

Investor Presentation

April 2004

Forward-Looking Statements

This presentation may contain “forward-looking statements” which include information concerning the Company’s plans, objectives, goals, strategies, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct.

There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this presentation. Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from those expressed as forward-looking statements. Certain of these risk factors are discussed in the Company’s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

Non-GAAP Financial Information

This presentation includes certain “non-GAAP financial measures”, including pro forma net income and Adjusted EBITDA. Information relating to these non-GAAP financial measures, including a presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and a reconciliation of the differences between the non-GAAP financial measures and the most directly comparable financial measures calculated and presented in accordance with GAAP, are included at the end of this presentation.

Company Overview

- Leading producer of premium visco-elastic foam mattresses and pillows
 - Proprietary formula and manufacturing process
 - #1 visco-elastic market share
- Global sales under the “Tempur TM” and “Tempur-Pedic TM” trademarks
 - 44% CAGR since 2000
 - Sales in over 50 countries through 4 primary channels
- Tempur products provide greater overall comfort and better quality sleep
 - Temperature sensitive and contours more naturally to the body
 - Endorsed and recommended by over 25,000 healthcare professionals
- Premium segment (>\$1,000) of ~\$9 billion global wholesale mattress market
 - Fastest-growing segment of U.S. market (32% growth rate in 2002)
 - Represented ~20% of U.S. mattress sales in 2002, up from 16% in 2001
- For the 1st quarter ended March 31, 2004, the Company generated \$153.1 million in net sales and \$16.6 million of pro forma net income

Proven Management Team

Name	Position	Background
Robert Trussell, Jr.	President and CEO	<ul style="list-style-type: none">■ President of U.S. operations since 1992■ CEO since 2000
H. Thomas Bryant	EVP and President of North American Operations	<ul style="list-style-type: none">■ President and CEO of Stairmaster Sports and Medical Products■ President of Dunlop Maxfli Golf■ 15 years with Johnson & Johnson
David Montgomery	EVP and President of International Operations	<ul style="list-style-type: none">■ President of Rubbermaid Europe■ 13 years with Black & Decker, most recently as VP of Black & Decker EMEA
Dale Williams	SVP and CFO	<ul style="list-style-type: none">■ CFO of Honeywell Control Products, a division of Honeywell International■ CFO of Saga Systems■ 15 years with General Electric

Business Strategy

Focus on Core Products

- Focus on premium mattress and pillow franchise
- Leverage vertically-integrated, proprietary manufacturing process
- Continue to improve and expand product line while increasing slots per store

Further Penetrate Existing Channels

- Drive same store and new store growth of the U.S. Furniture Store and Specialty Retail channels
- Leverage success of direct response model in international markets
- Continue penetration of the healthcare channel

Continue to Build Global Brand

- Drive awareness of Tempur and Tempur-Pedic brand through targeted marketing and advertising campaigns
- Direct response advertising generates 2.7 billion consumer “impressions” per month in the U.S.

Investment to Support Growth

- Expand manufacturing production capacity – planned investment of \$75-\$100 million over the next three years
- Continued R&D investments to maintain innovation and market leadership
- Augment management and employee base as growth dictates

Diversity Across Products

Focus on Core Products

Mattresses

- 2003 Sales – \$268.2 million (56% of Total)
- Retail Price – (\$1,000 – \$3,000)



Pillows

- 2003 Sales – \$132.8 million (28% of Total)
- Retail Price – (\$70 – \$165)



Adjustable Beds / Other

- 2003 Sales – \$78.1 million (16% of Total)
- Retail Price
 - Adjustable Beds (\$1,300 – \$2,800)
 - Other (\$35 - \$150)

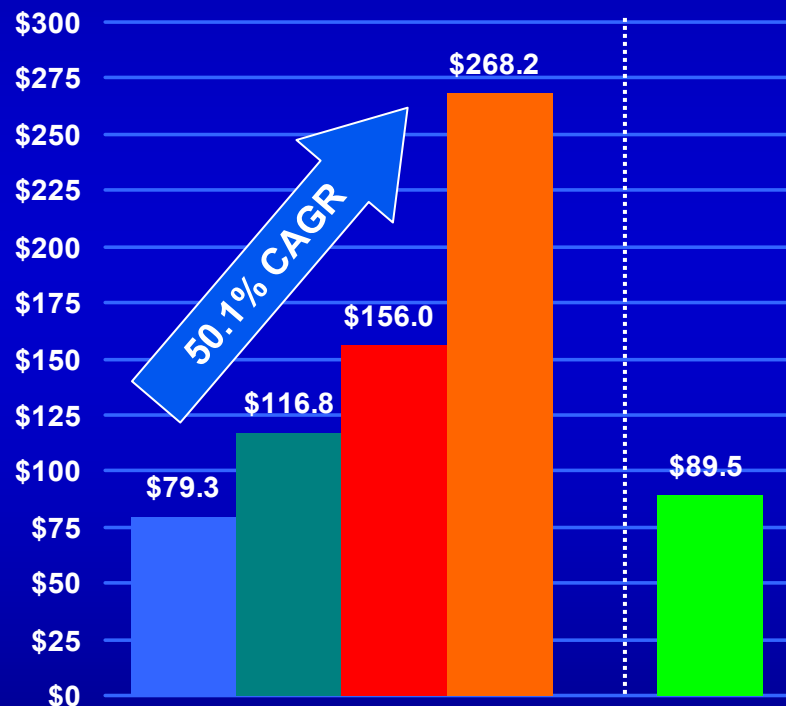


Growing Sales

Focus on Core Products

Mattresses

(\$millions)

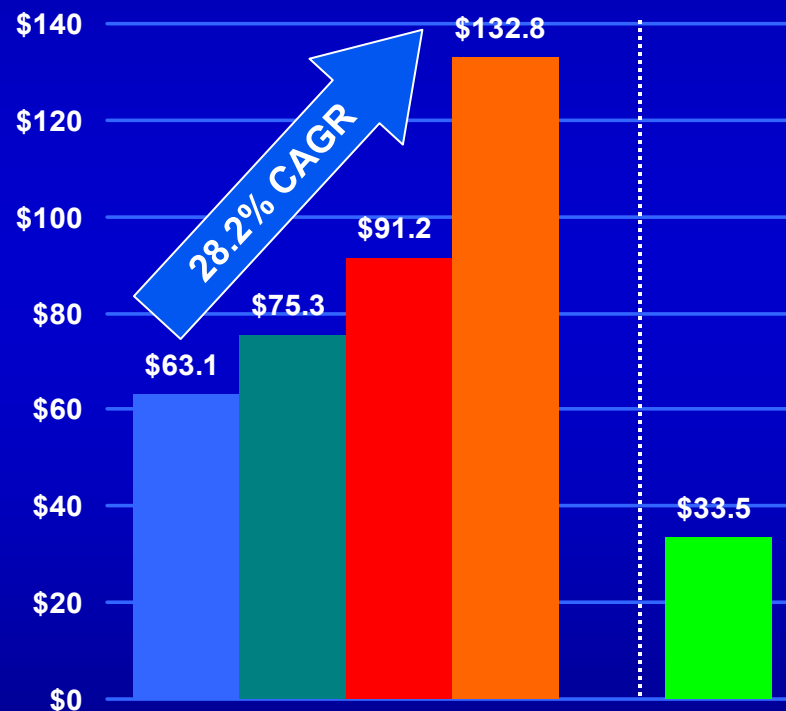


Mattress Sales

■ 2000 ■ 2001 ■ 2002 ■ 2003 ■ 1Q04

Pillows

(\$millions)



Pillow Sales

■ 2000 ■ 2001 ■ 2002 ■ 2003 ■ 1Q04

Product Developments

Focus on Core Products

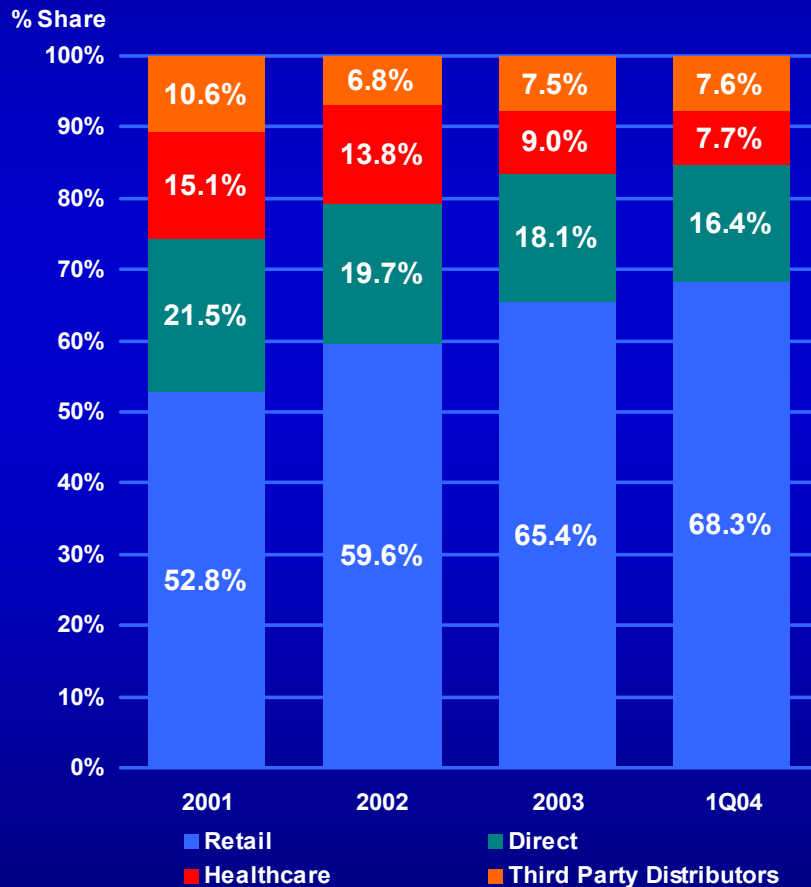
- Focus on new product development and product line expansion
 - New CelebrityBed
- New Packaging
- New Store Display



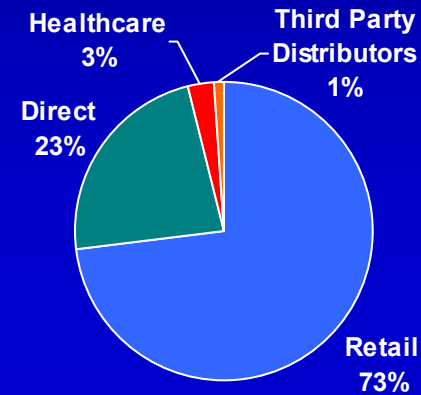
Sales Channels Diversity

Further Penetrate
Existing Channels

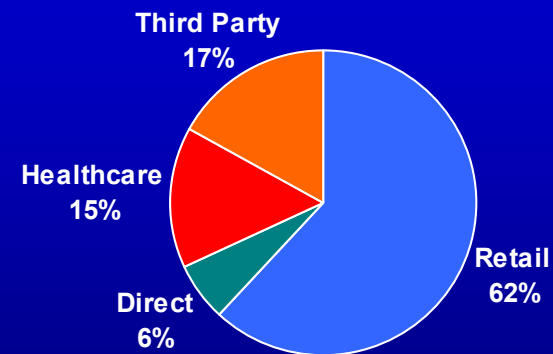
Total Net Sales by Channel



North American Net Sales by Channel



International Net Sales by Channel

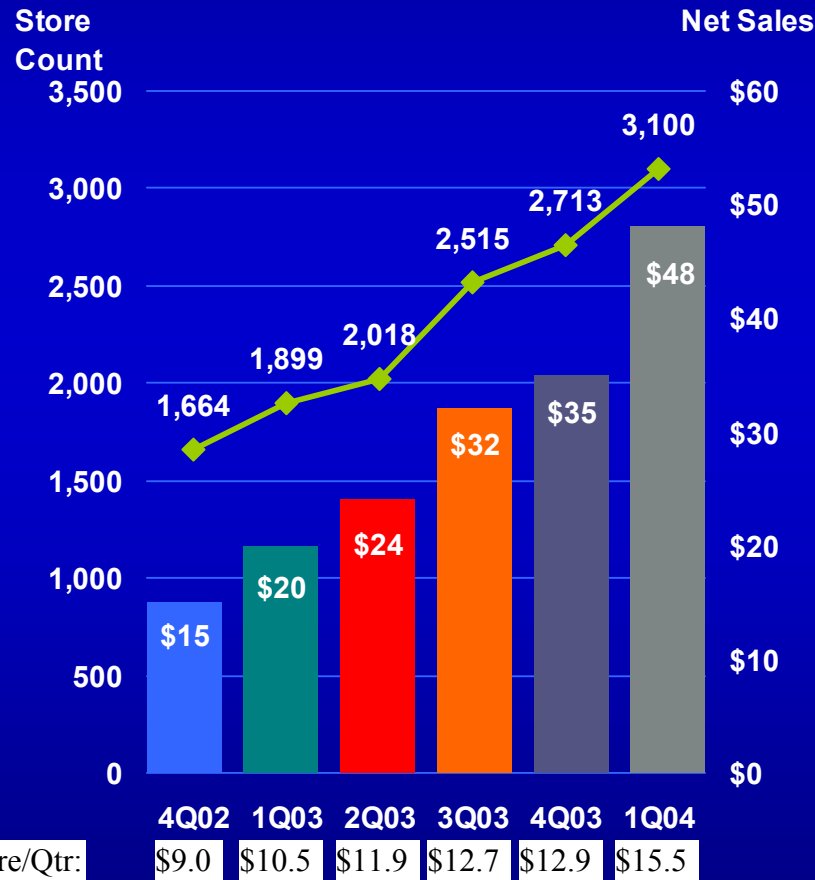


Furniture Retailer Growth

Further Penetrate
Existing Channels

U.S. Furniture Retail Net Sales / Store Count

(\$ in millions)



Sales/Store/Qtr:
(\$ in 000s)

U.S. Healthcare Market

Further Penetrate
Existing Channels

■ Medical endorsement

- Clinically proven to prevent and treat pressure sores for bed-ridden patients
- Recommended and/or sold by ~25,000 healthcare professionals

■ Growth opportunities in hospitals and nursing homes in the U.S.

- Tempur products are sold to 5 major nursing homes operating a total of more than 85 facilities
- Currently supply only a small percentage of the 15,400 nursing homes and 5,000 hospitals in the U.S. (~2.7 million beds)
- Cost savings opportunity for healthcare operators including insurance, bed rentals and wound prevention
- Demographic trends suggest strong continued growth in this segment

U.S. Brand Campaign

Continue to Build
Global Brand

Tempur's national advertising campaign drives 2.7 billion consumer
“impressions” per month

Television



Magazines



Radio

- Includes national spots on such shows as: The Radio Factor with Bill O'Reilly, Dr. Laura Schlessinger, Dick Clark, Dr. Joy Browne and WOR with John Gambling

Newspapers



Advertising Examples

Continue to Build
Global Brand

Clear, product-oriented advertising and credible celebrity endorsement communicate the Tempur-Pedic proposition

Proud Sponsor of
2009 National Sleep Awareness Week



Nesting.

A perfect refuge from the cares of the day. Our incredible Weightless Comfort® mattress must be felt to be believed. Not only does its unique VISCOELASTIC SLEEP SURFACE mold to your bodyshape, bodyweight, bodyheat, it also can absorb maximum pressure without unconsciously pressing back!

Tempur-Pedic's sleep technology is light years ahead of ordinary innerspring, air, and water bed standards. We've all heard countless rave press reviews and feature-in coverage. Plus...well over 25,000 medical professionals worldwide recommend us to their patients—an irrefutable record of success.

The reason for Tempur-Pedic's irrefutable rise in popularity is simple...

The heavy pads that cover most mattresses are necessary to keep their "inners" from poking out—or leaking out. Yet they create a "hammock" effect that can actually cause painful pressure points. Inside our high-tech bed, billions of micro memory cells function as molecular springs that conform precisely to your body.

Tempur-Pedic's sleep scientists used NASA's early anti-G-force research to invent TEMPUR® pressure-reducing material: a revolutionary new kind of bedding that's the name of the future!

Our bed is an actual principles prototype—nothing mechanical or electrical. No motors, switches, valves, air pumps, or water heaters. It can't break, leak, short-circuit, or stop working. It needs no wiring, tubing, flapping.

No wonder, 3 out of 4 Tempur-Pedic owners go out of their way to recommend our Swedish Sleep System® to close friends and relatives. Moreover, 89% of "position sleepers" report no improvement!

Please return the coupon, without the least obligation, for a FREE DEMONSTRATION KIT. Either yet, phone or send us a fax.

FREE SAMPLE FREE VIDEO/FREE INFO
Everything you need to know about the high-tech bed that's changing the way the world sleeps. Free Demo Kit also includes a FREE IN-HOME TRIAL CERTIFICATE.

1-888-238-3318
Call toll-free or fax: 1-800-750-0567

SPACE
THE ONLY MATTRESS RECOGNIZED BY NASA AND CERTIFIED BY THE SPACE FOUNDATION®

TEMPUR-PEDIC
PRESSURE-REDUCING MATTRESS
AND CERTIFIED BY THE SPACE FOUNDATION®

Tempur-Pedic is a registered trademark of Tempur-Pedic International, Inc. © 2009

This legendary bed is for the young at heart!



10
Dick Clark, legend and star of Tempur-Pedic's Swedish Sleep System.

Ade Dick Clark. He'll tell you that Tempur-Pedic's high-tech Weightless Comfort® bed provides remarkably relaxing and rejuvenating sleep. The kind of re-energizing sleep all of us look for granted when we were very young.

Tempur-Pedic's amazing Tri-sect sleep surface actually molds itself to your every curve. Its viscoelastic thermoplasticity reacts selectively to your bodyshape, bodyweight, bodyheat. It actually defers gravity and neutralizes pressure points.

Our sleep technology is light years ahead of any other mattress manufacturer. The media give us rave reviews—and well over 25,000 medical professionals worldwide recommend our legendary Weightless Comfort bed to their patients.

No wonder more than 9 out of 10 enthusiastic owners also recommend Tempur-Pedic to their family and friends.

One toll-free call brings you our FREE DEMONSTRATION KIT. It contains an actual 1/3 sample of Tempur pressure-reducing material, a Better Sleep Video, a consumer guidebook, and low factory-direct prices.

1-888-500-7670
Call toll-free or fax: 1-800-750-0567

SPACE
THE ONLY MATTRESS RECOGNIZED BY NASA AND CERTIFIED BY THE SPACE FOUNDATION®

TEMPUR-PEDIC
PRESSURE-REDUCING MATTRESS
AND CERTIFIED BY THE SPACE FOUNDATION®

Tempur-Pedic is a registered trademark of Tempur-Pedic International, Inc. © 2009

Capacity Expansion

Investment to
Support Growth

- Tempur is committed to building infrastructure to facilitate growth
 - \$50+ million total investment in the Virginia and Denmark facilities over last 3 years
 - Expansion of Virginia facility completed Jan 2004
 - Expansion of Denmark facility to begin in 1Q 2004
 - \$75-\$100 million investment in next several years to expand capacity
- Acquired a 50 acre site in Albuquerque, NM for construction of a new facility in 2005
- Enhancing distribution capabilities to meet goal of 3-day delivery to customers

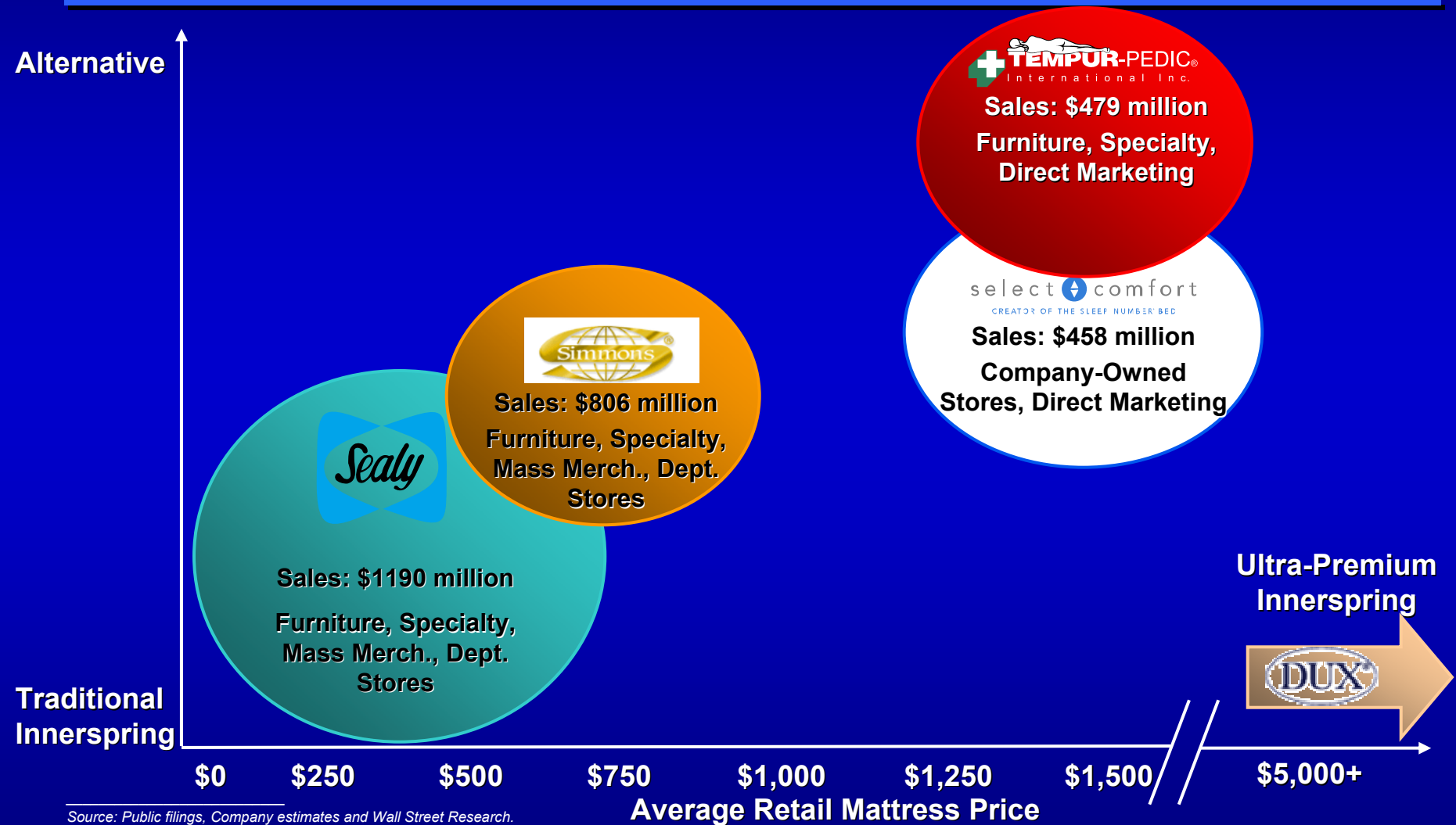
Virginia



Denmark

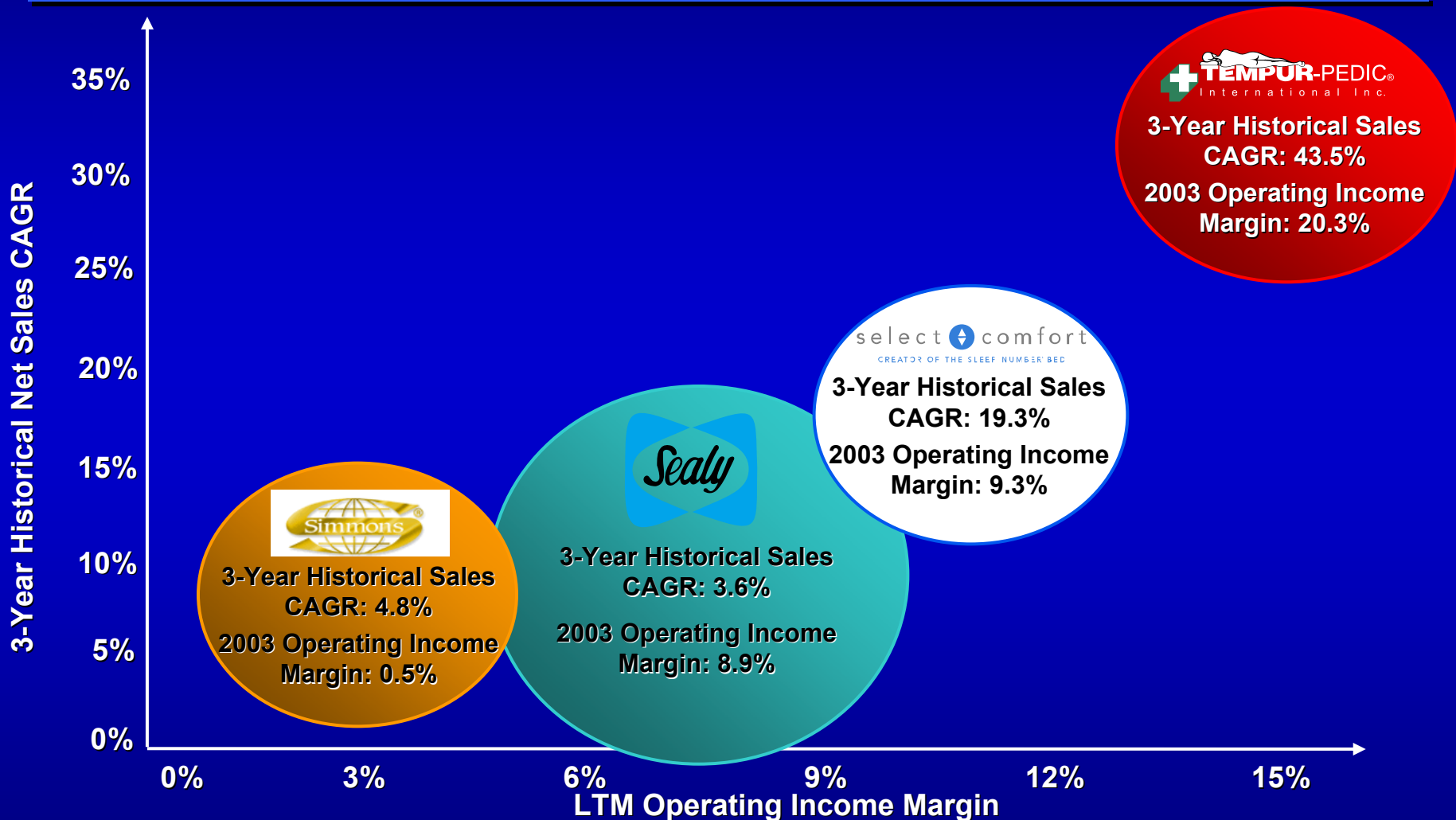


Competitive Landscape

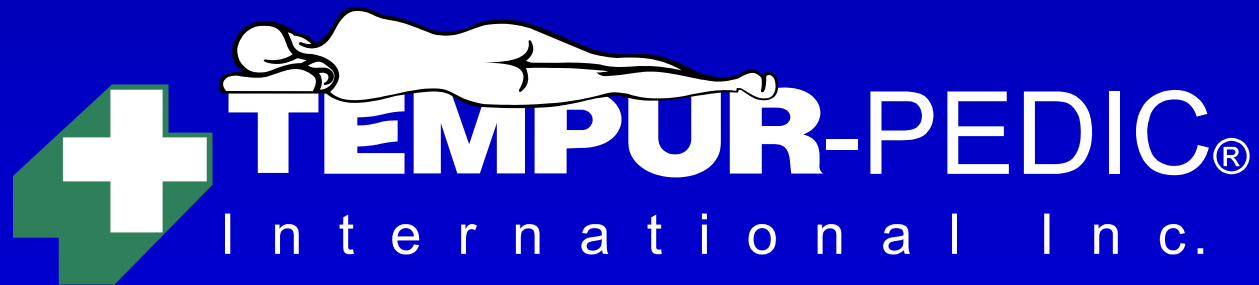


Source: Public filings, Company estimates and Wall Street Research.
Year end 2003.

Superior Top Line Growth and Profitability



Source: Public filings, Company estimates and Wall Street Research.



Financial Review

Growing Net Sales and Profitability

Historical Net Sales

(\$ in millions)

Net Sales



Historical Operating Income⁽¹⁾

(\$ in millions)

Operating
Income

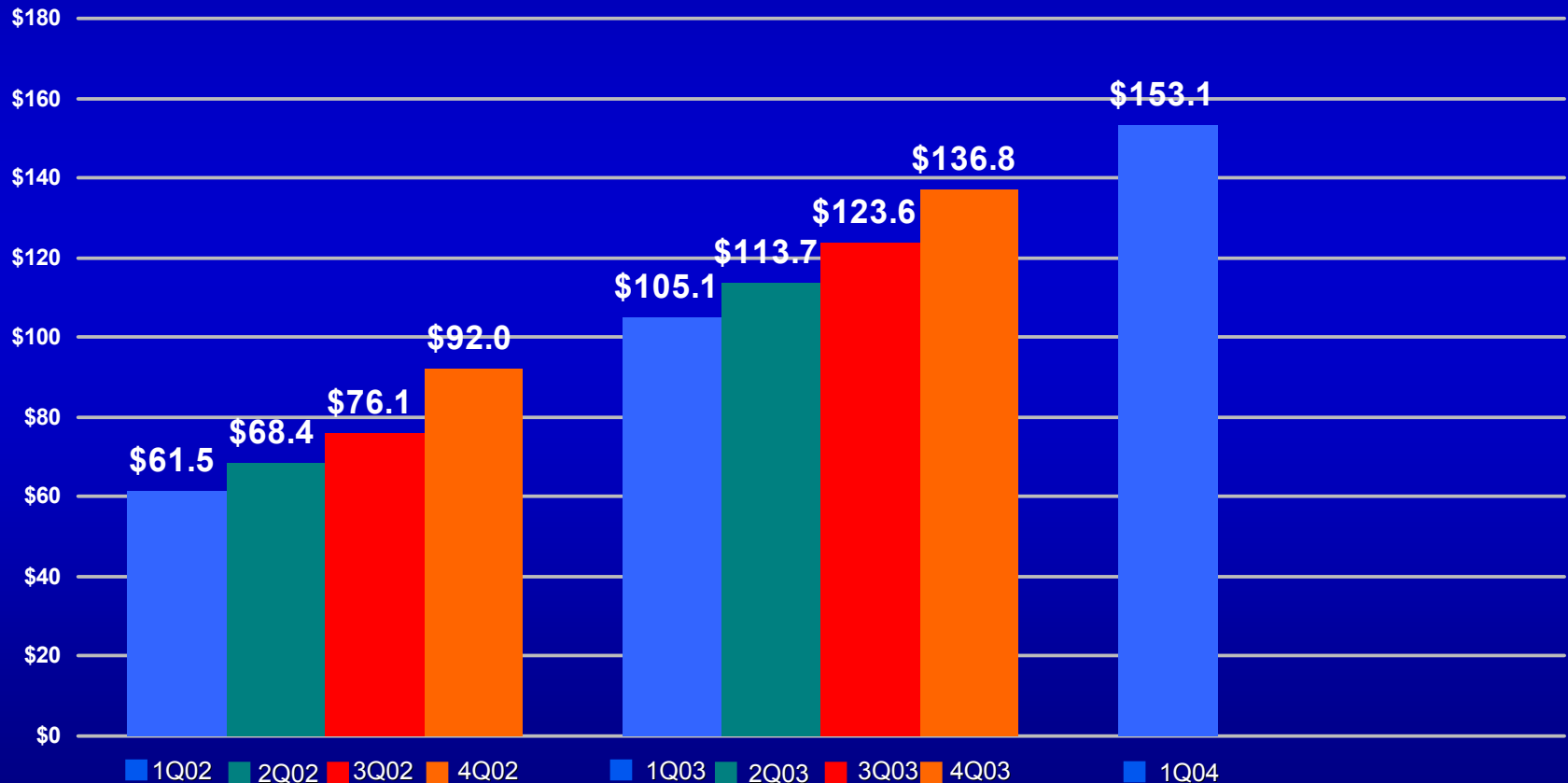


1. Includes \$9.8 million in non-cash charges for the two months ended December 31, 2002 relating to the step-up in inventory as of November 1, 2002 relating to the Tempur acquisition. For the year ended December 31, 2003 includes \$4.1 million in compensation expense relating to stock option grants and acceleration. 1Q 2004 includes \$1.5M Stock charge

Increasing Quarterly Net Sales

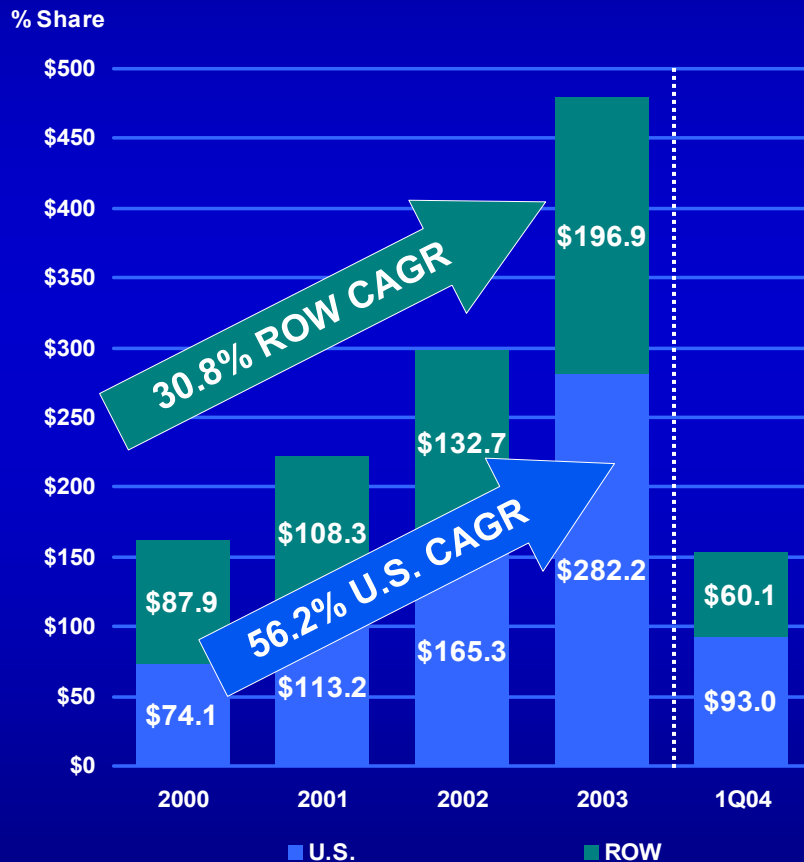
Historical Quarterly Net Sales

(\$ in millions)
Revenues

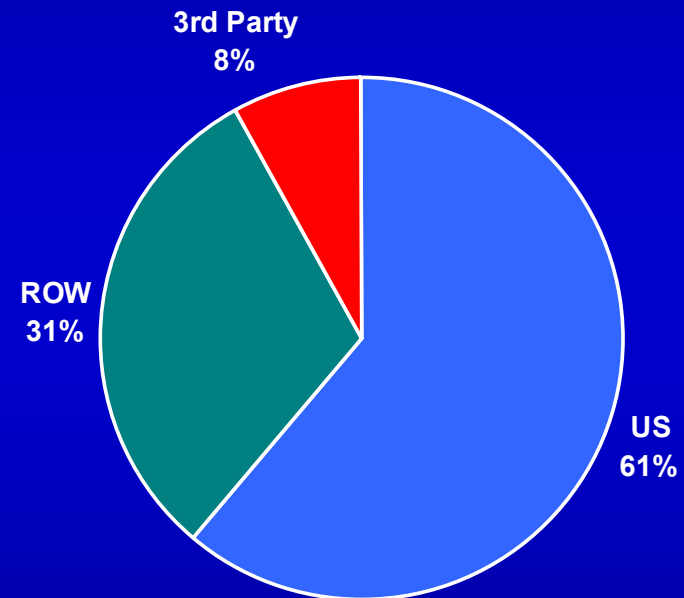


Sales by Geography

Net Sales Growth by Geography



Net Sales by Geography



1st Quarter 2004 Pro Forma Results

(\$ in millions)

	<u>3/31/04</u>	<u>3/31/03</u>	<u>V%</u>
Net Sales	\$ 153.1	\$ 105.1	45.7%
Cost of Sales	<u>71.8</u>	<u>47.5</u>	
Gross Profit	81.3	57.6	41.1%
%	53.1%	54.8%	
Selling Expenses	35.0	25.1	
G&A	13.9	9.9	
R&D	<u>0.5</u>	<u>0.3</u>	
Operating Income	32.0	22.4	42.9%
%	20.9%	21.3%	
Interest Expense	6.1	4.4	
Other Expense, net	<u>(0.1)</u>	<u>1.0</u>	
Income before Tax	26.0	17.1	52.0%
Tax Provision	<u>9.4</u>	<u>6.2</u>	
Net Income	\$ 16.6	\$ 10.9	51.5%
EPS – Fully Diluted	\$ 0.16	\$ 0.12	33.3%
Fully Diluted Shares	103.1	92.8	

* Note: Pro Forma results excludes 1) stock-based compensation expense of \$1.5M in Q104 and \$0.1 in Q103 and 2) \$5.4 million loss on debt extinguishment in Q104.

Key Credit Information

(\$ in millions)

	<u>3/31/04</u>	<u>12/31/03</u>
Cash	\$ 11.6	\$ 14.2
Total Debt*	\$309.8	\$324.5
Net Debt	\$298.2	\$310.3
CY Capex	\$5.1	\$32.6
TTM Adjusted EBITDA	\$130.8	\$121.0
Total Debt to EBITDA	2.3X	2.7X

* Note: 12/31/03 Total Debt adjusted to reflect \$52.5M redemption of Senior Subordinated Notes in January as cash was in escrow with Trustee

Guidance

- Based on Q1'04 Results updating guidance
 - New Revenue range: \$620-\$640 million
 - New EPS range: \$0.70 - \$0.73 earnings per share
 - Fully diluted shares: 103.1 million

Summary

- Superior Product Offering
- Increasing Global Brand Awareness
- Significant Growth Opportunities
- Highly Diversified Model
- Strong Financial Performance
- Proven Management Team

Reconciliation of Net Income to Pro forma Net Income

(\$ in millions)

	Twelve Months Ended December 31, 2003	Three Months Ended March 31, 2004
Net Income (1)	\$ 37.6	\$ 11.8
Loss on debt extinguishment and transaction expenses, net of tax	10.4	3.3
Stock-based compensation expense	4.1	1.5
Proforma Net Income	\$ 52.1	\$ 16.6

1. For the year ended December 31, 2003 includes \$4.1 million in compensation expense relating to stock option grants and acceleration. For quarter ended March 31, 2004 includes \$1.5M in compensation expense related to stock option grants and acceleration.

2. Pro forma net income represents the Company's reported net income before stock based compensation expense of 4.1 million for the twelve months ended December 2003. Pro forma net income also includes loss on debt extinguishment, net of tax.

The Company believes that excluding loss on debt extinguishment and non-cash stock compensation expenses provides a measure that is more representative of ongoing costs and therefore more comparable to the Company's historical operations.