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TRANSACTIONS

Shartsis Friese advises Sleep Train in \$425 million sale

Firm assists Rocklin-based company in its purchase by Mattress Firm Holding Corp.

By Jason Pafundi
Daily Journal Staff Writer

Shartsis Friese LLP represented Rocklin-based Sleep Train Inc. in its sale to Mattress Firm Holding Corp. for \$425 million in a deal announced Sept. 4.

As part of the transaction, Mattress Firm also assumed Sleep Train's liabilities totaling \$15 million.

San Francisco partner Derek H. Wilson of Shartsis Friese represented Sleep Train. His team included tax partner Geoffrey W. Haynes, corporate partner P. Rupert Russell, counsel Jeffrey L. Braker and associates Michael B. Dell and Kathryn M. Miller. Sleep Train also was advised by



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its general counsel, Paul Grimm, and Vice President of Legal Affairs Bruce Kerr.

Shartsis Friese has had an eight-year relationship with Sleep Train that began when the firm advised the mattress retailer on its purchase of 55-store Sleep Country USA in August 2006.

Wilson said an important part of the deal was that Sleep Train retained its presence on the West Coast and specifically in Northern California, where it has operated since Dale Carlsen founded the company in June 1985.

The deal adds approximately 310 Sleep Train specialty stores operating in California, Oregon, Washington, Idaho Nevada and Hawaii. Mattress Firm, headquartered in Houston, operates more than 1,500 stores throughout 36 states, but not California.

The combined company will continue to operate both brands and will maintain a West Coast corporate headquarters outside Sacramento, likely in Rocklin.

Carlsen, Sleep Train's CEO and majority shareholder, will become president and chief strategy officer of Mattress Firm and will serve as vice chairman of the board of directors. Sleep Train's chief operating officer,

Rob Killgore, will become the co-chief operating officer of Mattress Firm alongside its COO, Ken Murphy. Carlsen will continue to work out of the company's Rocklin headquarters, while Killgore will relocate to Houston.

Wilson said the deal brings together strong executive leadership from both companies and that the transaction made strategic sense for Mattress Firm to enter the West Coast market.

Norton Rose Fulbright LLP represented Mattress Firm. Its team was led by partner-in-charge Gene G. Lewis, who splits his time between Houston and Denver. Houston-based tax partner Stephen A. Kuntz and associate Melissa McEllin assisted Lewis.

The acquisition, which was approved by the trustee of Sleep Train's employee stock ownership plan, is expected to close by the end of the fourth fiscal quarter of 2014.