

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): March 25, 2009

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))
-

Item 1.01. Entry into a Material Definitive Agreement

Effective March 25, 2009, Simmons Bedding Company (“Simmons Bedding”), a subsidiary of Simmons Company, entered into (i) the First Amendment to Second Forbearance Agreement; Fourth Amendment to the Second Amended and Restated Credit and Guaranty Agreement and Second Amendment to the Pledge and Security Agreement (the “Amendment to the Second Forbearance Agreement”) with its senior lenders and (ii) the Amendment No. 1 to Forbearance Agreement to Indenture (“Amendment to the Notes Forbearance Agreement”) with certain of the holders of its 7.875% senior subordinated notes (“Notes”), pursuant to which each of the senior lenders and the holders of the Notes provided for an extension of the forbearance periods under their respective forbearance agreements with Simmons Bedding through May 31, 2009 . Both agreements include an option to further extend their respective forbearance periods through July 31, 2009 upon satisfaction of certain conditions.

Under the Amendment to the Second Forbearance Agreement, the senior credit facility was amended to, among other things, increase the applicable margin for both revolving loans and tranche D term loans to either Base Rate plus 6.25% per annum or Eurodollar Rate plus 7.25% per annum. In addition, during the forbearance period, as extended by the Amendment to the Second Forbearance Agreement, Simmons Bedding must, in addition to the other covenants set forth in the Second Forbearance Agreement, (a) provide the legal and financial advisors to the senior lenders with weekly updates on Simmons Bedding's ongoing restructuring process and (b) facilitate a meeting between certain senior lenders and the entity or entities that Simmons Bedding has selected to sponsor a restructuring proposal on or before April 17, 2009.

Under the Amendment to the Notes Forbearance Agreement, Simmons Bedding agreed to (i) pay each approving holder of the Notes a fee of 0.5% of the aggregate outstanding amount of such holder's Notes, (ii) provide the legal and financial advisors to certain holders of Notes with weekly updates on Simmons Bedding's ongoing restructuring process and (iii) facilitate a meeting between certain holders of Notes and the entity or entities that Simmons Bedding has selected to sponsor a restructuring proposal on or before April 17, 2009.

The final version of the Amendment to the Second Forbearance Agreement and the Amendment to the Notes Forbearance Agreement is filed with this Form 8-K as Exhibits 10.1 and 10.2, and their contents are incorporated by reference into this Item 1.01.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

10.1 First Amendment to Second Forbearance Agreement; Fourth Amendment to the Second Amended and Restated Credit and Guaranty Agreement and Second Amendment to the Pledge and Security Agreement.

10.2 Amendment No. 1 to Forbearance Agreement to the Indenture

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 hereto duly authorized.

SIMMONS COMPANY

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

Date: March 30, 2009

FIRST AMENDMENT TO SECOND FORBEARANCE AGREEMENT; FOURTH AMENDMENT TO THE SECOND AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT AND SECOND AMENDMENT TO THE PLEDGE AND SECURITY AGREEMENT

This FIRST AMENDMENT TO SECOND FORBEARANCE AGREEMENT; FOURTH AMENDMENT TO THE SECOND AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT AND SECOND AMENDMENT TO THE PLEDGE AND SECURITY AGREEMENT (this "Amendment") is entered into as of March 25, 2009, by and among Simmons Bedding Company (the "Company"), THL-SC Bedding Company and certain subsidiaries of the Company party to the Credit Agreement (as hereafter defined) as Guarantors (together with the Company, the "Credit Parties"), the financial institutions party hereto as Lenders (as hereinafter defined) under the Credit Agreement (as hereinafter defined) and Deutsche Bank AG, New York Branch, individually as a Lender ("DBNY") and as administrative agent and collateral agent for the Lenders (in such capacities, the "Agent"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

RECITALS

WHEREAS, the Company, the other Credit Parties and the Lenders are parties to that certain Second Amended and Restated Credit and Guaranty Agreement, dated as of May 25, 2006 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which, among other things, the financial institutions from time to time party thereto as lenders (collectively, the "Lenders") have agreed, subject to the terms and conditions set forth in the Credit Agreement, to make certain loans and other financial accommodations to the Company.

WHEREAS, the Company, the other Credit Parties and certain Lenders are parties to that certain Second Forbearance Agreement; Third Amendment to the Second Amended and Restated Credit and Guaranty Agreement and First Amendment to the Pledge and Security Agreement, dated as of December 10, 2008 (the "Second Forbearance Agreement"), pursuant to which the Second Forbearance Period (as defined thereunder) shall terminate on March 31, 2009.

WHEREAS, as of the date hereof, one or more of the Defaults or Events of Default listed on Exhibit A to the Second Forbearance Agreement (as modified hereby) hereto have occurred and are continuing, or may occur during the Second Forbearance Period (the Defaults and Events of Default described on Exhibit A hereto being herein collectively called the "Specified Defaults").

WHEREAS, upon the Company's request, the Lenders have agreed, subject to the terms and conditions set forth herein, to amend certain provisions of the Second Forbearance Agreement and the Credit Agreement.

WHEREAS, upon the Company's request, the Lenders have agreed, subject to the terms and conditions set forth herein, to amend certain provisions of the Pledge and Security Agreement dated as of December 19, 2003 by and between each of the Grantors party thereto and the Agent in its capacity as Collateral Agent (as supplemented and in effect on the date hereof, the "Pledge and Security Agreement").

NOW, THEREFORE, in consideration of the foregoing, the terms, covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Confirmation by the Company of Obligations and Specified Defaults.

(a) The Company and each other Credit Party acknowledge and agree that as of March 19, 2009, the respective aggregate principal balances of the Loans as of such date and aggregate face amount of Letters of Credit were as follows (such amounts, in the aggregate, the "Existing Principal and Letters of Credit"):

Tranche D Term Loans:	\$465,000,000.00
Revolving Loans:	\$64,532,384.22
Letters of Credit:	\$10,427,327.00

The Company and each Credit Party acknowledge and agree that as of March 19, 2009, the aggregate amount of accrued and unpaid interest, less any overpayment, on the Tranche D Term Loans and Revolving Loans is \$1,813,588.97 (the "Existing Interest"), and the accrued and unpaid commitment fees payable pursuant to Section 2.10(a) of the Credit Agreement is \$8.81 (the "Existing Commitment Fees") and the accrued and unpaid letter of credit fees payable pursuant to Section 2.10(b) of the Credit Agreement is \$39,749.84 (the "Existing LC Fees" and together with the Existing Principal and Letters of Credit, the Existing Interest, and the Existing Commitment Fees, the "Outstanding Indebtedness"). The foregoing amounts do not include other fees, expenses and other amounts which are chargeable or otherwise reimbursable under the Credit Agreement and the other Credit Documents. None of the Company and the other Credit Parties have any rights of offset, defenses, claims or counterclaims with respect to any of the Obligations and each of the Credit Parties are jointly and severally obligated with respect thereto, in accordance with the terms of the Credit Documents.

(b) The Company and each other Credit Party acknowledge and agree that each of the Specified Defaults constitutes a Default or an Event of Default that has occurred and is continuing as of the First Amendment Forbearance Effective Date (as hereinafter defined) or that may occur and continue during the Second Forbearance Period, as the case may be.

SECTION 2. Amendments to Second Forbearance Agreement.

Effective as of the First Amendment Forbearance Effective Date, the following provisions of the Second Forbearance Agreement shall be amended as set forth below.

(a) Section 2(a) is hereby amended by:

(i) in clause (iv) thereof, deleting “quarter ending September 27, 2008” and inserting in lieu thereof “any of the quarters ending September 27, 2008, March 28, 2009 and June 27, 2009 and the annual report on Form 10-K for the year ending December 27, 2008”;

(ii) deleting the word “or” immediately preceding clause “(v)” thereof and amending and restating clause “(v)” thereof in its entirety to read as follows:

“(v) 11:59 p.m. (New York City time) on May 31, 2009; provided, however, that, in respect of clause (v) of this Section 2(a) only, the Lenders and the Agent shall, on or before May 31, 2009, extend the date provided therein to July 31, 2009, so long as (x) the Second Forbearance Termination Date has not theretofore occurred and (y) the Company has commenced, on or before May 31, 2009, a solicitation process seeking consent for, or votes to effect, a Proposed Transaction, which Proposed Transaction at the time of extension shall be acceptable to the Requisite Lenders (as determined by them in their sole discretion) (the “Selected Transaction”) pursuant to a written notice executed by the Agent at the direction of the Requisite Lenders and delivered to the Company on or before May 31, 2009 or”; and

(iii) inserting the following new clause “(vi)” immediately after clause (v) thereof:

“(vi) 12:01 a.m. (New York City time) on June 1, 2009, if and only if the “Forbearance Period” under, and as defined in, the Forbearance Agreement to Indenture (as hereinafter defined) has not been extended to July 31, 2009, as contemplated by the proviso to Section 2(a) (i) thereof (the earliest to occur of clauses (i) through (vi) being the “Second Forbearance Termination Date”).”

(b) Section 2(c) is hereby amended by (x) deleting the word “The” at the beginning of the last sentence thereof, (y) inserting the phrase “Except as specifically provided in Section 2(a), the” at the beginning of the last sentence thereof and (z) by inserting the following phrase at the end of the last sentence thereof:

“(and no prior extension, waiver, forbearance or amendment by a party shall in any way operate as a continuing waiver or forbearance other than as provided in this Agreement)”.

(c) Section 5 is hereby amended by:

(i) amending and restating clause “(h)” thereof in its entirety to read as follows:

“(h) Management Discussions. The Company shall cause its senior management team, and use its commercially reasonable efforts to cause Miller Buckfire & Co., LLC (“Miller Buckfire”) and other appropriate legal advisors, to discuss (at the option of the Company, in person or telephonically), on a bi-weekly basis during regular business hours and for reasonable durational periods, with the Agent, its legal advisor and Moelis and Company (“Moelis”) and such other professional advisors retained from time to time by the Agent, and the Lenders identified to the Company as the steering committee (the “Steering Committee”), the ongoing financial performance, operations and liquidity of the Company.”

(ii) amending and restating clause “(l)” thereof in its entirety to read as follows:

“(l) Subordinated Indebtedness Payments. The Company shall give the Agent ten (10) Business Days’ prior notice of its intent to make any payment (including any payment of interest but excluding (x) payments in respect of reasonable fees and expenses of one counsel and one financial advisor for the holders of Subordinated Indebtedness and (y) an Indenture Forbearance Amendment Fee (as hereinafter defined)) with respect to any Subordinated Indebtedness (the “Payment Notice”).”

(iii) (x) re-lettering existing clause “(o)” thereof (“Additional Restrictions”) as clause “(r)” and (y) inserting the following new clauses “(o)”, “(p)” and “(q)” immediately after clause “(n)” thereof

“(o) Professional Advisors’ Meetings. On a weekly basis (commencing from the First Amendment Forbearance Effective Date), the Company shall use commercially reasonable efforts to cause representatives of Miller Buckfire and Weil, Gotshal & Manges LLP (collectively, the “Company Advisors”) to (i) discuss (at the option of the Company Advisors, in person or telephonically), to the extent not prohibited by the terms of any applicable confidentiality obligation by which the Company is bound, with representatives of Moelis and White & Case LLP (collectively the “Steering Committee Advisors”) and together with the Company Advisors, collectively, the “Professional Advisors”), during regular business hours and for reasonable durational periods, the process with respect to, and the status of, any asset sale, merger, consolidation or other business combination, equity infusion, financing proposals (of any type), change of control transaction or restructuring or plan proposal, in each case, contemplated in connection with the Company’s restructuring process (each, a “Proposed Transaction”), including, without limitation, by providing detailed updates and information with respect to the material terms and conditions of any such Proposed Transaction and (ii) from and after the First Amendment Forbearance Effective Date, promptly deliver to the Steering Committee Advisors for their review a copy of each bid and any operative document related thereto (each, a “Proposed Transaction Document”) received by the Company Advisors on or after March 6, 2009 with respect to any Proposed Transaction (the actions described in clauses (i) and (ii) above, collectively, comprising a “Process Update”); provided that, (a) if disclosing a Proposed Transaction Document is prohibited under the terms of any applicable

confidentiality obligation by which the Company is bound, the Company Advisors shall, to the extent not prohibited by such confidentiality obligation, deliver a written summary of the material terms and conditions of such Proposed Transaction Document (a “Proposed Transaction Document Summary”) in lieu of a copy thereof; (b) with respect to any confidentiality obligation of the Company to the bidder or bidders selected by the Company to further evaluate a Proposed Transaction (any such bidder, a “Selected Bidder”), the Company agrees that it and the other Credit Parties shall use commercially reasonable efforts to obtain the consent of such Selected Bidder to permit the Company Advisors to provide an un-redacted copy of any Proposed Transaction Document to the Steering Committee Advisors, and if such consent is not obtained after using commercially reasonable efforts, the Company Advisors shall, to the extent not prohibited under the terms of any applicable confidentiality obligation by which the Company is bound, deliver a Proposed Transaction Document Summary in lieu thereof; and (c) with respect to any confidentiality obligation by which the Company is bound that arises on or after the First Amendment Forbearance Effective Date, the Company agrees that it, the other Credit Parties and the Company Advisors shall use commercially reasonable efforts to ensure that such confidentiality obligations do not prohibit (A) the Company, any of the other Credit Parties or the Company Advisors from providing any Proposed Transaction Document, Proposed Transaction Document Summary or any other Process Update, or any information relating thereto, to the Steering Committee Advisors or (B) the Professional Advisors’ further disclosure of such Proposed Transaction Documents, Proposed Transaction Document Summaries or other Process Updates to members of the Steering Committee in accordance with the following sentence. Notwithstanding anything to the contrary herein, prior to any disclosure of any information contained in any Proposed Transaction Document, Proposed Transaction Document Summary or Process Update to any Person, including, without limitation members of the Steering Committee or any Lender, the Professional Advisors will collectively determine the nature and extent of any such disclosure (which determination shall be documented in writing, including by email correspondence among the Professional Advisors); provided that, if there is a disagreement among the Company Advisors, on the one hand, and the Steering Committee Advisors, on the other hand, the information that is the subject of such disagreement shall not be disclosed by the Steering Committee Advisors to members of the Steering Committee, any Lender, or any other Person unless and until such disagreement is resolved as acknowledged by e-mail correspondence among the Professional Advisors.

(p) Bidders’ Meetings. On or before April 17, 2009, the Company shall cause each Selected Bidder to hold one meeting, during regular business hours and for a reasonable durational period, with members of the Steering Committee who have not submitted a bid to acquire or provide equity in or pursuant to a Proposed Transaction, to discuss, in reasonable detail, the nature, structure and material terms of the Proposed Transaction sponsored by such Selected Bidder.

(q) Selected Transaction. The Selected Transaction shall not be amended, supplemented or otherwise modified in any respect which is materially adverse to the interests of the Lenders, as Lenders, without the prior written consent of the Requisite Lenders.”

(d) Exhibit A to the Second Forbearance Agreement is hereby amended by:

(i) amending and restating paragraph 1 set forth thereon in its entirety to read as follows:

“The failure of the Company to comply with Section 6.6 of the Credit Agreement for the Fiscal Quarters ended on September 27, 2008 and December 27, 2008 and ending on March 28, 2009 and, solely to the extent the Second Forbearance Period has been extended pursuant to the proviso to Section 2(a)(v) of this Agreement, June 27, 2009.”

(ii) amending and restating paragraph 2 set forth thereon in its entirety to read as follows:

“Any Default or Event of Default pursuant to Section 8.1(b) of the Credit Agreement occurring solely as a result of a “Default” or “Event of Default” under, and as defined in, the Senior Subordinated Note Indenture, which occurs (i) on or after January 15, 2009, as a result of the Company’s failure to make its regular scheduled interest payments with respect to the Senior Subordinated Notes on or after January 15, 2009 and (ii) on or after June 15, 2009, as a result of the Company’s failure to make its regular scheduled interest payments with respect to the Senior Subordinated Notes on or after June 15, 2009.”

(iii) amending and restating paragraph 3 set forth thereon in its entirety to read as follows:

“Any Default or Event of Default pursuant to Section 8.1(b) of the Credit Agreement as a result of any default under (i) Section 4.03 of the Senior Subordinated Note Indenture as a result of the failure of the Company to furnish certain periodic reports or (ii) Section 4.04 of the Senior Subordinated Note Indenture as a result of the failure of the Company to furnish certain statements or certificates.”

(iv) amending and restating paragraph 4 set forth thereon in its entirety to read as follows:

“Any Default or Event of Default pursuant to Section 8.1(e) of the Credit Agreement as a result of a default under Section 5.1(f) of the Credit Agreement arising in connection with the failure of any Credit Party to timely furnish any written statement of an independent certified public accountant required under Section 5.1(f) therein.”

(v) Inserting the following new paragraph 5 immediately following paragraph 4 thereon:

“Any Default or Event of Default pursuant to Sections 5.1(h) or 8.1(d) of the Credit Agreement as a result of the events or conditions described in paragraphs 1-4 above.”

Effective as of the First Amendment Forbearance Effective Date, the following provisions of the Credit Agreement shall be amended as set forth below (which amendments are in addition to those contained in the Forbearance Agreement and the Second Forbearance Agreement, which shall remain in full force and effect except as expressly modified herein). For the avoidance of doubt, the Credit Agreement shall remain amended as set forth in this section after the First Amendment Forbearance Termination Date, and these amendments shall not operate as a waiver of any Default or Event of Default.

(a) Amendments to Section 1.1.

(i) the last sentence of the definition of “**Applicable Margin**” in Section 1.1 is hereby amended by (A) deleting the word “and” immediately preceding clause (y) thereof and inserting a comma in lieu thereof, (B) inserting immediately after the phrase “after the Second Forbearance Effective Date” appearing therein, the phrase “and to and including (but not on) the First Amendment Forbearance Effective Date” and (C) inserting the following new text immediately at the end of the existing text thereof:

“and (z) during all periods on and after the First Amendment Forbearance Effective Date, the “**Applicable Margin**” shall mean (i) for all Loans which are Base Rate Loans, 6.25% per annum and (ii) for all Loans which are Eurodollar Rate Loans, 7.25% per annum.”;

(ii) the definition of “**Credit Document**” is hereby amended by deleting “and Second Forbearance Agreement” and inserting in lieu thereof “, Second Forbearance Agreement and First Amendment Forbearance Agreement”;

(iii) the definition of “**Restructuring Amendment**” is hereby amended by inserting “or the First Amendment Forbearance Agreement” immediately after the words “Second Forbearance Agreement” in the last sentence thereof;

(iv) the definition of “**Second Forbearance Agreement**” is hereby amended by inserting “(as has been or may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time)” at the end thereof; and

(v) the following new definitions are hereby added in the appropriate alphabetical order:

“**First Amendment Forbearance Effective Date**” has the meaning assigned to that term in the First Amendment Forbearance Agreement.

“**First Amendment Forbearance Agreement**” means the First Amendment to the Second Forbearance Agreement and Fourth Amendment to the Second Amended and Restated Credit and Guaranty Agreement dated as of March 25, 2009 by and among the Company, the other Credit Parties, the Lender parties thereto and the Agent.

(b) Section 5.1(c)(i) is hereby amended by inserting the following at the end thereof and immediately before the words “and (ii)”:

“; provided that, solely with respect to the Fiscal Year ended December 27, 2008, such date for delivery may be automatically extended by an additional fifteen (15) days at the request of the Company”.

(c) Section 8.1(n) is hereby amended by deleting “and (n)” immediately after “(i)” and inserting in lieu thereof “, (n), (o) and (p)”.

SECTION 4. Amendments to Pledge and Security Agreement.

(a) Effective as of the First Amendment Forbearance Effective Date, Schedule 4.5 to the Pledge and Security Agreement is hereby amended by inserting two new rows in the form attached hereto as Exhibit A at the end of the table set forth in Part I therein (which amendment is in addition to those contained in the Forbearance Agreement and the Second Forbearance Agreement, which shall remain in full force and effect except as expressly modified herein).

SECTION 5. Representations, Warranties And Covenants Of Company and Other Credit Parties.

To induce the Lenders and the Agent to execute and deliver this Amendment, each of the Company and the other Credit Parties represents, warrants and covenants that:

(a) Organization and Powers. Each Credit Party is a corporation, limited liability company or limited partnership, as applicable, duly organized or formed, as applicable, validly existing and, to the extent such concept applies, in good standing under the laws of its jurisdiction of incorporation or formation, as applicable. Each Credit Party has all requisite corporate or other organizational power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Amendment and to carry out the transactions contemplated thereby;

(b) Authorization of Amendment; No Conflict. The execution, delivery and performance of this Amendment have been duly authorized by all necessary corporate, limited liability company or limited partnership, as applicable, action on the part of each Credit Party that is a party thereto. The execution, delivery and performance by Credit Parties of this Amendment and the consummation of the transactions contemplated hereby do not and

will not (a) violate any provision of any law or any governmental rule or regulation applicable to Holdings or any of its Subsidiaries, the Certificate or Articles of Incorporation or Bylaws (or equivalent constituent documents) of Holdings or any of its Subsidiaries or any order, judgment or decree of any court or other agency of government binding on Holdings or any of its Subsidiaries, except to the extent such violation could not be reasonably be expected to have a Material Adverse Effect, (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of Holdings or any of its Subsidiaries, (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of Holdings or any of its Subsidiaries (other than any Liens created under any of the Credit Documents in favor of Collateral Agent on behalf of the Secured Parties), or (d) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of Holdings or any of its Subsidiaries, except for such approvals or consents which will be obtained on or before the First Amendment Forbearance Effective Date and disclosed in writing to the Lenders and except for any such consents or approvals the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect;

(c) Governmental Consents. The execution, delivery and performance by the Credit Parties of this Amendment and the consummation of the transactions contemplated hereby do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body (a) such as have been obtained and are in full force and effect and (b) any such consents or approvals the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect;

(d) Grantors. Each Domestic Subsidiary of THL-SC Bedding Company is a Grantor and is a party to the Pledge and Security Agreement.

(e) Deposit Accounts. As of the First Amendment Forbearance Effective Date, no Credit Party has any deposit account containing unrestricted Cash other than the deposit accounts listed in Schedule 4.5 to the Pledge and Security Agreement (as amended pursuant to Section 4 hereof).

(f) Binding Obligation. This Amendment has been duly executed and delivered by each Credit Party and is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(g) Incorporation of Representations and Warranties and Covenants from Credit Documents. Except with respect to the Specified Defaults and the Permitted Exceptions, the representations and warranties contained in the Credit Agreement and each of the other Credit Documents are and will be true, correct and complete in all material respects on and as of the First Amendment Forbearance 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, and each of the agreements and covenants in the Credit Agreement and the other Credit Documents is hereby reaffirmed with the same force and effect as if each were separately stated herein and made as of the date hereof.

(h) Absence of Default. As of the date hereof, except for the Specified Defaults, (x) no Default or Event of Default has occurred or is continuing under this Amendment, the Second Forbearance Agreement, the Forbearance Agreement, the Credit Agreement or any other Credit Document and (y) except as set forth on Exhibit A to the Second Forbearance Agreement (as amended by this Amendment), no "Default" or "Event of Default" (as those terms are defined under the Senior Subordinated Note Indenture or the documents evidencing the Holdco Notes) has occurred or is continuing in respect of the Senior Subordinated Notes or the Holdco Notes.

(i) Collateral. The Lenders' and the Agent's security interests in the Collateral continue to be valid, binding, and enforceable first-priority security interests which secure the Obligations (subject only to the Permitted Liens).

(j) Acknowledgement. Each of the Agent, the Lenders and the Company acknowledges that this Amendment is not a "Restructuring Amendment" as defined in the Forbearance Agreement.

SECTION 6.

Ratification of Liability.

(a) Each of the Company and other Credit Parties hereby ratifies and reaffirms all of its payment and performance obligations and obligations to indemnify, contingent or otherwise, under this Amendment and each other Credit Document to which such party is a party, and each such party hereby ratifies and reaffirms its grant of Liens on its properties pursuant to such Credit Documents to which it is a party as security for the Obligations under or with respect to the Credit Agreement, and confirms and agrees that such Liens hereafter secure all of the Obligations. Each Guarantor acknowledges the effectiveness and continuing validity of its guarantee in the Credit Agreement and its liability for the Obligations pursuant to the terms of such guarantee and that such obligation is without defense, setoff and counterclaim.

(b) The Company and each other Credit Party (i) acknowledge receipt of a copy of this Amendment and all other agreements, documents and instruments executed and/or delivered in connection herewith, (ii) consents to the terms and conditions of same without prejudice to any Credit Party's liability pursuant to any of the Credit Documents, and (iii) agrees and acknowledges that each of the Credit Documents remains in full force and effect, that such Credit Party's obligations thereunder are without defense, setoff and counterclaim and that each of the Credit Documents is hereby ratified and confirmed.

SECTION 7. Forbearance Agreement.

Reference To And Effect Upon the Credit Agreement, the Pledge and Security Agreement and the Second

(a) Except as expressly modified hereby, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement, the Second Forbearance Agreement and other Credit Documents, and all rights of Lenders and the Agent and all of the Obligations, shall remain in full force and effect. Each of the Company and the other Credit Parties hereby confirms that no such party has any right of setoff, recoupment or other offset with respect to any of the Obligations.

(b) Except as expressly set forth herein, the effectiveness of this Amendment shall not directly or indirectly (i) create any obligation to make any further Loans or issue any Letters of Credit after the First Amendment Forbearance Effective Date, (ii) create any obligation to make any further Loans or issue any Letters of Credit or to continue to defer any enforcement action after the occurrence of any Forbearance Default (as defined in the Second Forbearance Agreement), (iii) constitute a consent or waiver of any past, present or future violations, including Defaults and Events of Default, of any provisions of the Credit Agreement or any other Credit Documents, (iv) amend, modify, prejudice or operate as a waiver of any provision of the Credit Agreement or any other Credit Documents or any right, remedy, power or privilege of the Lenders and/or the Agent, (v) constitute a consent to any merger or other transaction or to any sale, restructuring or refinancing transaction, or (vi) constitute a course of dealing or other basis for altering any Obligations or any other contract or instrument. Except as expressly set forth herein, each Lender and the Agent reserve all of their respective rights, remedies, powers and privileges under the Credit Agreement, the Second Forbearance Agreement, the other Credit Documents and applicable law and/or equity. All of the provisions of the Credit Agreement, the Second Forbearance Agreement and the other Credit Documents are hereby reiterated, and if ever waived, are hereby reinstated. Notwithstanding any other provision in this Amendment, it is understood and agreed that during the Second Forbearance Period, notwithstanding the Company's inability to make the statements required by Section 3.2 of the Credit Agreement (or in any Funding Notice or Request for Issuance required thereby), solely to the extent excused pursuant to the last sentence of Section 2(d) of the Second Forbearance Agreement, but subject to all other terms and conditions contained in the Credit Agreement and Section 2(d) of the Second Forbearance Agreement, any Issuing Bank may issue, renew, extend or replace Letters of Credit and the Company shall be permitted to request Revolving Loans (and Lenders agree to make such Revolving Loans), provided that the Revolving Credit Exposure is not increased or decreased after giving effect to such issuance, renewal, extension or replacement of any such Letter of Credit or the making of any such Revolving Loans.

(c) From and after the First Amendment Forbearance Effective Date (i) the term "Agreement" in the Second Forbearance Agreement, and all references to the Second Forbearance Agreement in any Credit Document shall mean the Second Forbearance Agreement as amended by this Amendment; (ii) the term "Agreement" in the Credit Agreement, and all references to the Credit Agreement in any Credit Document shall mean the Credit Agreement as amended by the Second Forbearance Agreement and this Amendment; (iii) the term "Agreement" in the Pledge and Security Agreement, and all references to the Pledge and Security Agreement in the Second Forbearance Agreement and any other Credit Document, shall mean the Pledge and Security Agreement as amended by the Second Forbearance Agreement and this Amendment and (iv) the term "Credit Document" in the Credit Agreement, the Pledge and Security Agreement, the Second Forbearance Agreement and the other Credit Documents shall include, without limitation, the Second Forbearance Agreement and this Amendment and any agreements, instruments and other documents executed and/or delivered in connection therewith.

(d) This Amendment shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Credit Agreement or any other Credit Document.

SECTION 8.

Company's Release and Duty to Indemnify for Assigned Claims.

(a) By its execution hereof and in consideration of the mutual covenants contained herein and other accommodations granted to the Credit Parties hereunder, each Credit Party, on behalf of itself and each of its Subsidiaries, and its or their successors, assigns and agents, hereby expressly forever waives, releases and discharges any and all claims (including, without limitation, cross-claims, counterclaims, and rights of setoff and recoupment), causes of action (whether direct or derivative in nature), demands, suits, costs, expenses and damages (collectively, the "Claims") any of them may have or allege to have as of the date of this Amendment (and all defenses that may arise out of any of the foregoing) of any nature, description, or kind whatsoever, based in whole or in part on facts, whether actual, contingent or otherwise, now known, unknown, or subsequently discovered, whether arising in law, at equity or otherwise, against the Agent or any Lender, their respective affiliates, agents, principals, managers, managing members, members, stockholders, "controlling persons" (within the meaning of the United States federal securities laws), directors, officers, employees, attorneys, consultants, advisors, agents, trusts, trustors, beneficiaries, heirs, executors and administrators of each of the foregoing (collectively, the "Released Parties"), in each case, involving or otherwise relating to this Amendment or any of the other agreements entered into in connection herewith, the Credit Agreement, the Second Forbearance Agreement, the Credit Documents or any or all of the actions and transactions contemplated hereby or thereby, including, without limitation, any actual or alleged performance or nonperformance by any of the Released Parties hereunder or thereunder. Each Credit Party hereby acknowledges that the agreements in this paragraph (a) are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Claims. In entering into this Amendment, each Credit Party expressly disclaims any reliance on any representations, acts, or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth above does not depend in any way on any such representation, acts and/or omissions or the accuracy, completeness, or validity thereof. The provisions of this paragraph shall survive the termination or expiration of the Second Forbearance Period and the termination of the Credit Documents and the payment in full of all obligations of the Credit Parties under or in respect of the Credit Agreement and other Credit Documents and all other amounts owing thereunder.

(b) Each Credit Party represents and warrants that it has not assigned to any Person any Claim other than to the Collateral Agent pursuant to the Pledge and Security Agreement. In the event that the foregoing representation and warranty is, or is purported to be, untrue, each Credit Party agrees to indemnify and hold harmless the Released Parties against, and to pay, any and all actions, demands, obligations, causes of action, decrees, awards, claims, liabilities, losses and costs (including, but not limited to, reasonable expenses of investigation and fees and expenses of counsel) that any of the Released Parties may sustain or incur as a result of the breach or purported breach of the foregoing representation and warranty, in each case, in the manner and to the extent set forth in Section 10.3 of the Credit Agreement. The provisions of this paragraph shall survive the termination or expiration of the Second Forbearance Period and the termination of the Credit Documents and the payment in full of all obligations of the Credit Parties under or in respect of the Credit Agreement and other Credit Documents and all other amounts owing thereunder.

SECTION 9. **Construction.**

This Amendment and all other agreements and documents executed and/or delivered in connection herewith have been prepared through the joint efforts of all of the parties hereto. Neither the provisions of this Amendment or any such other agreements and documents nor any alleged ambiguity therein shall be interpreted or resolved against any party on the ground that such party or its counsel drafted this Amendment or such other agreements and documents, or based on any other rule of strict construction. Each of the parties hereto represents and declares that such party has carefully read this Amendment and all other agreements and documents executed in connection therewith, and that such party knows the contents thereof and signs the same freely and voluntarily. The parties hereto acknowledge that they have been represented by legal counsel of their own choosing in negotiations for and preparation of this Amendment and all other agreements and documents executed in connection herewith and that each of them has read the same and had their contents fully explained by such counsel and is fully aware of their contents and legal effect.

SECTION 10. **Counterparts.**

This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart. Any party hereto may execute and deliver a counterpart of this Amendment by delivering by facsimile or other electronic transmission a signature page of this Amendment signed by such party, and any such facsimile or other electronic signature shall be treated in all respects as having the same effect as an original signature.

SECTION 11. **Severability.**

The invalidity, illegality, or unenforceability of any provision in or obligation under this Amendment in any jurisdiction shall not affect or impair the validity, legality, or enforceability of the remaining provisions or obligations under this Amendment or of such provision or obligation in any other jurisdiction.

SECTION 12. **Further Assurances.**

The Company and each other Credit Party agrees to, and to cause any other Credit Party to, take all further actions and execute all further documents as Agent may from time to time reasonably request to carry out the transactions contemplated by this Amendment and all other agreements executed and delivered in connection herewith; provided that any failure to do so shall be an Event of Default if such failure has not been remedied or waived within five (5) Business Days after the Company's receipt of notice from the Agent.

SECTION 13. **Section Headings.**

Section headings in this Amendment are included herein for convenience of reference only and shall not constitute part of this Amendment for any other purpose.

SECTION 14. **Governing Law.**

THIS AMENDMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND ANY CLAIMS OR ACTIONS ARISING HEREUNDER OR IN CONNECTION HEREWITH (WHETHER SOUNDING IN CONTRACT OR IN TORT) SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 15. **Acknowledgements.**

Each Credit Party hereby acknowledges that:

- (a) it has carefully read and fully understood all of the terms and conditions of this Amendment;
- (b) it has consulted with, or had a full and fair opportunity to consult with, and has been advised by fully competent counsel in the negotiation, execution and delivery of this Amendment;
- (c) it has had a full and fair opportunity to participate in the drafting of this Amendment and that no provision of this Amendment shall

be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of any party hereto having or being deemed to have structured, dictated or drafted such provision;

(d) it is freely, voluntarily, knowingly and intelligently entering into this Amendment;

(e) none of the Lenders or the Agent has a fiduciary relationship to any Credit Party, and the relationship between the Agent and the Lenders, on the one hand, and the Credit Parties, on the other, is solely that of creditor and debtor; and

(f) no joint venture exists among the Credit Parties, the Agent and the Lenders.

SECTION 16. **Effectiveness.**

This Amendment shall become effective at the time (the "First Amendment Forbearance Effective Date") that all of the following conditions precedent have been satisfied as determined by the Agent in its sole discretion:

(a) Agreement. The Agent shall have received duly executed signature pages for this Amendment signed by the Company, each other Credit Party and the Requisite Lenders.

(b) Due Authorization. The Agent shall have received resolutions from each Credit Party evidencing the corporate or similar authority of such Credit Party to execute, deliver and perform its obligations under this Amendment and, as applicable, all other agreements and documents executed in connection therewith.

(c) Opinions. The Agent shall have received opinions of counsel to the Credit Parties (other than the entities organized under the laws of the State of Nevada) as to the transactions contemplated hereby in form and substance reasonably acceptable to Agent.

(d) Forbearance Agreement to Indenture. The Agent shall have received a duly executed copy of an agreement amending, among other things, the definition of "Forbearance Period" under the Forbearance Agreement to Indenture dated as February 4, 2009 (as in effect as of the date hereof, the "Forbearance Agreement to Indenture"), by and among the Company, the Guarantors party thereto and the Holders party thereto, such that the reference to "March 31, 2009" in Section 2(a) therein is replaced with a reference to "May 31, 2009" (which date shall be extended to July 31, 2009, so long as the Company has commenced, by May 31, 2009, a solicitation process to effect the Selected Transaction (as defined in the Forbearance Agreement to Indenture (as amended as of the date hereof)) (the "First Amendment to Forbearance Agreement to Indenture") and otherwise in form and substance reasonably satisfactory to the Agent and with any fees or any other economics payable in connection therewith not in excess of the relevant amounts or percentages set forth in the draft First Amendment to Forbearance Agreement to Indenture provided to the Agent on March 19, 2009, and such First Amendment to Forbearance Agreement to Indenture shall have become effective in accordance with its terms.

SECTION 17. **Assignments; No Third Party Beneficiaries.**

This Amendment shall be binding upon and inure to the benefit of the Company, the other Credit Parties, the Lenders, the Agent and their respective successors and assigns; provided, that neither the Company nor any other Credit Party shall be entitled to delegate any of its duties hereunder and shall not assign any of its rights or remedies set forth in this Amendment without the prior written consent of the Agent in its sole discretion. No Person other than the parties hereto and their permitted successors and assigns, shall have any rights hereunder or be entitled to rely on this Amendment and all third-party beneficiary rights are hereby expressly disclaimed.

SECTION 18. **Final Agreement.**

This Amendment, the Credit Agreement, the Second Forbearance Agreement, the other Credit Documents, and the other written agreements, instruments, and documents entered into in connection herewith and therewith (collectively, the "Company/Lender Documents") set forth in full the terms of agreement between the parties hereto and thereto and are intended as the full, complete, and exclusive contracts governing the relationship between such parties, superseding all other discussions, promises, representations, warranties, agreements, undertakings and understandings between the parties with respect thereto. No term of the Company/Lender Documents may be amended, restated, waived or otherwise modified except in a writing signed by the party against whom enforcement of the modification, amendment, or waiver is sought, unless otherwise provided in the applicable Company/Lender Document. Any waiver of any condition in, or breach of, any of the foregoing in a particular instance shall not operate as a waiver of other or subsequent conditions or breaches of the same or a different kind. The Lenders' and/or the Agent's exercise or failure to exercise any rights or remedies under any of the foregoing in a particular instance shall not operate as a waiver of its right to exercise the same or different rights, remedies, powers and privileges in any other instances. There are no oral agreements among the parties hereto.

[Signature pages to follow]

IN WITNESS WHEREOF, this First Amendment to Second Forbearance Agreement and Fourth Amendment to Second Amended and Restated Credit and Guaranty Agreement has been executed by the parties hereto as of the date first written above.

SIMMONS BEDDING COMPANY

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

THL-SC BEDDING COMPANY

By: /s/ Stephen G. Fendrich

Name: Stephen G. Fendrich

Title: President and Chief Operating Officer

**THE SIMMONS MANUFACTURING CO., LLC
By WORLD OF SLEEP OUTLETS, LLC
SIMMONS CONTRACT SALES, LLC
WINDSOR BEDDING CO., LLC
SIMMONS EXPORT CO.**

By: /s/ Stephen G. Fendrich
Name: Stephen G. Fendrich
Title: President and Chief Operating Officer,

DREAMWELL, LTD.
SIMMONS CAPITAL MANAGEMENT, LLC

By: /s/ Kristen K. McGuffey
Name: Kristen K. McGuffey
Title: Vice President and Secretary

DEUTSCHE BANK AG, NEW YORK BRANCH,
As Agent

By: /s/ Vincent D'Amore
Name: Vincent D'Amore
Title: Director

By: /s/ Keith C. Braun
Name: Keith C. Braun
Title: Managing Director

DEUTSCHE BANK A.G., CAYMAN ISLANDS BRANCH,
Individually as a Lender

By: /s/ Vincent D'Amore
Name: Vincent D'Amore
Title: Director

By: /s/ Keith C. Braun
Name: Keith C. Braun
Title: Managing Director

AMENDMENT NO. 1 TO FORBEARANCE AGREEMENT TO INDENTURE

This AMENDMENT NO. 1 TO FORBEARANCE AGREEMENT TO INDENTURE (this "Amendment") is entered into as of March 20, 2009, by and among Simmons Bedding Company, a Delaware corporation (the "Company"), the Guarantors (as defined in the Indenture (as hereinafter defined)) and the Amending Holders (as hereinafter defined).

RECITALS

WHEREAS, the Company, the Guarantors and Wells Fargo Bank Minnesota, National Association, as trustee (in such capacity, the "Trustee") are parties to that certain Indenture, dated as of December 19, 2003 (as has been or may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Indenture"), pursuant to which those certain 7.875% Senior Subordinated Notes due 2014 (the "Notes") were issued;

WHEREAS, the Company, the Guarantors and certain Holders (the "Forbearing Holders") are parties to that certain Forbearance Agreement to Indenture, dated as of February 4, 2009 (the "Indenture Forbearance Agreement");

WHEREAS, the Company and the Guarantors have requested that the Indenture Forbearance Agreement be amended to, among other things, provide for an extension of the Forbearance Period; and

WHEREAS, the Amending Holders have so agreed upon the terms and conditions set forth in this Amendment.

NOW THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. **Definitions.** Capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture.

SECTION 2. **Amendments to Indenture Forbearance Agreement.** Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Indenture Forbearance Agreement is hereby amended as follows:

(a) Amendments to Section 2(a) of the Indenture Forbearance Agreement.

(i) Clause (i) of Section 2(a) is hereby amended and restated in its entirety to read as follows:

"(i) 11:59 p.m. (New York City time) on May 31, 2009; provided, however, that the foregoing date shall be automatically extended to July 31, 2009 so long as the Company has commenced, by May 31, 2009, a solicitation process seeking consent for, or votes to effect, a Proposed Transaction (as hereinafter defined), which Proposed Transaction at the time of extension shall be acceptable to any Holders party hereto collectively holding more than \$100,000,000 in principal amount of the Notes (any such Holders, the "Extending Holders") in their sole discretion (such transaction, the "Selected Transaction"); and"

(ii) The word "or" shall be deleted before clause "(E)" and the following new clause "(F)" shall be inserted immediately following clause "(E)" thereof:

"; or (F) the Company's failure to disclose timely all material nonpublic information it is obligated to disclose publicly in accordance with the confidentiality agreement to be entered into between the Company and any Holder party hereto in form and substance satisfactory to the Company and such Holder (each a "Confidentiality Agreement")"

(b) Section 2(c) is hereby amended by amending and restating such Section in its entirety to read as follows:

"Except as provided in Section 2(a)(i), (i) none of the Holders party hereto shall have any obligation to extend the Forbearance Period, or enter into any waiver, other forbearance or amendment, and the agreement of any Holder party hereto to permit any such extension, or to enter into any other waiver, forbearance or amendment shall be subject to its sole discretion, (ii) any agreement by any Holder party hereto to extend the Forbearance Period, if any, or to enter into any waiver, other forbearance or amendment, must be set forth in writing and signed by a duly authorized signatory of the relevant Holder and (iii) the Company and each Guarantor acknowledge that the Holders party hereto have not made any assurance concerning any possibility of an extension of the Forbearance Period or the entering into of any waiver, forbearance or amendment."

(c) Section 3(g) of the Indenture Forbearance Agreement is hereby amended by amending and restating such Section in its entirety to read as follows:

"(g) **Management Discussions.** The Company shall cause its senior management team, and use commercially reasonable efforts to cause representatives of Weil, Gotshal & Manges LLP and Miller Buckfire and Co., LLC (collectively, the "Company Advisors"), to discuss (at the option of the Company, in person or telephonically), on a bi-weekly basis during regular business hours and for reasonable durational periods (any such discussions to occur at mutually agreeable times), with representatives of Paul Weiss and Blackstone (collectively, the "Noteholder Advisors" and, together with the Company Advisors, collectively, the "Professional

Advisors”) and any Holder party hereto who executes the Confidentiality Agreement (any such Holder, a “Restricted Holder”), the Company’s ongoing financial performance, operations and liquidity.”

(d) Section 3 of the Indenture Forbearance Agreement is hereby amended by inserting the following new clause “(i)” immediately following clause “(h)” thereof:

“(i) **Professional Advisors’ Meetings.** On a weekly basis (commencing from the First Amendment Effective Date (as defined in that certain Amendment No. 1 to Forbearance Agreement to Indenture, dated as of March 20, 2009, by and among the Company, the Guarantors and certain Holders party hereto)), the Company shall use commercially reasonable efforts to cause the Company Advisors to (i) discuss (at the option of the Company Advisors, in person or telephonically), to the extent not prohibited by the terms of any applicable confidentiality obligation by which the Company is bound, with the Noteholder Advisors, during regular business hours and for reasonable durational periods, the process with respect to, and the status of, any asset sale, merger, consolidation or other business combination, equity infusion, financing proposal (of any type), change of control transaction or restructuring or plan proposal, in each case, contemplated in connection with the Company’s restructuring process (each, a “Proposed Transaction”), including, without limitation, by providing detailed updates and information with respect to the material terms and conditions of any such Proposed Transaction and (ii) from and after the First Amendment Effective Date, promptly deliver to the Noteholder Advisors for their review a copy of each bid and any operative document related thereto (each, a “Proposed Transaction Document”) received by the Company Advisors on or after March 6, 2009 with respect to any Proposed Transaction (the actions described in clauses (i) and (ii) above, collectively, comprising a “Process Update”); provided that, (a) if disclosing a Proposed Transaction Document is prohibited under the terms of any applicable confidentiality obligation by which the Company is bound, the Company Advisors shall, to the extent not prohibited by such confidentiality obligation, deliver a written summary of the material terms and conditions of such Proposed Transaction Document (a “Proposed Transaction Document Summary”) in lieu of a copy thereof; (b) with respect to any confidentiality obligation of the Company to the bidder or bidders selected by the Company to further evaluate a Proposed Transaction (any such bidder, a “Selected Bidder”), the Company agrees that it shall use commercially reasonable efforts to obtain the consent of such Selected Bidder to permit the Company Advisors to provide an un-redacted copy of any Proposed Transaction Document to the Noteholder Advisors, and if such consent is not obtained after using commercially reasonable efforts, the Company Advisors shall, to the extent not prohibited under the terms of any applicable confidentiality obligation by which the Company is bound, deliver a Proposed Transaction Document Summary in lieu thereof; and (c) with respect to any confidentiality obligation by which the Company is bound that arises on or after the First Amendment Effective Date, the Company agrees that it shall use commercially reasonable efforts to ensure that such confidentiality obligations do not prohibit (A) the Company or the Company Advisors from providing any Proposed Transaction Document, Proposed Transaction Document Summary or any other Process Update, or any information relating thereto, to the Noteholder Advisors or (B) the Professional Advisors’ further disclosure of such Proposed Transaction Documents, Proposed Transaction Document Summaries or other Process Updates to any Restricted Holders in accordance with the following sentence. Notwithstanding anything to the contrary herein, prior to any disclosure of any information contained in any Proposed Transaction Document, Proposed Transaction Document Summary or Process Update to any Person, including, without limitation, any Restricted Holders or any other Holder, the Professional Advisors will collectively determine the nature and extent of any such disclosure (which determination shall be documented in writing, including by email correspondence among the Professional Advisors); provided that, if there is a disagreement among the Company Advisors, on the one hand, and the Noteholder Advisors, on the other hand, the information that is the subject of such disagreement shall not be disclosed by the Noteholders Advisors to any Restricted Holder, any other Holder or any other Person unless and until such disagreement is resolved as acknowledged by e-mail correspondence among the Professional Advisors.

(e) Section 3 of the Indenture Forbearance Agreement is hereby amended by inserting the following new clause “(j)” immediately following new clause “(i)” thereof:

“(j) **Bidders’ Meetings.** On or before April 17, 2009, the Company shall cause each Selected Bidder to hold one meeting, during regular business hours and for a reasonable durational period, with Restricted Holders who have not submitted a bid to acquire or provide equity in or pursuant to a Proposed Transaction to discuss, in reasonable detail, the nature, structure and material terms of the Proposed Transaction sponsored by such Selected Bidder.

(f) Section 3 of the Indenture Forbearance Agreement is hereby amended by inserting the following new clause “(k)” immediately following new clause “(j)” thereof:

“(k) **Selected Transaction.** The Selected Transaction shall not be (i) withdrawn or (ii) amended, supplemented or otherwise modified in any respect that is adverse to the interests of the Extending Holders, taken as a whole, without the prior written consent of the Extending Holders.”

(g) Section 3 of the Indenture Forbearance Agreement is hereby amended by inserting the following new clause “(l)” immediately following new clause “(k)” thereof:

“(l) **Access to Certain Third Parties.** On or after May 1, 2009, the Restricted Holders and the Noteholder Advisors may request that the Company grant, in the exercise of its reasonable discretion, a written waiver of any contractual restriction imposed by the Company that would impair, condition or otherwise limit such Restricted Holder’s or Noteholder Advisor’s rights or ability to communicate with any party that has expressed an interest in investing in, providing financing to, or buying the Company.”

(h) Exhibit A to the Indenture Forbearance Agreement is hereby amended by amending and restating clause “(i)” of paragraph 1 thereon in its entirety to read as follows:

“(i) the failure of the Company to timely furnish a quarterly report on Form 10-Q for the quarter ended September 27, 2008 and the quarters ending March 28, 2009 as required under Section 4.03(a)(1) and, solely to the extent the Forbearance Period has been extended pursuant to Section 2(a)(i) of this Agreement, June 27, 2009, as required under Section 4.03(a)(1);”

(i) Exhibit A to the Indenture Forbearance Agreement is hereby amended by inserting “or July 15, 2009” at the end of paragraph 2 thereon.

SECTION 3. Ratification of Liability. Each of the Company and the Guarantors hereby ratifies and reaffirms (a) that the aggregate outstanding principal amount of the Notes is \$200,000,000 and the accrued and unpaid interest through and including the date hereof is \$10,689,000.00 and (b) all of its payment and performance obligations under this Amendment, the Indenture Forbearance Agreement and the Indenture, including, without limitation, the obligation to pay interest at the default rate, in accordance with Sections 2.12 and 4.01 of the Indenture, commencing on January 15, 2009. Each of the Company and the Guarantors (i) acknowledges receipt of a copy of this Amendment and all other agreements, documents, and instruments executed and/or delivered in connection herewith, (ii) consents to the terms and conditions of same and (iii) agrees and acknowledges that the Indenture Forbearance Agreement and the Indenture remain in full force and effect and are hereby ratified and confirmed.

SECTION 4. Conditions to Effectiveness. This Amendment and the agreement of the Forbearing Holders to continue to forbear under the Indenture Forbearance Agreement shall become effective on such date (the “First Amendment Effective Date”) as the following conditions shall have been satisfied in full or waived in writing by the Amending Holders:

(a) **Agreement.** The Company, the Guarantors and Forbearing Holders collectively holding more than \$100,000,000 in principal amount of the Notes (the “Amending Holders”) shall have executed and delivered signature pages to this Amendment. Paul Weiss will notify the Company upon receipt of signature pages from Forbearing Holders in accordance with Section 5 hereof holding in the aggregate more than \$100,000,000 in principal amount of the Notes.

(b) **Fee.** Each Amending Holder which delivers its original, facsimile or portable document format (“.pdf”) signature page to this Amendment to Paul Weiss not later than 6:00 p.m. (New York City time) on March 20, 2009 shall have received payment (by wire transfer in accordance with such Holder’s wire transfer instructions provided to the Company) of an amendment fee (which shall be fully-earned and non-refundable when paid) equal to 0.50% of the principal amount of the Notes held by such Amending Holder as of the date of this Amendment.

For the avoidance of doubt, this Amendment shall be effective in accordance with this Section 4 regardless of whether the Trustee executes this Amendment.

SECTION 5. Representations and Warranties of the Company and Guarantors.

To induce the Amending Holders to execute and deliver this Amendment, each of the Company and the Guarantors represents and warrants that:

(a) **Corporate Power and Authority.** It 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, this Amendment.

(b) **Authorization of Amendment.** The execution and delivery of this Amendment and the performance of this Amendment have been duly authorized by all necessary corporate or other organizational action on its part.

(c) **No Conflict.** The execution and delivery of this Amendment and the performance of this Amendment and the consummation of the transactions contemplated hereby do not and will not (i) contravene its certificate of incorporation or by-laws or limited partnership or other constituent documents, (ii) violate any (a) applicable material requirement of law or (b) material order or decree of any governmental authority or arbitrator applicable to it, (iii) materially conflict with or result in the breach of, or constitute a default under, or result in or permit the termination or acceleration of, any of its material contractual obligations or (iv) result in the creation or imposition of any material lien or encumbrance upon any of its material property.

(d) **Binding Obligation.** This Amendment has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it to the extent a party hereto enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws limiting creditors’ rights generally and except as enforceability may be limited by general principles of equity (regardless or whether such enforceability is considered in a proceeding in equity or at law).

(e) **Absence of Default.** As of the date hereof, except for the Specified Defaults (as amended by this Amendment), no Default or Event of Default has occurred or is continuing under the Indenture.

SECTION 6. Representation of the Amending Holders. Each Amending Holder severally represents that on the date hereof it is the beneficial owner and/or investment advisor or manager of discretionary accounts for the holders or beneficial owners of not less than the aggregate principal amount of the Notes set forth on a version of its signature page hereof provided by it to Paul Weiss.

SECTION 7. Entire Agreement; Amendment. This Amendment, the Indenture Forbearance Agreement and the Indenture (the “Note Documents”), constitute the full and final agreement between the parties hereto with respect to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Amendment and the other Note Documents.

SECTION 8. Reference to and Effect Upon the Indenture Forbearance Agreement.

(a) Except as expressly modified hereby, all terms, conditions, covenants, representations and warranties contained in the Indenture Forbearance Agreement and the Indenture, and all rights of the Holders and the Trustee and all of the Obligations, shall remain in full force and effect.

Each of the Company and the Guarantors hereby confirms that no such party has any right of setoff, recoupment or other offset with respect to any of the Obligations.

(b) From and after the First Amendment Effective Date, (i) the term “Agreement” in the Indenture Forbearance Agreement and all references to the Indenture Forbearance Agreement in any Note Document shall mean the Indenture Forbearance Agreement as amended by this Amendment.

SECTION 9. Release of Holders.

(a) Upon the effectiveness hereof and in consideration of the mutual covenants contained herein and other accommodations granted to the Company and the Guarantors hereunder, each of the Company and Guarantors party hereto, on behalf of itself and each of its Subsidiaries, and its or their successors, assigns and agents (collectively, the “Releasing Parties”), hereby expressly forever waives, releases and discharges any and all claims (including, without limitation, cross-claims, counterclaims, and rights of setoff and recoupment), causes of action (whether direct or derivative in nature), demands, suits, costs, expenses and damages (collectively, the “Claims”) any of them may have or allege to have as of the First Amendment Effective Date (and all defenses that may arise out of any of the foregoing) of any nature, description, or kind whatsoever, based in whole or in part on facts, whether actual, contingent or otherwise, now known, unknown, or subsequently discovered, whether arising in law, at equity or otherwise, against the Amending Holders in any capacity, their respective affiliates, agents, principals, managers, managing members, members, stockholders, “controlling persons” (within the meaning of the United States federal securities laws), directors, officers, employees, attorneys, consultants, advisors, agents, trusts, trustors, beneficiaries, heirs, executors and administrators of each of the foregoing (collectively, the “Released Parties”), in each case, involving or otherwise relating to this Amendment, or any of the other agreements entered into in connection herewith, the Indenture Forbearance Agreement, the Indenture or any or all of the actions and transactions contemplated hereby or thereby, including, without limitation, any actual or alleged performance or nonperformance by any of the Released Parties hereunder or thereunder. Each of the Releasing Parties hereby acknowledges that the agreements in this Section 9(a) are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Claims. In entering into this Amendment, each of the Releasing Parties expressly disclaims any reliance on any representations, acts, or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth above does not depend in any way on any such representation, acts and/or omissions or the accuracy, completeness, or validity thereof. The provisions of this Section 9 shall survive the termination or expiration of the Forbearance Period and the termination of the Indenture and the payment in full of all obligations of any Releasing Party under or in respect of the Indenture and all other amounts owing thereunder.

(b) Each of the Releasing Parties represents and warrants that it has not assigned to any Person any Claim, other than to Deutsche Bank AG, New York Branch, as collateral agent (the “Collateral Agent”), pursuant to that certain Pledge and Security Agreement, dated as of December 19, 2003, by and among the Grantors party thereto and the Collateral Agent. In the event that the foregoing representation and warranty is, or is purported to be, untrue, each of the Releasing Parties agrees to indemnify and hold harmless the Released Parties against, and to pay, any and all actions, demands, obligations, causes of action, decrees, awards, claims, liabilities, losses and costs (including, but not limited to, reasonable expenses of investigation and fees and expenses of counsel) that any of the Released Parties may sustain or incur as a result of the breach or purported breach of the foregoing representation and warranty. The provisions of this paragraph shall survive the termination or expiration of the Forbearance Period and the termination of the Indenture and the payment in full of all obligations under or in respect of the Indenture and all other documents executed in connection therewith and all other amounts owing thereunder.

SECTION 10. Successors and Assigns; No Third Party Beneficiaries. This Amendment shall be binding upon and inure to the benefit of the Company, the Guarantors, the Forbearing Holders, the Trustee and their respective successors and assigns; provided, that neither the Company nor any Guarantor shall be entitled to delegate any of its duties hereunder and shall not assign any of its rights or remedies set forth in this Amendment without the prior written consent of the Forbearing Holders in their sole discretion. No Person other than the parties hereto shall have any rights hereunder or be entitled to rely on this Amendment and all third-party beneficiary rights are hereby expressly disclaimed.

SECTION 11. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without regard to its choice of law provisions.

SECTION 12. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart. Any party hereto may execute and deliver a counterpart of this Amendment by delivering by facsimile, in a .pdf or other electronic transmission a signature page of this Amendment signed by such party, and any such facsimile, .pdf or other electronic signature shall be treated in all respects as having the same effect as an original signature.

SECTION 13. Section Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute part of this Amendment for any other purpose.

SECTION 14. Severability. The invalidity, illegality or unenforceability of any provision in or obligation under this Amendment in any jurisdiction shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Amendment or of such provision or obligation in any other jurisdiction.

<signature pages follow>

IN WITNESS WHEREOF, this Amendment No. 1 to Forbearance Agreement to Indenture has been executed by the parties hereto as of the date first written above.

SIMMONS BEDDING COMPANY

By: /s/ Stephen G. Fendrich
Name: Stephen G. Fendrich
Title: President and Chief Operating Officer

SIMMONS COMPANY

By: /s/ Stephen G. Fendrich
Name: Stephen G. Fendrich
Title: President and Chief Operating Officer

**THE SIMMONS MANUFACTURING CO., LLC
WORLD OF SLEEP OUTLETS, LLC
SIMMONS CONTRACT SALES, LLC
WINDSOR BEDDING CO., LLC
SIMMONS EXPORT CO.**

By: /s/ Stephen G. Fendrich
Name: Stephen G. Fendrich
Title: President and Chief Operating Officer

DREAMWELL, LTD.
SIMMONS CAPITAL MANAGEMENT, LLC

By: /s/ Kristen K. McGuffey
Name: Kristen K. McGuffey
Title: Vice President and Secretary

**OAKTREE CAPITAL MANAGEMENT, L.P.,
on behalf of various funds and accounts,
as , Amending Holder**

By: /s/ Desmond Shirazi
Name: Desmond Shirazi
Title: Managing Director

By: /s/ Frances Nelson
Name: Frances Nelson
Title: Managing Director

**MSD SBI, L.P.,
as , Amending Holder**

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager and General Counsel

**JP MORGAN ASSET MANAGER,
as , Amending Holder**

By: /s/ Robert L. Cook
Name: Robert L. Cook
Title: Managing Director