



Changing the way the world sleeps!™



■ Mission Statement

We are a growth-oriented organization dedicated to improving the quality of life for people around the world by providing bedding products made from the revolutionary TEMPUR® pressure-relieving material. Our goal is to be the worldwide leader in the premium bedding market.

■ TPX International Inc.

Tempur-Pedic International Inc. (NYSE:TPX) manufactures and distributes Swedish Mattresses and Neck Pillows™ made from its proprietary TEMPUR® pressure-relieving material: a visco-elastic material that conforms to the body to provide support and help alleviate pressure points. Products are currently sold in 60 countries under the TEMPUR and Tempur-Pedic® brand names. World headquarters for Tempur-Pedic International Inc. are in Lexington, Kentucky.

For more information, visit
www.tempurpedic.com
or call 1-800-878-8889.

TPX
LISTED
NYSE



The
Grand Bed
by Tempur-Pedic™

EXTRAVAGANT DESIGN,
UNSURPASSED LUXURY.

The GrandBed[™] by Tempur-Pedic[™]

EXTRAVAGANT DESIGN,
UNSURPASSED LUXURY.

A masterpiece crafted using our newest technologies, "The GrandBed by Tempur-Pedic" takes comfort and luxury to new heights. You'll fall in love with the look and feel of its plush, blended silk cover quilted with our new TEMPUR-HD.[™] This reformulated version of our proprietary TEMPUR[®] material provides unmatched pressure-relieving comfort and body-conforming support. Our new premium, matching platform foundation, available in low- and high-profiles, completes the set — a truly grand sleep experience.

The GrandPillow by Tempur-Pedic[™]

Our newest and most luxurious pillow, "The GrandPillow by Tempur-Pedic" boasts a blended silk cover and is the perfect complement for the richness of "The GrandBed by Tempur-Pedic."



■ The CelebrityBed by Tempur-Pedic™

INDULGENT DESIGN,
PLUSH PILLOW-TOP COMFORT.

A generous TEMPUR® material *Comfort Layer* on top of our TEMPUR material *Support Layer* provides ultra-plush comfort and the same unsurpassed, pressure-relieving support Tempur-Pedic is famous for. Our dual AirFlow System™ *Base Layer* provides extra cushioning and support to the TEMPUR layers. Ultra-soft cashmere has been blended into the dust mite and allergen resistant cover to complete this unique, luxurious bed. "The CelebrityBed by Tempur-Pedic" works perfectly with our Low- or High-Profile Platform Foundation or our adjustable bed base.

■ The EuroBed by Tempur-Pedic™

SOPHISTICATED STYLE,
UNFORGETTABLE COMFORT.

A TEMPUR® material *Comfort Layer* quilted right into the cover works with a second *Comfort Layer* to absorb and distribute your body weight evenly. The TEMPUR material *Support Layer* cradles your entire body in perfect alignment. Our dual AirFlow System™ *Base Layer* increases air circulation and provides extra cushioning and support to the TEMPUR layers. The quilted, velour top is framed with stylish micro-fiber suede. A non-skid bottom keeps the mattress in place on our High-Profile Platform Foundation also covered in matching micro-fiber suede with a non-skid top.

■ The RhapsodyBed by Tempur-Pedic™

SOOTHING COMFORT,
UNRIVALED SUPPORT.

A masterful composition of technology and comfort, "The RhapsodyBed by Tempur-Pedic" also features our new TEMPUR-HD™ as the *Comfort Layer* along with an extra-thick TEMPUR® material *Support Layer* and our dual AirFlow System™ *Base Layer*. The removable, washable cover features micro-fiber suede sides and a stretchable TEMPUR-Tex™ top — a three-layer textile woven from fine polyester filaments. "The RhapsodyBed by Tempur-Pedic" works in perfect harmony with our matching platform foundation or our adjustable bed base.

■ The DeluxeBed by Tempur-Pedic™



THERAPY AND COMFORT,
PERFECTLY BALANCED.

"The DeluxeBed by Tempur-Pedic" features an extra-thick TEMPUR® material *Comfort Layer* on top of our TEMPUR material *Support Layer* and our dual *AirFlow System™ Base Layer* making it nearly two inches taller than "The ClassicBed by Tempur-Pedic." Our dual *AirFlow System Base Layer* increases air circulation and responsiveness while supporting the TEMPUR components. Side positioning handles have been added to the allergen-resistant, velour cover that is also removable for easy washing. "The DeluxeBed by Tempur-Pedic" works perfectly with our Low- or High-Profile Platform Foundation or our adjustable bed base.

■ The ClassicBed by Tempur-Pedic™



HEALING SUPPORT,
TIMELESS COMFORT.

"The ClassicBed by Tempur-Pedic™" is getting a stylish new look to complement its revolutionary architecture. Our super-conforming TEMPUR® material *Comfort Layer* and *Support Layer* will be supported by a taller *AirFlow System™ Base Layer*, increasing the overall profile to approximately nine inches. The new washable cover will be woven in a luxurious pattern with a blend of cotton, polyester and viscose to give it an irresistible, silky feel. "The ClassicBed by Tempur-Pedic" will continue to work perfectly with our Low- or High-Profile Platform Foundation or our adjustable bed base.

■ The OriginalBed by Tempur-Pedic™



REVOLUTIONARY SUPPORT,
UNMATCHED VALUE.

True to our original no-flip design introduced over a decade ago, "The OriginalBed by Tempur-Pedic" features our TEMPUR® material *Support Layer* on top of a supportive *Base Layer* to relieve the painful pressure points that can cause tossing and turning while conforming to and supporting the body perfectly. The terry-cloth cover is allergen resistant and removable for easy washing. "The OriginalBed by Tempur-Pedic" works perfectly with our Low- or High-Profile Platform Foundation or our adjustable bed base.

Tempur-Pedic Pillows

The ComfortPillow by Tempur Pedic™

"The ComfortPillow by Tempur-Pedic" was developed to provide the pressure-relieving comfort of TEMPUR® material in a more traditional pillow shape. The patented design features individually shaped TEMPUR micro-cushions filling a TEMPUR lined cover and can be shaped and fluffed to fit your needs.

The BodyPillow by Tempur Pedic™

"The BodyPillow by Tempur-Pedic" combines a traditional body pillow shape with TEMPUR® material. The exclusive design features individually formed TEMPUR micro-cushions filling a TEMPUR lined cover. The soft, luxurious cover is washable and allergen resistant.

The NeckPillow by Tempur Pedic™

Our Swedish Neck Pillow™ is recommended for those who desire not only a better night's sleep but also need a more therapeutic sleep posture. The dual lobe design supports the curve created by your head, neck and shoulders to properly align your spine and give you a perfect night's sleep!

The SidePillow by Tempur Pedic™

Our patented "The SidePillow by Tempur-Pedic" surrounds your shoulder and cradles your neck when you sleep on your side. The ergonomically contoured shape developed by doctors ensures proper alignment, support and comfort. Shoulder, neck and back pain are relieved by allowing your neck and shoulder muscles to relax completely.

The ClassicPillow by Tempur Pedic™

"The ClassicPillow by Tempur-Pedic" combines the pressure-relieving comfort of TEMPUR material with a traditional shape to provide functional and therapeutic neck support.



Adjustable Bed Bases

The Ultimate Sleep Experience

Upgrade to the ultimate Tempur-Pedic experience. Combine "The ClassicBed by Tempur-Pedic", "The DeluxeBed by Tempur-Pedic" or "The OriginalBed by Tempur-Pedic" with our high-quality, trouble-free adjustable bed base to create your own *Adjustable Swedish Sleep System*®. With the touch of a button on the wireless remote, you can adjust your Tempur-Pedic into hundreds of relaxing positions. The patented Wallhugger® design keeps you close to your nightstand while providing support to your head, neck and shoulders in a head-up position. Drift away to sleep or simply relax while enjoying a soothing wave massage.



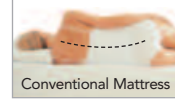
■ The Tempur-Pedic Advantage

Perfect Body Support

TEMPUR® material reacts to your body temperature and weight to conform exactly to every curve and angle. By reacting to a very specific range of temperatures, the material becomes *soft where you want it and firm where you need it*, supporting your body in perfect alignment.



Tempur-Pedic Mattress



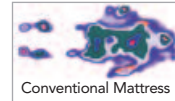
Conventional Mattress

Deep, Rejuvenating Sleep

TEMPUR material absorbs and redistributes your body weight and pressure across the entire surface area to relieve painful pressure points, reducing tossing and turning and increasing circulation. You'll sleep more soundly and wake feeling more rested.



Tempur-Pedic Mattress



Conventional Mattress

Worldwide Recognition

Tempur-Pedic has the only mattresses recognized by NASA and certified by the Space Foundation. Our mattresses have earned the Good Housekeeping Seal and "The ClassicBed by Tempur-Pedic™" and "The ComfortPillow by Tempur-Pedic™" were awarded a Consumers Digest "best buy." Plus, 25,000 medical professionals worldwide recommend Tempur-Pedic products to their patients.



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

Undisturbed, Motion-Free Sleep

TEMPUR material absorbs motion so you don't feel your partner's movements and sleep more soundly. Each of you are supported independently and will not roll together like you may on your current mattress. Your partner's movements will never disturb you again!



No Flipping, Rotating or Turning

The high density and permanent memory of TEMPUR material allows it to return to its original shape time after time. Body impressions are ancient history! Our patented, one-sided mattresses never need to be flipped, rotated or turned and are backed by a 20-year limited warranty.



Often Imitated, Never Duplicated

The formula for TEMPUR material is a trade secret known only to a handful of individuals. TEMPUR material is only made in our company-owned production facilities using our proprietary formula and manufacturing process and is used exclusively in Tempur-Pedic branded products.



Tempur-Pedic International Inc. 2005 Shareholder Letter

Dear Shareholders:

2005 represents another solid year for Tempur-Pedic® International. For the year, net sales increased 22% to \$837 million and net income increased 32% to \$99 million, both records for our company. Our U.S. business expanded its net sales by over \$105 million or 24% to \$536 million. Internationally, we continue to experience strong results, reporting \$300 million of net sales or an 18% increase. Growth in the first part of the year was very strong and moderated as the year progressed. For a more detailed discussion of our financial performance for the year, please refer to the Management's Discussion and Analysis section of the enclosed copy of our Form 10K filing for 2005.

There have been some very favorable market trends of which we can take advantage of during 2006 and beyond. The emerging consumer focus on health and wellness and the aging baby boom population bodes well for Tempur-Pedic given our strong medical endorsements. The pressure relieving capabilities of Tempur-Pedic products fits this emerging consumer trend perfectly.

We continue to expand our brand and we have firmly established Tempur-Pedic International as the leader in the viscoelastic category and as the leading producer of premium mattresses and pillows worldwide. We began the establishment of the viscoelastic category in 1991, introducing products that provide greater comfort and sleep quality through the use of our revolutionary TEMPUR® pressure-relieving material.

Consumers demonstrate a passion for our products, with third party research indicating our consumers have exceptionally high levels of satisfaction and that our consumers actively recommend our products to their friends and family. Consumer referrals have helped drive our market acceptance, because a significant portion of these consumer recommendations result in purchases.

Our proprietary TEMPUR formula is a disruptive technology that continues to make inroads in the broader mattress industry. In addition to our proprietary TEMPUR formula, we also hold patents for elements of our manufacturing process and on the construction and design of certain products. While old-fashioned, conventional innerspring mattresses still dominate the industry, we see many signals that the category of bedding we created is in the early stages of widespread consumer adoption. We believe that our products are superior to all alternatives — conventional spring mattresses, water beds, air beds, “knock off” viscoelastic products and others — and we are extremely well positioned to take advantage of

this broad consumer shift away from conventional bedding. As one of our advertisements notes, Tempur-Pedic® mattresses have no springs, no air, no water, no kidding!

Our business model is another key factor in our success. We are the largest vertically integrated manufacturer of mattresses. We are a truly global business with one third of our sales coming from international markets. In addition, our unique marketing model in the US and the UK provides us a cost efficient means to advertise direct to consumers.

We have assembled an exceptionally talented, experienced management team. Our top four executive officers, Tom Bryant, Matt Clift, David Montgomery and Dale Williams, have nearly 100 years of management experience running large, diverse, multinational businesses. We will continue to augment our leadership with the best managers we can find to scale your company to the next level.

As our retail channel continues to grow, our relationship with our retail partners becomes even more important. We will continue to expand our retail network and provide our retailers with the level of support they need to help expand distribution and market acceptance for our premium products. A recent study of our retailers was just completed at our request, and we would like to share a few of the most salient findings:

- Tempur-Pedic is the mattress brand asked for by shoppers in their stores most often
- Tempur-Pedic is the easiest brand to sell
- Tempur-Pedic is the brand with the highest profit margins
- Retailers generate significantly more of their total sales from Tempur-Pedic than the percentage of floor space Tempur-Pedic products represent

To profitably grow our business, we are focused on a number of specific areas. We have continued our efforts to expand our productivity and reduce our cost structure. By year end 2006, we expect to open our new plant in Albuquerque, New Mexico, which will help us service customers in the Western U.S., Canada, Mexico and South America. The plant will also enable us to run our operations in a more efficient manner and lower inventories within our distribution network.

Product innovation and enhancements to our proprietary TEMPUR® formula are keys to our future success. To that end, we have recently rolled out new products including our entry level The OriginalBed by Tempur-Pedic™, which we believe

significantly expands our addressable market. Reflecting our commitment to premium products, in January 2006, we unveiled The GrandBed by Tempur-Pedic™, which will retail for \$5499. The GrandBed by Tempur-Pedic™ will provide consumers with a new level of luxury in the mattress industry. In addition, we have continued to enhance our TEMPUR® formulations and recently announced the latest breakthrough, TEMPUR-HD™, which provides even more comfort while maintaining the support and pressure relief that consumers have become accustomed to expect from Tempur-Pedic®. We are expanding R&D efforts and we will continue to drive innovation to enable us to maintain our leadership in the viscoelastic category.

We believe the future is very bright for Tempur-Pedic International. We have never been more confident in the future for Tempur-Pedic and the category of bedding we created. Our goal is clear — to build on our leadership position in the premium segment to become the world's largest bedding company (we believe we are already the most profitable). To achieve that goal, we will continue to implement the business model that has proven so successful over the past several years.

We are optimistic that the many initiatives we have underway will produce another record year for Tempur-Pedic International. We appreciate your continued support and look forward to sharing another successful year with you.

Sincerely,



Robert B. Trussell, Jr.
Chief Executive Officer



Robert B. Trussell, Jr.



H. Thomas Bryant
President



H. Thomas Bryant