION 2. CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective only upon the satisfaction or waiver of all of the following conditions precedent (the date of satisfaction of such conditions being referred to herein as the "First Amendment Effective Date"):

1. **Execution.** Credit Parties and Requisite Lenders shall have executed this Amendment.

2. **Fees.** The Agents shall have received all expenses and other amounts due and payable on or prior to the First Amendment Effective Date, including, to the extent invoiced at least two days prior to the First Amendment Effective Date, reimbursement or other payment of all out-of-pocket expenses required to be reimbursed or paid by the Company hereunder or under any other Credit Document.

SECTION 3. BORROWER'S REPRESENTATIONS AND WARRANTIES

In order to induce Lenders to enter into this Amendment and to amend the Credit Agreement in the manner provided herein, the Company represents and warrants to each Lender that the following statements are true, correct and complete in all material respects:

1. **Corporate Power and Authority.** Each Credit Party which is party hereto has all requisite corporate or other organizational power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this Amendment (the "Amended Agreement").

2. **Authorization of Agreements.** The execution and delivery of this Amendment and the performance of the Amended Agreement have been duly authorized by all necessary corporate or other organizational action on the part of each Credit Party.

3. **No Conflict.** The execution and delivery by each Credit Party of this Amendment and the performance by each Credit Party of the Amended Agreement do not and will not (i) violate or conflict with (A) any provision of any law, governmental rule or regulation applicable to Holdings or any of its Subsidiaries, or of the certificate or articles of incorporation or partnership agreement, other constitutive documents or by-laws of Holdings or any of its Subsidiaries or (B) any applicable order, judgment or decree of any court or other agency of government binding on Holdings or any of its Subsidiaries, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any Contractual Obligation of Holdings or any of its Subsidiaries, except where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3, could not reasonably be expected to have a Material Adverse Effect, (iii) result in or require the creation or imposition of any Lien upon any of the properties or assets of each Credit Party (other than any Liens created under any of the Credit Documents in favor of Administrative Agent on behalf of Lenders), or (iv) require any approval of stockholders or partners or any approval or consent of any Person under any Contractual Obligation of each Credit Party, except for such approvals or consents which will be obtained on or before the First Amendment Effective Date or the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect.

4. **Governmental Consents.** No consent or approval of, registration or filing with or any other action by any federal, state or other governmental authority or regulatory body is or will be required in connection with the execution and delivery by each Credit Party of this Amendment and the performance by Company and Holdings of the Amended Agreement, except for such actions, consents and approvals the failure to obtain or make could not reasonably be expected to result in a Material Adverse Effect or which have been obtained and are in full force and effect.

5. **Binding Obligation.** This Amendment and the Amended Agreement have been duly executed and delivered by each of the Credit Parties party thereto and each constitutes a legal, valid and binding obligation of such Credit Party to the extent a party thereto enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6. **Incorporation of Representations and Warranties From Credit Agreement.** The representations and warranties contained in Section 4 of the Amended Agreement are and will be true, correct and complete in all material respects on and as of the First Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date.

7. **Absence of Default.** After giving effect to this Amendment, no event has occurred and is continuing that would constitute an Event of Default or a Default.

SECTION 4. ACKNOWLEDGMENT AND CONSENT

Each of the Credit Parties set forth on the signature pages hereto are collectively referred to herein as the “**Credit Support Parties**”, and the Credit Documents to which they are a party are collectively referred to herein as the “**Credit Support Documents**”.

Each of the Company and the Credit Support Parties hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the amendment of the Credit Agreement effected pursuant to this Amendment. Each of the Company and the Credit Support Parties hereby confirms that each Credit Support Document to which it is a party or otherwise bound and all Collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent possible in accordance with the Credit Support Documents the payment and performance of all “Obligations” under each of the Credit Support Documents to which is a party (in each case as such terms are defined in the applicable Credit Support Document).

Each of the Company and the Credit Support Parties acknowledges and agrees that any of the Credit Support Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment. Each of the Company and the Credit Support Parties represents and warrants that all representations and warranties contained in the Amended Agreement and the Credit Support Documents to which it is a party or otherwise bound are true, correct and complete in all material respects on and as of the First Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date.

Each of the Company and the Credit Support Parties acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, each such Credit Support Party is not required by the terms of the Credit Agreement or any other Credit Support Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Credit Support Document shall be deemed to require the consent of any of the Company and each such Credit Support Party to any future amendments to the Credit Agreement.

SECTION 5. MISCELLANEOUS

1. Reference to and Effect on the Credit Agreement and the Credit Documents.

(1) On and after the First Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Credit Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(2) Except as specifically amended by this Amendment, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed.

(3) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or Lender under, the Credit Agreement or any of the other Credit Documents.

2. **Headings.** Section and Subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

3. **Applicable Law.** THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

4. **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts (including by means of facsimile), each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

BORROWER:

SIMMONS BEDDING COMPANY

By: /s/ William S. Creekmuir
Name: William S. Creekmuir
Title: Executive Vice President and Chief Financial Officer

HOLDINGS:

THL-SC BEDDING COMPANY

By: /s/ William S. Creekmuir
Name: William S. Creekmuir
Title: Executive Vice President and Chief Financial Officer

CREDIT SUPPORT PARTIES:

THE SIMMONS MANUFACTURING CO., LLC
WORLD OF SLEEP OUTLETS, LLC
SIMMONS CONTRACT SALES, LLC
(for purposes of Section 4 only) as a Credit Support Party

By: /s/ William S. Creekmuir
Name: William S. Creekmuir
Title: Executive Vice President and Chief Financial Officer

WINDSOR BEDDING CO., LLC
(for purposes of Section 4 only) as a Credit Support Party

By: /s/ William S. Creekmuir
Name: William S. Creekmuir
Title: Executive Vice President and Chief Financial Officer

DREAMWELL, LTD.
SIMMONS CAPITAL MANAGEMENT, LLC
(for purposes of Section 4 only) as a Credit Support Party

By: /s/ David A. Liskow
Name: David A. Liskow
Title: Secretary and Controller

LENDERS AND AGENTS

GOLDMAN SACHS CREDIT PARTNERS L.P.,
individually, as sole bookrunner, Lead Arranger, Syndication Agent and as Lender

By: /s/ Elizabeth Fischer
Name: Elizabeth Fischer
Title:
Authorized Signatory

**DEUTSHE BANK AG,
NEW YORK BRANCH,**
as Administrative Agent

By: /s/ Evelyn Thierry
Name: Evelyn Thierry
Title: Vice President

By: /s/ Scottye Lindsey
Name: Scottye Lindsey
Title: Director

**DEUTSHE BANK AG,
CAYMAN ISLANDS BRANCH,**
individually, as a Lender

By: /s/ Evelyn Thierry
Name: Evelyn Thierry
Title: Vice President

By: /s/ Scottye Lindsey
Name: Scottye Lindsey
Title: Director

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, is entered into as of February 7, 2007 (this "Agreement"), by and among Simmons Holdco, Inc., a Delaware corporation ("Parent"), Simmons Merger Company, a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), and Simmons Company, a Delaware corporation (the "Company").

WHEREAS, the respective Boards of Directors of the Company and Merger Sub have approved and declared advisable, and the Board of Directors of Parent has approved, this Agreement and the merger of Merger Sub with and into the Company (the "Merger"), on the terms and subject to the conditions provided for in this Agreement;

WHEREAS, Parent, the Company and the Company's shareholders intend for the Merger to be treated as an exchange that is governed, in part, by Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the respective shareholders of the Company and Merger Sub have approved this Agreement and the Merger, on the terms and subject to the conditions provided for in this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, Parent, Merger Sub and the Company hereby agree as follows:

ARTICLE I

The Merger

SECTION 1.1. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), at the Effective Time (as defined below) Merger Sub shall be merged with and into the Company, and the separate corporate existence of Merger Sub shall thereupon cease, and the Company shall be the surviving corporation in the Merger (the "Surviving Corporation").

SECTION 1.2. Effective Time. On a date to be mutually agreed upon by the parties (the "Closing Date"), the parties shall file with the Secretary of State of the State of Delaware a certificate of merger, executed in accordance with the relevant provisions of the DGCL (the "Certificate of Merger"). The Merger shall become effective upon the filing of the Certificate of Merger (the time at which the Merger becomes effective is herein referred to as the "Effective Time").

SECTION 1.3. Effects of the Merger. The Merger shall have the effects set forth in the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

SECTION 1.4. Certificate of Incorporation and By-laws of the Surviving Corporation.

(a) The certificate of incorporation of the Company, as amended and restated in the form attached hereto as Exhibit A, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

(b) The by-laws of the Company, as in effect immediately prior to the Effective Time, shall be the by-laws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

SECTION 1.5. Directors and Officers of the Surviving Corporation.

(a) The directors of the Company immediately prior to the Effective Time shall continue to be the directors of the Surviving Corporation immediately following the Effective Time, until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal in accordance with the certificate of incorporation and by-laws of the Surviving Corporation.

(b) The officers of the Company immediately prior to the Effective Time shall continue to be the officers of the Surviving Corporation until their respective successors are duly appointed and qualified or their earlier death, resignation or removal in accordance with the certificate of incorporation and by-laws of the Surviving Corporation.

ARTICLE II

Effect of the Merger on the Capital Stock of the Constituent Corporations; Exchange of Certificates; Company Stock Options

SECTION 2.1. Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of Class A common stock, par value \$0.01 per share, of the Company ("Class A Common Stock"), or any shares of Class B common stock, par value \$0.01 per share, of the Company ("Class B Common Stock", and collectively with the Class A Common Stock, the "Company Common Stock"), or any shares of capital stock of Merger Sub:

(a) Capital Stock of Merger Sub. Each issued and outstanding share of each class of capital stock of Merger Sub shall be converted into and become one validly issued, fully paid and nonassessable share of the common stock, par value \$0.01 per share, of the Surviving Corporation.

(b) Cancellation of Treasury Stock and Parent-Owned Stock. Any shares of Company Common Stock that are owned by the Company as treasury stock, and any shares of Company Common Stock owned by Parent or Merger Sub, shall be automatically canceled and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Conversion Class A Common Stock.

(i) Each issued and outstanding share of Class A Common Stock (other than shares to be canceled in accordance with Section 2.1(b)) shall be converted into the right to receive (A) one (1) validly issued, fully paid and nonassessable share of Class A common stock, par value \$0.01 per share, of Parent ("Parent Class A Stock"), and (B) \$72.85 in cash.

(ii) As of the Effective Time, all such shares of Class A Common Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each

holder of a certificate which immediately prior to the Effective Time represented any such shares of Class A Common Stock (each, a "Certificate") shall cease to have any rights with respect thereto, except the right to receive the consideration described in subparagraph (i) above (the "Merger Consideration"), and any declared or unpaid dividends or other distributions to which such holder is entitled on such shares, without interest.

(d) Assumption of Equity Incentive Plan and Awards. Parent shall assume the Company's Amended and Restated Equity Incentive Plan, dated November 30, 2006 (the "Plan") pursuant to Section 13(b) of the Plan, and amend and restate the Plan in the form attached hereto as Exhibit B. Parent shall further assume (i) any options granted to purchase shares of Class B Common Stock under the Plan (the "Option Awards") and pursuant to option agreements between the Company and employees or directors of the Company and its subsidiaries (the "Option Agreements"), and (ii) any restricted stock awards for Class B Common Stock issued under the Plan ("Restricted Stock Awards") and pursuant to restricted stock agreements ("RSAs") on the same terms and conditions set forth in such Option Agreements and RSAs as in effect immediately prior to the Effective Time; provided, however, that the shares of capital stock subject to the Option Awards and RSAs shall be substituted with an equal number of shares of Class B common stock, \$0.01 par value, of Parent ("Parent Class B Stock," and together with the Parent Class A Stock, the "Parent Stock").

(e) Appraisal Rights. Notwithstanding anything in this Agreement to the contrary, Company Common Stock issued and outstanding immediately prior to the Effective Time and which is held by a stockholder who did not vote in favor of the Merger (or consent thereto in writing) and who is entitled to demand and properly demands appraisal of such shares pursuant to, and who complies in all respects with, the provisions of Section 262 of the DGCL (the "Dissenting Stockholders"), shall not be, in the case of Class A Common Stock, converted into or be exchangeable for the right to receive the Merger Consideration, or in the case of Class B Common Stock, be substituted pursuant to Section 2.1(d) above, (the "Dissenting Shares"), but instead in each case such holder shall be entitled to payment of the fair value of such shares in accordance with the provisions of Section 262 of the DGCL (and at the Effective Time, such Dissenting Shares shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and such holder shall cease to have any rights with respect thereto, except the right to receive the fair value of such Dissenting Shares in accordance with the provisions of Section 262 of the DGCL), unless and until such holder shall have failed to perfect or shall have effectively withdrawn or lost rights to appraisal under the DGCL. If any Dissenting Stockholder shall have failed to perfect or shall have effectively withdrawn or lost such right, such holder's Company Common Stock shall thereupon be treated as if, in the case of Class A Common Stock, they had been converted into and become exchangeable for the right to receive, as of the Effective Time, the Merger Consideration, or in the case of Class B Common Stock, had been substituted pursuant to Section 2.1(d) above as of the Effective Time, for each such share of Company Common Stock, without any interest thereon.

SECTION 2.2. Exchange of Certificates.

(a) Exchange Procedures. Within ten (10) business days following the Closing Date, each holder of Company Common Stock shall surrender any certificate representing Company Common Stock for cancellation in the books and records of the Company, and Parent shall mail to each former holder of Company Common Stock a new certificate representing the shares of Parent Stock to which such holder is entitled under Sections 2.1(c) or (d) above.

(b) Transfer Books; No Further Ownership Rights in Company Common Stock. The Merger Consideration paid in respect of shares of Class A Common Stock shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Class A Common Stock. At the Effective Time, upon the assumption of the Option Awards or RSAs and the substitution of the Parent Class B Stock, the recipients of the Option Awards or RSAs, as the case may be, shall cease to have any further rights with respect to the Class B Common Stock. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of the Company Common Stock on the stock transfer books of the Surviving Corporation.

SECTION 2.3. Withholding. Parent shall be entitled to deduct and withhold from the Merger Consideration, any such amounts as Parent is required to deduct and withhold under the Code, or any provision of state, local or foreign tax law, with respect to the making of such payment. To the extent that amounts are so withheld by Parent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the stockholder in respect of whom such deduction and withholding was made by Parent.

ARTICLE III

Miscellaneous

SECTION 3.1. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

SECTION 3.2. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, applicable to contracts executed in and to be performed entirely within that State.

SECTION 3.3. Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

SIMMONS HOLDCO, INC.

By: /s/ William S. Creekmuir

Name: William S. Creekmuir

Title: Executive Vice President and Chief Financial Officer

SIMMONS MERGER COMPANY

By: /s/ William S. Creekmuir

Name: William S. Creekmuir

Title: Executive Vice President and Chief Financial Officer

SIMMONS COMPANY

By: /s/ William S. Creekmuir

Name: William S. Creekmuir

Title: Executive Vice President and Chief Financial Officer

Contacts: Alan H. Oshiki
Broadgate Consultants, Inc.
(212) 232-2354

William S. Creekmuir
Simmons Company
(770) 673-2625

**Simmons Company Parent Closes
\$300 Million Senior Unsecured Term Loan
and Consummates Recapitalization of Simmons Company**

ATLANTA—February 12, 2007 — Simmons Company announced today the closing of a series of transactions previously announced by Simmons Company in which Simmons Holdco, Inc. (“Simmons Holdco”) has become the new parent of Simmons Company and has entered into a loan agreement with Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P. and Citigroup Global Markets Inc., as arrangers, and other lenders named in the loan agreement, providing for a \$300,000,000 aggregate principal amount senior unsecured term loan (the “Loan”).

In connection with the Loan, Simmons Company merged with a newly formed subsidiary of Simmons Holdco, with Simmons Company as the surviving corporation (the “Merger”). Holders of common stock of Simmons Company received in the Merger stock of Simmons Holdco and certain stockholders also received cash. Following the Merger, Simmons Company is now a wholly owned subsidiary of Simmons Holdco.

Simmons Holdco used the net proceeds from the Loan to pay transaction expenses and cash consideration to certain stockholders of Simmons Company in connection with the Merger.

About Simmons Company

Atlanta-based Simmons Company, through its indirect subsidiary Simmons Bedding Company, is one of the world's largest mattress manufacturers, manufacturing and marketing a broad range of products including Beautyrest®, BackCare®, Beautyrest Black™, Natural Care™, BackCare Kids® and Deep Sleep®. Simmons Bedding Company operates 21 conventional bedding manufacturing facilities and two juvenile bedding manufacturing facilities across the United States, Canada 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.

“Safe Harbor” Statement under the United States Private Securities Litigation Reform Act of 1995:

This press release includes forward-looking statements that reflect Simmons Company's 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 Simmons Company believes 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 Company's expectations. These factors include, but are not limited to: (i) competitive pricing pressures in the bedding industry; (ii) legal and regulatory requirements; (iii) the success of new products; (iv) Simmons Company's relationships with and viability of its major suppliers; (v) fluctuations in Simmons Company's costs of raw materials; (vi) Simmons Company's relationship with significant customers and licensees; (vii) Simmons Company's ability to increase prices on its products and the effect of these price increases on its unit sales; (viii) an increase in Simmons Company's return rates and warranty claims; (ix) Simmons Company's labor relations; (x) departure of Simmons Company's key personnel; (xi) encroachments on Simmons Company's intellectual property; (xii) Simmons Company's product liability claims; (xiii) Simmons Company's level of indebtedness; (xiv) interest rate risks; (xv) compliance with covenants in Simmons Company's debt agreements; (xvi) Simmons Company's future acquisitions; (xvii) Simmons Company's ability to successfully integrate Simmons Canada into its operations; (xviii) the loss of key personnel at Simmons Canada as a result of Simmons Company's acquisition of Simmons Canada; (xix) Simmons Company's ability to achieve the expected benefits from any personnel realignments; and (xx) other risks and factors identified from time to time in Simmons Company's reports filed with the Securities and Exchange Commission. Simmons Company undertakes no obligation to update or revise any forward-looking statements, either to reflect new developments or for any other reason.