

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) November 9, 2004

Commission file number 333-113861

SIMMONS BEDDING 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

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:

- 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 2.02 Results of Operations and Financial Condition.

On November 9, 2004, the Company issued a press release reporting its results of operations for the third quarter and first nine months of 2004. The press release is furnished as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 Press release dated as of November 9, 2004.

SIGNATURES

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

SIMMONS BEDDING COMPANY

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

Date: November 10, 2004

EXHIBIT INDEX

Exhibit
Number
99.1

Exhibit Name
Press release dated as of November 9, 2004.

SIMMONS BEDDING COMPANY NET SALES RISE 9% IN THIRD QUARTER

ATLANTA, November 9, 2004 – Simmons Bedding Company, a leading manufacturer of premium branded bedding products, released third quarter results today.

Simmons' Chairman and Chief Executive Officer, Charlie Eitel, said, "We are pleased with our third quarter results and accomplishments. During the quarter we achieved sales growth in our wholesale bedding segment; 23.1% same store sales growth for our Pacific Northwest retail operations; opened a new manufacturing facility in Waycross, Georgia; increased the production levels at our new manufacturing facility in Hazleton, Pennsylvania; acquired the crib mattress and related softgoods operations of Simmons Juvenile Products; and reduced our working capital as a percentage of net sales."

Results for the Three Months Ended September 25, 2004

For the third quarter of 2004, net sales increased 9.3% to \$238.2 million, as compared to \$217.9 million in the same period one year ago. Wholesale bedding net sales increased 11.3% to \$222.1 million in the third quarter. In comparison to the prior year, Simmons' wholesale bedding unit shipments and average unit selling price in the third quarter increased 6.2% and 0.5%, respectively. The Company's non-juvenile wholesale bedding unit volume and wholesale bedding average unit selling price in the third quarter increased 4.5% and 1.7%, respectively. As a result of the sale of the Company's Mattress Gallery retail operations on May 1, 2004, the Company's retail segment net sales in the third quarter of 2004 decreased \$8.3 million, or 30.3%, to \$19.0 million from \$27.3 million in the third quarter of 2003.

Operating income increased 4.6% to \$25.5 million. Simmons had net income of \$9.4 million in the third quarter of 2004 compared to \$15.6 million in the same period one year ago. The decrease in net income was due principally to increased interest expense as a result of the Company's new capital structure following the December 19, 2003 acquisition of Simmons by Thomas H. Lee Equity Fund V,

L.P. and related affiliates. Adjusted EBITDA for the third quarter of 2004 decreased by \$2.5 million, or 6.7%, to \$34.6 million from \$37.1 million in the third quarter of 2003.

Results for the Nine Months Ended September 25, 2004

For the first nine months of 2004, net sales increased 9.9% to \$663.3 million, as compared to \$603.8 million in the same period one year ago. Wholesale bedding net sales increased 11.0% to \$617.0 million for the first nine months of 2004. Simmons' wholesale bedding unit shipments and wholesale bedding average unit selling price increased 4.4% and 4.7%, respectively, in the first nine months of 2004 versus the prior year. The Company's non-juvenile wholesale bedding unit shipments and wholesale bedding average unit selling price in the first nine months, increased 3.8% and 5.1% respectively. The Company's retail store net sales in the first nine months of 2004 decreased \$9.6 million, or 13.2%, to \$63.3 million from \$72.9 million in the first nine months of 2003. On a comparable store basis, our retail store sales increased 19.1% for the first nine months of 2004 compared to the prior year period.

The Company had net income of \$19.4 million in the first nine months of 2004 compared to \$26.5 million in the same period one year ago. The decrease in net income was due principally to increased interest expense, intangible amortization expense, and non-recurring expenses, the majority of which are related to the December 2003 acquisition of the Company. Additionally, net income decreased due to an increase in income tax expense resulting from an increase in the Company's effective tax rate. Adjusted EBITDA for the first nine months of 2004 increased by \$4.5 million, or 4.6 %, to \$100.9 million from \$96.4 million in the first nine months of 2003.

Mr. Eitel added, "While we were able to increase our operating earnings and cash flow during the third quarter, compared to a year ago, our results continued to be negatively impacted by increases in the cost of raw materials, primarily steel, wood and foam; increased distribution costs; and start-up costs for our two new manufacturing operations."

Balance Sheet Items

Net debt (total debt of \$752.4 million less cash of \$17.0 million) totaled \$735.4 million as of September 25, 2004, an increase of \$7.2 million during the third quarter, due principally to the acquisition of certain assets of Simmons Juvenile and the addition of our new manufacturing facility in Waycross, Georgia. For the first nine months of 2004, net debt decreased by \$31.2 million as a result of increased cash flow from operations.

Conclusion

Mr. Eitel concluded, “We are pleased with our financial performance for the first nine months of 2004 and optimistic about our prospects for the future. We believe our new 2005 product lines, which were introduced in October at the International Home Furnishings Market, were very well received by our dealers. Continuing our focus on the premium retail sector, the Beautyrest[®], BackCare[®] and BackCare Kids[®] products will include the new HealthSmart[™] removable mattress top that will help consumers wash away stains, germs, bacteria, dust mites, odors and perspiration, just like when you clean your sheets. The introduction of our new 2005 product lines along with a price increase implemented on existing products in late October will help mitigate the impact of raw material price increases which we have seen in 2004. We are also excited about the prospects for our new juvenile mattress business which is off to a good start since its introduction. We believe the impact of our new product lines, our recent acquisition, and our new manufacturing facilities bodes well for 2005.”

The Company will webcast its financial results for the third quarter and the first nine months of 2004 via a conference call on Thursday, November 11, 2004 beginning at 10:00 a.m. Eastern Standard Time. The results will be available at the Company’s website at www.simmons.com. The webcast will also be available for replay through November 25, 2004.

Atlanta-based Simmons Bedding 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 HealthSmart[™]. The Company operates 18 non-juvenile bedding and three juvenile bedding manufacturing facilities 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. These forward-looking statements are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that 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) the level of competition in the bedding industry; (ii) legal and regulatory requirements; (iii) the success of new products; (iv) our relationships with our major suppliers; (v) fluctuations in costs of raw materials; (vi) our relationship with significant customers and licensees; (vii) our labor relations; (viii) departure of key personnel; (ix) encroachments on our intellectual property; (x) product liability claims; (xi) the timing, cost and success of opening new manufacturing facilities; (xii) our level of indebtedness; (xiii) interest rate risks; (xiv) future acquisitions; (xv) an increase in return rates; and (xvi) other risks and factors identified from time to time in our and our predecessor's reports filed with the Securities and Exchange Commission, including the Form 10-K for 2003, the Form 10-Q filed for the first and second quarters of 2004, and the Form 10-Q to be filed for the third quarter of 2004. We undertake no obligation to update or revise any forward-looking statements, either to reflect new developments or for any other reason.

- table follows -

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

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>Successor September 25, 2004</u>	<u>Predecessor September 27, 2003</u>	<u>Successor September 25, 2004</u>	<u>Predecessor September 27, 2003</u>
Wholesale net sales	\$ 222,131	\$ 199,573	\$ 616,968	\$ 555,718
Retail net sales	18,979	27,252	63,284	72,902
Eliminations	<u>(2,889)</u>	<u>(8,901)</u>	<u>(16,916)</u>	<u>(24,782)</u>
Net sales	238,221	217,924	663,336	603,838
Cost of products sold (a)	<u>127,050</u>	<u>113,433</u>	<u>357,160</u>	<u>316,404</u>
Gross profit	<u>111,171</u>	<u>104,491</u>	<u>306,176</u>	<u>287,434</u>
Operating expenses:				
Selling, general and administrative expenses	86,844	82,359	246,124	237,235
Plant closure charges	-	-	764	-
Amortization of intangibles	1,220	71	3,509	241
Transaction expenses (b)	57	65	305	887
Licensing fees	<u>(2,435)</u>	<u>(2,365)</u>	<u>(7,497)</u>	<u>(7,789)</u>
	<u>85,686</u>	<u>80,130</u>	<u>243,205</u>	<u>230,574</u>
Operating income	25,485	24,361	62,971	56,860
Interest expense, net	<u>10,737</u>	<u>7,299</u>	<u>32,718</u>	<u>21,470</u>
Income before income taxes	14,748	17,062	30,253	35,390
Income tax expense	<u>5,309</u>	<u>1,489</u>	<u>10,891</u>	<u>8,852</u>
Net income	<u>\$ 9,439</u>	<u>\$ 15,573</u>	<u>\$ 19,362</u>	<u>\$ 26,538</u>
Adjusted EBITDA (c)	<u>\$ 34,648</u>	<u>\$ 37,118</u>	<u>\$ 100,852</u>	<u>\$ 96,396</u>

See Notes to Condensed Financial Data

Simmons Bedding Company and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)

	September 25, 2004	December 27, 2003*
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,030	\$ 3,670
Accounts receivable, net	87,222	65,868
Inventories	30,739	31,355
Other current assets	19,253	23,589
Assets held for sale	-	8,564
Total current assets	154,244	133,046
Property, plant and equipment, net	61,287	53,228
Goodwill, net	493,818	792,230
Intangible assets, net	543,606	159,198
Other assets	43,097	45,417
	\$ 1,296,052	\$ 1,183,119
Liabilities and Stockholder's Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 1,506	\$ 9,512
Accounts payable and accrued liabilities	117,475	93,904
Liabilities held for sale	-	2,064
Total current liabilities	118,981	105,480
Long-term debt	750,926	760,741
Deferred income taxes	157,308	23,719
Other non-current liabilities	13,563	12,902
Total liabilities	1,040,778	902,842
Commitments and contingencies		
Stockholder's equity	255,274	280,277
	\$ 1,296,052	\$ 1,183,119

See Notes to Condensed Financial Data

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

Simmons Bedding 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 Thomas H. Lee Equity Fund V, L.P. and its affiliates ("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 results for the first nine months of 2004 include a \$6.5 million charge, or 1.0% 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. As a result of the new capital structure and related accounting adjustments, amortization of intangibles increased \$1.1 million and \$3.3 million for the third quarter and first nine months of 2004, respectively, compared to the third quarter and first nine months of 2003. Additionally, net interest expense increased \$3.4 million and \$11.2 million in the third quarter and first nine months of 2004, respectively, compared to the third quarter and first nine months of 2003.
- b) Reflects non-recurring transaction expenses related to the December 19, 2003 acquisition by THL, the acquisition of certain assets of Simmons Juvenile on August 27, 2004, and the 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. Below is a reconciliation of Adjusted EBITDA to Net income:

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>Successor September 25, 2004</u>	<u>Predecessor September 27, 2003</u>	<u>Successor September 25, 2004</u>	<u>Predecessor September 27, 2003</u>
Adjusted EBITDA:				
Net income	\$ 9,439	\$ 15,573	\$ 19,362	\$ 26,538
Interest expense	10,779	7,335	32,835	21,609
Amortization of intangibles	1,220	71	3,509	241
Depreciation and other amortization expense	4,716	5,364	13,144	16,573
Income tax expense	5,309	1,488	10,891	8,852
EBITDA	31,463	29,831	79,741	73,813
Non-cash stock compensation expense	-	4,697	3,308	15,118
Transaction related expenditures, including cost of product sold	57	66	7,451	887
Plant opening, closing charges	2,526	593	9,477	593
Management fees	412	668	1,282	2,028
Litigation and insurance	-	290	(650)	1,846
Non-recurring retail operational charge	-	-	-	432
Management severance	190	418	190	640
Other	-	555	53	1,039
Adjusted EBITDA	<u>\$ 34,648</u>	<u>\$ 37,118</u>	<u>\$ 100,852</u>	<u>\$ 96,396</u>