

New Sally Holdings, Inc.
 Form 4
 November 20, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 CDRS Acquisition LLC

2. Issuer Name and Ticker or Trading Symbol
 New Sally Holdings, Inc. [SBH]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 1403 FOULK ROAD, SUITE 106
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 11/17/2006

___ Director ___X___ 10% Owner
 ___ Officer (give title below) ___ Other (specify below)

WILMINGTON, DE 19803

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___ Form filed by One Reporting Person
 ___X___ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 11/17/2006 | | C ⁽¹⁾ | V Amount (A) or (D) Price | 85,795,405 A ⁽²⁾ 85,795,405 | D ⁽³⁾ | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Class A Common Stock | (2) | 11/17/2006 | | C(1) | 85,795,405 | (2) (2) | Common Stock 85,795,405 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| CDRS Acquisition LLC 1403 FOULK ROAD, SUITE 106 WILMINGTON, DE 19803 | | X | | |
| Clayton Dubilier & Rice Fund VII L P 1403 FOULK ROAD, SUITE 106 WILMINGTON, DE 19803 | | X | | |
| CD&R Associates VII, Ltd. 1403 FOULK ROAD, SUITE 106 WILMINGTON, DE 19803 | | X | | |
| CD&R Associates VII, L.P. 1403 FOULK ROAD, SUITE 106 WILMINGTON, DE 19803 | | X | | |
| CD&R Investment Associates VII, Ltd. P.O. BOX 309GT, UGLAND HOUSE GEORGE TOWN, GRAND CAYMAN, E9 BWI | | X | | |

Signatures

| | |
|--|------------|
| CDRS Acquisition LLC By: Theresa A. Gore, EVP and Treasurer | 11/20/2006 |
| **Signature of Reporting Person | Date |
| Clayton, Dubilier & Rice Fund VII, L.P. By: CD&R Associates VII, Ltd., its general partner By: Theresa A. Gore, VP, Treas. and Asst. Sec. | 11/20/2006 |
| **Signature of Reporting Person | Date |
| CD&R Associates VII, Ltd. By: Theresa A. Gore, VP, Treas. and Asst. Sec. | 11/20/2006 |
| **Signature of Reporting Person | Date |
| CD&R Associates VII, L.P. By: CD&R Investments Associates VII, Ltd., its general partner By: Theresa A. Gore, VP, Treas. and Asst. Sec. | 11/20/2006 |
| **Signature of Reporting Person | Date |
| CD&R Investment Associates VII, Ltd. By: Theresa A. Gore, VP, Treas. and Asst. Sec. | 11/20/2006 |

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exempt under Rule 16b-6 of the Securities Exchange Act of 1934.
- (2) Pursuant to the Amended and Restated Certificate of Incorporation, dated November 16, 2006, outstanding shares of Class A Common Stock automatically converted, as of November 17, 2006, into shares of the Issuer's Common Stock on a one-for-one basis.

The Reporting Person is a wholly-owned subsidiary of Clayton, Dubilier & Rice Fund VII, L.P. Clayton, Dubilier & Rice Fund is a partnership of which CD&R Associates VII, Ltd. is the general partner, which is a wholly-owned subsidiary of CD&R Associates VII, L.P., of which CD&R Investment Associates VII, Ltd. is the general partner. Each of the reporting owners disclaims beneficial ownership of these securities.
- (3)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.