

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

[x] PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported) May 11, 2004

Commission file number 333-76723

SIMMONS COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-3875743

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

One Concourse Parkway, Suite 800, Atlanta, Georgia

(Address of principal executive offices)

30328-6188

(Zip Code)

Registrant's telephone number, including area code (770) 512-7700

Item 7. Financial Statements and Exhibits

Exhibit 99.1 Press release dated as of May 11, 2004.

Item 12. Results of Operations and Financial Condition.

On May 11, 2004, the Company issued a press release reporting its first quarter 2004 results of operations. The press release is furnished as Exhibit 99.1.

As provided in General Instruction B.6 of Form 8-K, the information and exhibits contained in this Form 8-K shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

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: May 13, 2004

EXHIBIT INDEX

Exhibit
Number
99.1

Exhibit Name
Press release dated as of May 11, 2004.

SIMMONS COMPANY ANNOUNCES FIRST QUARTER RESULTS

SALES INCREASE 20%

ATLANTA, May 11, 2004 – Simmons Company, a leading manufacturer of premium branded bedding products, today announced its operating results for the first quarter of 2004, posting record adjusted Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization (EBITDA) on record first quarter sales.

For the first quarter of 2004 net sales increased 19.7% to \$223.3 million, as compared to \$186.6 million in the same period one year ago. Wholesale bedding net sales increased 20.3% to \$207.1 million in the first quarter. Simmons' wholesale bedding unit shipments and wholesale bedding average unit selling price increased 8.5% and 9.4%, respectively, in the first quarter of 2004 versus the prior year. The Company's retail store net sales in the first quarter of 2004 increased \$2.8 million, or 12.8%, to \$25.1 million from \$22.3 million in the first quarter of 2003.

The Company had net income of \$4.0 million in 2004's first quarter compared to \$7.5 million in the same period one year ago. The decline in net income was due principally to increased interest expense, intangible amortization expense, and non-recurring expenses, all of which are related to the December 19, 2003 acquisition of Simmons by affiliates of Thomas H. Lee Partners ("THL"). Adjusted EBITDA for the first quarter of 2004 increased by \$8.2 million, or 28.3%, to \$37.3 million from \$29.1 million in the first quarter of 2003.

Simmons Chairman and Chief Executive Officer Charlie Eitel said, "We are very pleased with our first quarter results. Our double digit sales growth in the wholesale segment for the quarter exceeded that of the industry as reported by the International Sleep Products Association ("ISPA")." For the first quarter of 2004, ISPA estimated that sales for the bedding industry increased 16.4%, comprised of a 10.6% growth in unit shipments and a 5.2% increase in average unit selling price. Mr. Eitel continued, "We continue to gain market share in a highly-competitive environment, validating our strategy of focusing on high value products designed to provide consumers with a better night's sleep."

In addition to required debt payments, in March of 2004, the Company made voluntary payments on its term loan of \$8.4 million. As a result, in the first quarter of 2004, total debt decreased \$12.3 million to \$757.9 million. The first quarter 2004 debt reduction was primarily due to increased cash flows from operations, which totaled \$11.6 million.

Mr. Eitel concluded, “Our first quarter performance was in part due to the successful roll-out of our new Beautyrest® 2004 product line. Additionally, we were able to increase first quarter gross margins, exclusive of non-recurring charges. We are encouraged by industry sales in recent months as evidenced by ISPA’s estimated growth for the industry in the first quarter of 2004. We believe that with our diverse line-up of quality products, Simmons will benefit from an improving economy in terms of both sales and profitability.”

The Company will webcast its first quarter 2004 financial results via a conference call on Wednesday, May 12, 2004 beginning at 11:00 a.m. Eastern Daylight Time. It will be available at the Company’s website www.simmons.com. The webcast will also be available for replay through May 26, 2004.

Atlanta-based Simmons Company is one of the world’s largest mattress manufacturers, manufacturing and marketing a broad range of products including Beautyrest®, BackCare®, BackCare Kids™, Olympic® Queen, Deep Sleep® and sāng™. The Company operates 17 plants across the United States and Puerto Rico. Simmons is committed to helping consumers attain a higher quality of sleep and supports its mission through a Better Sleep Through Science® philosophy, which includes developing superior mattresses and promoting a sound, smart sleep routine. For more information, consumers and customers can visit the Company’s website at www.simmons.com.

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

This press release includes forward-looking statements that reflect Simmons’ current views about future events and financial performance. Words such as “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” and variations of such words or similar expressions that predict or indicate future events or trends, or that do not relate to historical matters, identify forward-looking statements. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs and projections will result 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 our expectations. The forward-looking statements in this press release speak only as of the date of this release. These factors include, but are not limited to: (i) expected benefits from our Better Sleep Through Science[®] philosophy; (ii) anticipated sales and profitability growth; (iii) success of new products; (iv) increased market share; (v) reduction of manufacturing costs and scheduled plant openings; (vi) generation of free cash flow and reduction of debt; (vii) changes in consumer confidence or demand; and (viii) other risks and factors identified from time to time in the Company's and its Predecessor's reports filed with the Securities and Exchange Commission, including the Form 10-K for 2003 and the Form 10-Q to be filed for the first quarter of 2004. The Company undertakes no obligation to update or revise any forward-looking statements, either to reflect new developments or for any other reason.

- table follows -

Simmons Company and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands)
(Unaudited)

	<u>Quarter Ended</u>	
	Successor March 27, <u>2004</u>	Predecessor March 29, <u>2003</u>
Wholesale Net Sales	\$207,102	\$172,143
Retail Net Sales	25,107	22,261
Eliminations	<u>(8,889)</u>	<u>(7,789)</u>
Net Sales	223,320	186,615
Cost of products sold (a)	<u>119,865</u>	<u>98,233</u>
Gross profit	103,455	88,382
Operating expenses:		
Selling, general and administrative expenses	85,261	70,244
Amortization of intangibles	3,486	72
Transaction expenses (b)	-	772
Licensing income	<u>(2,581)</u>	<u>(2,614)</u>
	<u>86,166</u>	<u>68,474</u>
Operating income	17,289	19,908
Interest expense, net	<u>11,093</u>	<u>7,379</u>
Income before income taxes	<u>\$ 6,196</u>	<u>\$ 12,529</u>
Net income	<u>\$ 3,965</u>	<u>\$ 7,480</u>
Adjusted EBITDA	<u>\$ 37,300</u>	<u>\$ 29,066</u>
Adjusted EBITDA:		
Net income	\$ 3,965	\$ 7,480
Interest expense	11,093	7,379
Amortization of intangibles	3,486	72
Depreciation and other amortization expense	4,135	5,668
Income tax expense	<u>2,231</u>	<u>5,049</u>
EBITDA	24,910	25,648
Non-cash stock compensation expense	3,308	830
Transaction related expenditures, including cost of product sold	6,453	772
Plant opening, closing costs	2,229	-
Management fees and other	<u>400</u>	<u>1,816</u>
Adjusted EBITDA (c)	<u>\$ 37,300</u>	<u>\$ 29,066</u>

See Notes to Condensed Financial Data

Simmons Company and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	<u>March 27,</u> <u>2004</u>	<u>December 27,</u> <u>2003*</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 859	\$ 3,670
Accounts receivable, net	83,506	65,868
Inventories	29,445	31,355
Other current assets	18,709	23,589
Assets held for sale	<u>5,823</u>	<u>8,564</u>
Total current assets	<u>138,342</u>	<u>133,046</u>
Property, plant and equipment, net	53,097	53,228
Goodwill, net	789,818	792,230
Intangible assets, net	155,712	159,198
Other assets	<u>46,697</u>	<u>45,417</u>
	<u>\$1,183,666</u>	<u>\$1,183,119</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 5,916	\$ 9,512
Accounts payable and accrued liabilities	99,695	93,904
Liabilities held for sale	<u>2,641</u>	<u>2,064</u>
Total current liabilities	<u>108,252</u>	<u>105,480</u>
Long-term debt	752,021	760,741
Other non-current liabilities	<u>39,153</u>	<u>36,621</u>
Total liabilities	<u>899,426</u>	<u>902,842</u>
Commitments and contingencies		
Stockholder's equity	<u>284,240</u>	<u>280,277</u>
	<u>\$1,183,666</u>	<u>\$ 1,183,119</u>

See Notes to Condensed Financial Data

*Derived from the Company's 2003 Audited Consolidated Financial Statements.

Simmons Company and Subsidiaries
(Notes to Condensed Financial Data)

- a) The Company's capital structure changed significantly as a result of the December 19, 2003 acquisition by THL and the concurrent refinancing of debt. Due to required purchase accounting adjustments relating to the transaction, the consolidated financial and other data for the period subsequent to the acquisition (the "Successor" period) is not comparable to such data for the periods prior to the acquisition (the "Predecessor" periods). The first quarter 2004 results ("Successor" period) include a \$6.5 million charge, or 2.9% of net sales, for the step-up of inventory to fair market value, which had the effect of lowering gross profit by such an amount for the period. Additionally, as a result of the new capital structure and related accounting adjustments, amortization of intangibles increased \$3.4 million and interest expense increased \$3.7 million in the first quarter of 2004 compared to the first quarter of 2003.
- b) Reflects non-recurring transaction expenses related to the Simmons acquisition of SC Holdings, Inc. on February 28, 2003.
- c) Adjusted EBITDA (as defined in the Senior Credit Facility) differs from the term "EBITDA" as it is commonly used. In addition to adjusting net income to exclude interest expense, income taxes and depreciation and amortization, adjusted EBITDA also adjusts net income by excluding items or expenses not typically excluded in the calculation of "EBITDA" such as management fees, ESOP expenses, variable stock compensation expense, transaction expenses, etc. Adjusted EBITDA is presented herein because it is a material component of the covenants contained within our credit agreements. EBITDA does not represent net income or cash flow from operations as those terms are defined by accounting principles generally accepted in the United States of America and does not necessarily indicate whether cash flows will be sufficient to fund cash needs.