

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>SERTA SIMMONS BEDDING, LLC,</b>	§	<b>Case No. 23-90020 (DRJ)</b>
<b><i>et al.,</i></b>	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	<b>(Related to Docket No. 391)</b>
	§	

**NOTICES, RESTRICTIONS, AND  
OTHER PROCEDURES REGARDING OWNERSHIP  
AND TRANSFERS OF INTERESTS IN THE DEBTORS AND  
CERTAIN WORTHLESS STOCK DEDUCTION CLAIMS TO ALL PERSONS  
OR ENTITIES THAT BENEFICIALLY OWN EQUITY INTERESTS IN THE DEBTORS**

Pursuant to that certain *Final Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in the Debtors, and (B) Claiming of Certain Worthless Stock Deductions*, Pursuant to Sections 362 and 105(a) of Bankruptcy Code (the “**Final Order**”)<sup>2</sup> entered by the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) on March 1, 2023, Docket No. 391, the following restrictions, notification requirements, and/or other procedures apply to trading of interests in the Debtors (collectively, the “**Procedures**”) apply to all trading and transfers in the beneficial ownership of Dawn Stock (including directly and indirectly, and including Options to acquire beneficial

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Dawn Intermediate, LLC (6123); Serta Simmons Bedding, LLC (1874); Serta International Holdco, LLC (6101); National Bedding Company L.L.C. (0695); SSB Manufacturing Company (5743); The Simmons Manufacturing Co., LLC (0960); Dreamwell, Ltd. (2419); SSB Hospitality, LLC (2016); SSB Logistics, LLC (6691); Simmons Bedding Company, LLC (2552); Tuft & Needle, LLC (6215); Tomorrow Sleep LLC (0678); SSB Retail, LLC (9245); and World of Sleep Outlets, LLC (0957). The Debtors’ corporate headquarters and service address for these chapter 11 cases is 2451 Industry Avenue, Doraville, Georgia 30360.

<sup>2</sup> Capitalized terms used but not defined herein (in particular, see definitions in paragraphs A(i) and B(i) below) shall have the meanings ascribed to them in the Final Order.

ownership of Dawn Stock), and all claims of Worthless Stock Deductions by a Majority Holder with respect to its beneficial ownership of Dawn Stock:

**A. Restrictions on Dawn Stock Ownership, Acquisition, and Disposition**

(i) Definitions Relating to Trading in Stock. For purposes of these Procedures, the following terms have the following meanings:

(1) Beneficial Ownership. “**Beneficial ownership**” (and any variation thereof including “beneficially owns”) of Dawn Stock and Options to acquire Dawn Stock shall be determined in accordance with applicable rules under section 382 of the title 26 of the United States Code (the “**Tax Code**”), the regulations promulgated by the U.S. Department of the Treasury under the Tax Code (the “**Treasury Regulations**”) and rulings issued by the Internal Revenue Service (the “**IRS**”) and as provided herein, and, thus, shall include, without limitation, (i) direct and indirect ownership of Dawn Stock without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity (e.g., a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries), (ii) ownership by a holder’s family members, and (iii) any group of persons that has acted or is acting pursuant to a formal or informal understanding to make a coordinated acquisition of stock. Further, to the extent set forth in Treasury Regulations section 1.382-4, the ownership of an Option to acquire Dawn Stock shall be treated as the beneficial ownership of Dawn Stock.

(2) Dawn Stock. “**Dawn Stock**” shall mean any membership interests issued by Dawn. For the avoidance of doubt, by operation of the definition of beneficial ownership, an owner of an Option to acquire Dawn Stock may be treated as the owner of such Dawn Stock.

(3) Entity. “**Entity**” shall mean any “entity” as such term is defined in Treasury Regulations section 1.382-3(a), including a group of persons who have (or had) a formal or informal understanding among themselves to make a coordinated acquisition of stock.

(4) Majority Holder. “**Majority Holder**” shall mean any person that either (i) beneficially owned at any time since January 1, 2020 at least 47.5% of the outstanding Dawn Stock, or (ii) would be a “50-percent shareholder” (within the meaning of section 382(g)(4)(D) of the Tax Code) of Dawn Stock if such person claimed a Worthless Stock Deduction on its federal income tax return at any time on or after the Petition Date.

(5) Option. “**Option**” shall mean any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent, subject to vesting or otherwise not currently exercisable.

(6) Substantial Stockholder. “**Substantial Stockholder**” shall mean any person or Entity that beneficially owns at least 4.75% of the outstanding Dawn Stock as

of the Petition Date.<sup>3</sup> For the avoidance of doubt, by operation of the definition of Beneficial Ownership, an owner of an Option to acquire Dawn Stock may be treated as the owner of such Dawn Stock, and an owner of Dawn Holdings stock may be treated as the owner of Dawn Stock.

(7) Worthless Stock Deduction. **“Worthless Stock Deduction”** shall mean any claim (for U.S. federal income tax reporting purposes) of a worthless stock deduction under section 165 of the Tax Code with respect to the beneficial ownership of Dawn Stock.

(ii) Notice of Substantial Ownership. Any person or Entity that beneficially owns, at any time on or after the Petition Date, Dawn Stock in an amount sufficient to qualify such person or Entity as a Substantial Stockholder shall file with this Court, and serve upon (the following, collectively, the **“Disclosure Parties”**) (i) the Debtors, 2451 Industry Avenue, Doraville, Georgia 30360 (Attn: Kristen McGuffey), (ii) proposed attorneys for the Debtors, Weil, Gotshal & Manges LLP (x) 767 Fifth Avenue, New York, New York 10153 (Attn: Ray C. Schrock and Alexander W. Welch) and (y) 700 Louisiana Street, Suite 1700, Houston, Texas 77002 (Attn: Gabriel A. Morgan and Stephanie N. Morrison), (iii) attorneys for the Consenting Creditors, Gibson, Dunn and Crutcher LLP, 200 Park Ave, New York, New York 10166 (Attn: Scott J. Greenberg, Michael J. Cohen and Jason Z. Goldstein), and (iv) the attorneys for any statutory committee of unsecured creditors appointed in these cases (the **“Creditors’ Committee”**) (if applicable), a Notice of Substantial Ownership (a **“Substantial Stock Ownership Notice”**), in substantially the form annexed to the Final Order as Exhibit 2, which describes specifically and in detail the person’s or Entity’s beneficial ownership of Dawn Stock, on or before the date that is the later of: (a) twenty (20) calendar days after the entry of the Final Order, and (b) ten (10) business days after that person or Entity qualifies as a Substantial Stockholder. At the election of the Substantial Stockholder, the Substantial Stock Ownership Notice to be filed with this Court (but not the Substantial Stock Ownership Notice that is served upon the Debtors) may be redacted to exclude the Substantial Stockholder’s taxpayer identification number and the amount of Dawn Stock that the Substantial Stockholder beneficially owns.

(iii) Acquisition of Dawn Stock. At least twenty (20) business days prior to the proposed date of any transfer in the beneficial ownership of Dawn Stock (including directly or indirectly, and including the grant or acquisition of Options, as defined herein, to acquire beneficial ownership of such stock), or exercise of any Option to acquire beneficial ownership of Dawn Stock, that would result in an increase in the amount of Dawn Stock beneficially owned by any person or Entity that currently is or that would result in a person or Entity becoming a Substantial Stockholder (a **“Proposed Acquisition Transaction”**), such acquiring or increasing person, Entity or Substantial Stockholder (a **“Proposed Transferee”**) shall file with this Court, and serve upon the Disclosure Parties, a Notice of Intent to Purchase, Acquire, or Otherwise Accumulate Dawn Stock (an **“Acquisition Notice”**), in the form annexed to the Final Order as Exhibit 3, which describes specifically and in detail the Proposed Acquisition Transaction. At the election of the Proposed Transferee, the Acquisition Notice to be filed with this Court (but not the Acquisition Notice that is served upon the Debtors) may be redacted to

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<sup>3</sup> As of the Petition Date, there were 334,939 shares of Dawn Holdings common stock outstanding and no shares of preferred stock outstanding.

exclude the Proposed Transferee's taxpayer identification number and the amount of Dawn Stock that the Proposed Transferee beneficially owns.

(iv) Disposition of Dawn Stock. At least twenty (20) business days prior to the proposed date of any transfer or other disposition in the beneficial ownership of Dawn Stock (including, directly and indirectly, and Options to acquire beneficial ownership of Dawn Stock) that would result in either a decrease in the amount of Dawn Stock beneficially owned by a Substantial Stockholder (a "**Proposed Disposition Transaction**," and together with a Proposed Acquisition Transaction, a "**Proposed Transaction**"), such selling or decreasing person, Entity, or Substantial Stockholder (a "**Proposed Transferor**") shall file with this Court, and serve upon the Disclosure Parties, a Notice of Intent to Sell, Trade, or Otherwise Transfer Dawn Stock (a "**Disposition Notice**," and together with an Acquisition Notice, a "**Trading Notice**"), in the form annexed to the Final Order as **Exhibit 4**, which describes specifically and in detail the proposed transaction in which Dawn Stock would be transferred. At the election of the Proposed Transferor, the Disposition Notice to be filed with this Court (but not the Disposition Notice that is served upon the Debtors) may be redacted to exclude the Proposed Transferor's taxpayer identification number and the amount of Dawn Stock that the Proposed Transferor beneficially owns.

(v) Notice of Intent to Claim a Worthless Stock Deduction. At least twenty (20) business days before a Majority Holder files any federal income tax return, or any amendment to such a return, claiming a Worthless Stock Deduction for a tax year of the Majority Holder ending before the effective date of a chapter 11 plan of reorganization for the Debtors, such Majority Holder shall file with this Court and serve upon the Disclosure Parties advanced written notice of the intended tax deduction (a "**Worthless Stock Deduction Notice**"), in substantially the form annexed to the Final Order as **Exhibit 5**. At the election of the Majority Holder, the Worthless Stock Deduction Notice to be filed with this Court (but not the Worthless Stock Deduction Notice that is served upon the Debtors) may be redacted to exclude the Majority Holder's taxpayer identification number and the amount of Dawn Stock that the Majority Holder beneficially owns.

(vi) Objection Procedures. The Debtors and the Consenting Creditors shall have fifteen (15) business days after the filing of a Trading Notice or Worthless Stock Deduction Notice (the "**Objection Period**") to file with this Court and serve on a Proposed Transferee, a Proposed Transferor, or Majority Holder, as the case may be, an objection (an "**Objection**") to any Proposed Transaction described in such Trading Notice or any Worthless Stock Deduction described in such Worthless Stock Deduction Notice. If the Debtors or the Consenting Creditors file an Objection at or prior to the expiration of the Objection Period (the "**Objection Deadline**"), then the Proposed Transaction or Worthless Stock Deduction (as applicable) shall not be effective unless approved by a final and non-appealable order of this Court. If the Debtors or the Consenting Creditors do not file an Objection by the Objection Deadline or if the Debtors or the Consenting Creditors provide written authorization to the Proposed Transferee or the Proposed Transferor, as the case may be, or the Majority Holder, as applicable, approving the Proposed Transaction or the Worthless Stock Deduction prior to the Objection Deadline, then such Proposed Transaction or the Worthless Stock Deduction may proceed solely as specifically described in the applicable Trading Notice or Worthless Stock Deduction Notice. Any further

Proposed Transaction or Worthless Stock Deduction must be the subject of an additional Trading Notice or Worthless Stock Deduction Notice and Objection Period.

**B. Noncompliance with the Procedures**

Any transfer of the beneficial ownership of Dawn Stock, or any claiming of a Worthless Stock Deduction by a Majority Holder, in violation of these Procedures shall be null and void ab initio as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to this Court's equitable powers under section 105(a) of the Bankruptcy Code. Furthermore, any person (including any Entity) that acquires or disposes of beneficial ownership of Dawn Stock or any Majority Holder that claims a Worthless Stock Deduction shall be subject to sanctions as provided by law.

**C. Debtors' Right to Waive**

**The Debtors may, in their sole discretion waive, in writing, any and all of the foregoing restrictions, stays, and notification procedures contained in this Notice.**