

New Sally Holdings, Inc.  
 Form 3  
 November 20, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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)

<p>1. Name and Address of Reporting Person *</p> <p>Â CDRS Acquisition LLC</p> <p>(Last) (First) (Middle)</p> <p>1403 FOULK ROAD, SUITE 106</p> <p>(Street)</p> <p>WILMINGTON,Â DEÂ 19803</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>11/16/2006</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>New Sally Holdings, Inc. [SBH]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p>___ Director    <input checked="" type="checkbox"/> 10% Owner              ___ Officer    ___ Other              (give title below) (specify below)</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>	<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p>___ Form filed by One Reporting Person              ___X_ Form filed by More than One Reporting Person</p>
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**Table I - Non-Derivative Securities Beneficially Owned**

<p>1. Title of Security (Instr. 4)</p>	<p>2. Amount of Securities Beneficially Owned (Instr. 4)</p>	<p>3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)</p>	<p>4. Nature of Indirect Beneficial Ownership (Instr. 5)</p>
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**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.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

<p>1. Title of Derivative Security (Instr. 4)</p>	<p>2. Date Exercisable and Expiration Date (Month/Day/Year)</p> <p>Date Exercisable    Expiration Date</p>	<p>3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)</p> <p>Title    Amount or Number of Shares</p>	<p>4. Conversion or Exercise Price of Derivative Security</p>	<p>5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)</p>	<p>6. Nature of Indirect Beneficial Ownership (Instr. 5)</p>
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(Instr. 5)

Class A Common Stock	Â (1)	Â (1)	Common Stock	85,795,405	\$ (1)	D (2)	Â
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CDRS Acquisition LLC 1403 FOULK ROAD, SUITE 106 WILMINGTON,Â DEÂ 19803	Â	Â X	Â	Â
Clayton Dubilier & Rice Fund VII L P 1403 FOULK ROAD, SUITE 106 WILMINGTON,Â DEÂ 19803	Â	Â X	Â	Â
CD&R Associates VII, Ltd. 1403 FOULK ROAD, SUITE 106 WILMINGTON,Â DEÂ 19803	Â	Â X	Â	Â
CD&R Associates VII, L.P. 1403 FOULK ROAD, SUITE 106 WILMINGTON,Â DEÂ 19803	Â	Â X	Â	Â
CD&R Investment Associates VII, Ltd. P.O. BOX 309GT, UGLAND HOUSE GEORGE TOWN, GRAND CAYMAN,Â E9Â BWI	Â	Â X	Â	Â

## 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: 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 5(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) Pursuant to the Issuer's Amended and Restated Certificate of Incorporation, dated November 16, 2006, outstanding shares of Class A Common Stock automatically convert, as of November 17, 2006, into shares of the Issuer's Common Stock on a one-for-one basis.

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- (2) 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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