

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) December 2, 2004

TEMPUR-PEDIC INTERNATIONAL INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31922
(Commission File No.)

33-1022198
(I.R.S. Employer
Identification No.)

1713 Jaggie Fox Way
Lexington, Kentucky 40511
(Address of principal executive offices) (Zip Code)

(800) 878-8889
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

On December 1, 2004, Tempur-Pedic International Inc. (the "Company") entered into an employment and non-competition agreement with Matthew D. Clift, providing for his employment as Executive Vice President, Operations, or such other executive position as may be assigned from time to time by the Company's Chief Executive Officer. This agreement has an initial term of one year and a perpetual one-year renewal term. Either party may terminate this agreement, upon written notice, 90 days prior to the expiration of the initial or renewal term. Mr. Clift's employment agreement provides for an annual base salary of \$300,000, subject to annual adjustment by the Company's board of directors beginning January 1, 2006, a variable performance bonus set to target 50% of Mr. Clift's base salary if certain criteria are met, options to purchase a total of 300,000 shares of common stock of the Company, subject to vesting, restricted stock units with respect to 70,000 shares of common stock of the Company, subject to vesting, and a one-time hiring bonus of \$175,000.

Mr. Clift's employment agreement, stock option agreement and restricted stock unit award agreement are filed as Exhibits 10.1, 10.2 and 10.3 to this report.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On November 29, 2004, the board of directors of the Company approved, among other things, the promotion of H. Thomas Bryant to President of the Company. Robert B. Trussell, Jr. will continue to serve as Chief Executive Officer of the Company.

The information required to be disclosed in this report for Mr. Bryant pursuant to Items 502(c)(2) and (3) of Form 8-K is incorporated by reference herein from the Company's definitive proxy statement filed with the Securities and Exchange Commission on April 28, 2004.

The Company's press release dated November 29, 2004 announcing Mr. Bryant's promotion, among other things, is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Exhibits.

10.1. Employment and Non-Competition Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Mathew Clift.

10.2. Stock Option Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Matthew Clift.

10.3. Restricted Stock Unit Award Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Matthew Clift.

99.1. Press release dated November 29, 2004, titled "Tempur-Pedic International Inc. Expands Management Team."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 2, 2004

Tempur-Pedic International Inc.

By: /s/ ROBERT B. TRUSSELL, JR.

Name: Robert B. Trussell, Jr.

Title: Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description
10.1	Employment and Noncompetition Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Matthew Clift.
10.2	Stock Option Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Matthew Clift.
10.3	Restricted Stock Unit Award Agreement dated December 1, 2004 between Tempur-Pedic International Inc. and Matthew Clift.
99.1	Press release dated November 29, 2004, titled "Tempur-Pedic International Inc. Expands Management Team."

EMPLOYMENT AND NONCOMPETITION AGREEMENT
(Matthew Clift)

THIS AGREEMENT (the "Agreement") is executed as of this 1st day of December, 2004, and effective as of December 1, 2004 (the "Date of Hire"), by and between Tempur-Pedic International Inc., a Delaware corporation (the "Company"), and Matthew Clift, an individual ("Employee"). In consideration of the premises and the mutual agreements and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Company and Employee,

IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE I
EMPLOYMENT

1.1 Term of Employment. Effective as of the Date of Hire, the Company agrees to employ Employee, and Employee accepts employment by the Company, for the period commencing on the Date of Hire and ending on the first anniversary of the Date of Hire (the "Initial Term"), subject to earlier termination as hereinafter set forth in Article III. Unless earlier terminated in accordance with Article III, following the expiration of the Initial Term, this Agreement shall be automatically renewed for successive one-year periods (collectively, the "Renewal Terms"; individually, a "Renewal Term") unless, at least 90 days prior to the expiration of the Initial Term or the then current Renewal Term, either party provides the other with a written notice of intention not to renew, in which case the Employee's employment with the Company, and the Company's obligations hereunder, shall terminate as of the end of the Initial Term or said Renewal Term, as applicable, provided however that Employee shall agree to continue his employment hereunder at the option of the Company for a period of 6 months following written notice by either party of intention to terminate or not to renew (other than any such written notice given within 90 days following a Change in Control). Except as otherwise expressly provided herein, the terms of this Agreement during any Renewal Term shall be the same as the terms in effect immediately prior to such renewal, subject to any such changes or modifications as mutually may be agreed between the parties as evidenced in a written instrument signed by both the Company and Employee. As used herein, "Change in Control" shall mean a change in the ownership of the Company, such that more than 50% of the equity securities of the Company are acquired by any person or group (as such terms are defined for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) that does not own common stock of the Company on the Date of Hire; provided, however, no Change in Control shall be deemed to occur if such Change in Control is effected pursuant to any internal reorganization of the Company (including, by way of example, establishment of a new holding company for the Company) that does not result in a change of more than 50% of the ultimate equity ownership of the Company.

1.2 Position and Duties. Employee shall be employed in the position of Executive Vice President, Operations, or such other executive position as may be assigned from time to time by the Company's Chief Executive Officer. In such capacity, Employee shall be subject to the authority of, and shall report to, the Company's President. Employee's duties and responsibilities shall be generally as described in the letter agreement dated November 6, 2004 by and between the Company and Employee, a copy of which is attached hereto (the "Offer Letter"), and include all those customarily attendant to Employee's position and such other duties and responsibilities as may be assigned from time to time by the President or Chief Executive Officer. Employee shall devote Employee's entire business time, loyalty, attention and energies exclusively to the business interests of the Company while employed by the Company, and shall perform his duties and responsibilities diligently and to the best of his ability.

ARTICLE II
COMPENSATION AND OTHER BENEFITS

2.1 Base Salary. The Company shall pay Employee an initial annual salary of \$300,000.00 ("Base Salary"), payable in accordance with the normal payroll practices of the Company. The Employee's Base Salary will be reviewed and be subject to adjustment by the Board of Directors on or about January 1 of each year beginning with January 1, 2006.

2.2 Performance Bonus. Employee will be eligible to earn an annual performance-based bonus based on a formula approved by the Company's Board of Directors or its Compensation Committee and incorporated herein by this reference for each full fiscal year during which Employee is employed by the Company beginning after the Date of Hire (each, a "Bonus Year"), the terms and conditions of which as well as Employee's entitlement thereto being determined annually in the sole discretion of the Company's Board of Directors or its Compensation Committee (the "Performance Bonus"). The amount of the Performance Bonus will vary based on the achievement of performance criteria in the formula established by the Company's Board of Directors, but the formula will be set to target a Performance Bonus equal to 50% of Base Salary as of January 1st of the Bonus Year if the performance criteria in the formula are met. Notwithstanding the foregoing, the terms and conditions of the Performance Bonus for fiscal 2005 will be consistent with the description thereof contained in the Offer Letter, the description of which is incorporated herein by reference.

2.3 Benefit Plans. Employee will be eligible to participate in the Company's retirement plans that are qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and in the Company's welfare benefit plans that are generally applicable to all executive employees of the Company (the "Plans"), in accordance with the terms and conditions thereof.

2.4 Expenses. The Company shall reimburse Employee for all authorized and approved expenses incurred in the course of the performance of Employee's duties and responsibilities pursuant to this Agreement and consistent with the Company's policies with respect to travel, entertainment and miscellaneous expenses, and the requirements with respect to the reporting of such expenses.

2.5 Automobile Allowance. The Company shall pay to Employee an automobile allowance of \$600.00 per month.

2.6 Vacation. Employee shall be entitled to fifteen (15) vacation days in any calendar year beginning after the Date of Hire subject to and to be taken in accordance with the Company's general vacation policies for similarly situated executive employees.

2.7 Grant of Stock Option. Pursuant to the Company's 2003 Equity Incentive Plan, effective as of the Date of Hire the Company shall grant Employee an option to purchase three hundred thousand (300,000) shares of the common stock of the Company (the "Optioned Shares") at a purchase price per Optioned Share equal to the NYSE closing price of the Company's common stock on the Date of Hire. This grant shall be made pursuant to a Stock Option Agreement between the Company and Employee in the Company's customary form, provided that such option shall become exercisable, subject to Employee's continued employment, as to 25% of the Optioned Shares on the first anniversary of the Date of Hire, and as to 6.25% of the Optioned Shares on the first day following the completion of each three month period thereafter (so that, for example, the first 6.25% increment would vest March 1, 2006).

2.8 Grant of Restricted Stock Units. Pursuant to the Company's 2003 Equity Incentive Plan, effective as of the Date of Hire the Company shall grant Employee solely in consideration of his future services rights to seventy thousand (70,000) shares of the common stock of the Company (the "Restricted Stock Units"). This grant shall be made pursuant to a Restricted Stock Unit Award Agreement between the Company and Employee. The Restricted Stock Unit Award Agreement shall provide, subject to Employee's continued employment, for the delivery to Employee of one-sixth of the shares covered thereby on July 1, 2005 and on the first day following the completion of each semi-annual period thereafter.

2.9 Hiring Bonus. As additional consideration for Employee's agreement to accept employment with the Company, the Company will pay to Employee a one-time bonus of one hundred seventy-five thousand dollars (\$175,000). This bonus is payable on or within sixty (60) days of the Date of Hire, provided that, as of the date payment would otherwise be made, the Employee is considered an employee of the Company in good standing.

ARTICLE III
TERMINATION

3.1 Right to Terminate; Automatic Termination.

(a) Termination by Company Without Cause. Subject to Section 3.2, the Company may terminate Employee's employment and all of the Company's obligations under this Agreement at any time and for any reason.

(b) Termination by Employee for Good Reason. Subject to Section 3.2, Employee may terminate his employment obligation hereunder (but not his obligation under Article IV hereof) for "Good Reason" (as hereinafter defined) if Employee gives written notice thereof to the Company within 30 days of the event he deems to constitute Good Reason (which notice shall specify the grounds upon which such notice is given) and the Company fails, within 30 days of receipt of such notice, to cure or rectify the grounds for such Good Reason termination set forth in such notice. "Good Reason" shall mean any of the following: (i) relocation of Employee's principal workplace over 60 miles from the Company's existing workplaces without the consent of Employee (which consent shall not be unreasonably withheld, delayed or conditioned), or (ii) the Company's material breach of this Agreement which is not cured within 30 days after receipt by the Company from Employee of written notice of such breach.

(c) Termination by Company For Cause. Subject to Section 3.2, the Company may terminate Employee's employment and all of the Company's obligations under this Agreement at any time "For Cause" (as defined below) by giving notice to Employee stating the basis for such termination, effective immediately upon giving such notice or at such other time thereafter as the Company may designate. "For Cause" shall mean any of the following: (i) Employee's willful and continued failure to substantially perform the reasonably assigned duties with the Company which are consistent with Employee's position and job description referred to in this Agreement, other than any such failure resulting from incapacity due to physical or mental illness, after a written notice is delivered to Employee by the Board of Directors of the Company which specifically identifies the manner in which Employee has not substantially performed the assigned duties, (ii) Employee's willful engagement in illegal conduct which is materially and demonstrably injurious to the Company, (iii) Employee's conviction by a court of competent jurisdiction of, or his pleading guilty or nolo contendere to, any felony, or (iv) Employee's commission of an act of fraud, embezzlement, or misappropriation against the Company, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the Company's business. For purposes of this paragraph, no act, or failure to act, on Employee's part shall be considered "willful" unless done, or omitted to be done, in knowing bad faith and without reasonable belief that the action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, expressly authorized by a resolution duly adopted by the Board of Directors or based upon the written advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated For Cause unless and until there shall have been delivered to Employee a copy of a resolution, duly adopted by the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to Employee and an opportunity for Employee, together with Employee's counsel, to be heard before the Board), finding that in the good faith opinion of the Board of Directors Employee committed the conduct set forth above in (i), (ii), (iii) or (iv) of this Section and specifying the particulars thereof in detail.

(d) Termination Upon Death or Disability. Subject to Section 3.2, Employee's employment and the Company's obligations under this Agreement shall terminate: (i) automatically, effective immediately and without any notice being necessary, upon Employee's death; and (ii) in the event of the disability of Employee, by the Company giving notice of termination to Employee. For purposes of this Agreement, "disability" means the inability of Employee, due to a physical or mental impairment, for 90 days (whether or not consecutive) during any period of 360 days, to perform, with reasonable accommodation, the essential functions of the work contemplated by this Agreement. In the event of any dispute as to whether Employee is disabled, the matter shall be determined by the Company's Board of Directors in consultation with a physician selected by the Company's health or disability insurer or another physician mutually satisfactory to the Company and the Employee. The Employee shall cooperate with the efforts to make such determination or be subject to immediate discharge. Any such determination shall be conclusive and binding on the parties. Any determination of disability under this Section 3.1 is not intended to alter any benefits any party may be entitled to receive under any long-term disability insurance policy carried by either the Company or Employee with respect to Employee, which benefits shall be governed solely by the terms of any such insurance policy. Nothing in this subsection shall be construed as limiting or altering any of Employee's rights under State workers compensation laws or State or federal Family and Medical Leave laws.

3.2 Rights Upon Termination.

(a) Section 3.1(a) and 3.1(b) Termination. If Employee's employment terminates pursuant to Section 3.1(a) or 3.1(b) hereof, Employee shall have no further rights against the Company hereunder, except for the right to receive, following execution of a release and waiver in form satisfactory to the Company, (i) any unpaid Base Salary, the value of any accrued but unused vacation, a pro-rata portion (based on the number of days of the Bonus Year prior to the effective date of termination) of any Performance Bonus that would be payable with respect to the Bonus Year in which the termination occurs and whatever rights as to Optioned Shares and Restricted Stock Units as Employee may have pursuant to the Stock Option Agreement and Restricted Stock Unit Award Agreement, respectively, (ii) payment of Base Salary for twelve (12) months (the "Severance Period"), payable in accordance with the normal payroll practices of the Company, (iii) reimbursement of expenses to which Employee is entitled under Section 2.4 hereof, and (iv) continuation of the welfare plans of the Company as detailed in Section 2.3 hereof for the duration of the Severance Period.

(b) Section 3.1(c) and 3.1(d) Termination. If Employee's employment is terminated pursuant to Sections 3.1(c) or 3.1(d) hereof, or if Employee quits employment (other than for Good Reason) notwithstanding the terms of this Agreement, Employee or Employee's estate shall have no further rights against the Company hereunder, except for the right to receive, following execution of a release and waiver in form satisfactory to the Company, (i) any unpaid Base Salary, (ii) in the case of Section 3.1(d) hereof, the value of any accrued but unused vacation, a pro-rata portion (based on the number of days of the Bonus Year prior to the effective date of termination) of any Performance Bonus that would be payable with respect to the Bonus Year in which the termination occurs, and whatever rights as to Optioned Shares and Restricted Stock Units as Employee may have pursuant to the Stock Option Agreement and Restricted Stock Unit Award Agreement, respectively, and (iii) reimbursement of expenses to which Employee is entitled under Section 2.4 hereof.

ARTICLE IV
CONFIDENTIALITY; NONCOMPETITION; NONSOLICITATION

4.1 Covenants Regarding Confidential Information, Trade Secrets and Other Matters. Employee covenants and agrees as follows:

(a) Definitions. For purposes of this Agreement, the following terms are defined as follows:

(1) "Trade Secret" means all information possessed by or developed for the Company or any of its subsidiaries, including, without limitation, a compilation, program, device, method, system, technique or process, to which all of the following apply: (i) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (ii) the information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

(2) "Confidential Information" means information, to the extent it is not a Trade Secret, which is possessed by or developed for the Company or any of its subsidiaries and which relates to the Company's or any of its subsidiaries' existing or potential business or technology, which information is generally not known to the public and which information the Company or any of its subsidiaries seeks to protect from disclosure to its existing or potential competitors or others, including, without limitation, for example: business plans, strategies, existing or proposed bids, costs, technical developments, existing or proposed research projects, financial or business projections, investments, marketing plans, negotiation strategies, training information and materials, information generated for client engagements and information stored or developed for use in or with computers. Confidential Information also includes information received by the Company or any of its subsidiaries from others which the Company or any of its subsidiaries has an obligation to treat as confidential.

(b) Nondisclosure of Confidential Information. Except as required in the conduct of the Company's or any of its subsidiaries' business or as expressly authorized in writing on behalf of the Company or any of its subsidiaries, Employee shall not use or disclose, directly or indirectly, any Confidential Information during the period of his employment with the Company. In addition, following the termination for any reason of Employee's employment with the Company, Employee shall not use or disclose, directly or indirectly, any Confidential Information. This prohibition does not apply to Confidential Information after it has become generally known in the industry in which the Company conducts its business. This prohibition also does not prohibit Employee's use of general skills and know-how acquired during and prior to employment by the Company, as long as such use does not involve the use or disclosure of Confidential Information or Trade Secrets.

(c) Trade Secrets. During Employee's employment by the Company, Employee shall do what is reasonably necessary to prevent unauthorized misappropriation or disclosure and threatened misappropriation or disclosure of the Company's or any of its subsidiaries' Trade Secrets and, after termination of employment, Employee shall not use or disclose the Company's or any of its subsidiaries' Trade Secrets as long as they remain, without misappropriation, Trade Secrets.

4.2 Noncompetition.

(a) During Employment. During Employee's employment hereunder, Employee shall not engage, directly or indirectly, as an employee, officer, director, partner, manager, consultant, agent, owner (other than a minority shareholder or other equity interest of not more than 1% of a company whose equity interests are publicly traded on a nationally recognized stock exchange or over-the-counter) or in any other capacity, in any competition with the Company or any of its subsidiaries.

(b) Subsequent to Employment. For a two year period following the termination of Employee's employment for any reason or without reason, Employee shall not in any capacity (whether in the capacity as an employee, officer, director, partner, manager, consultant, agent or owner (other than a minority shareholder or other equity interest of not more than 1% of a company whose equity interests are publicly traded on a nationally recognized stock exchange or over-the-counter), directly or indirectly advise, manage, render or perform services to or for any person or entity which is engaged in a business competitive to that of the Company or any of its subsidiaries within any geographical location wherein the Company or any of its subsidiaries produces, sells or markets its goods and services at the time of such termination or within a one-year period prior to such termination.

4.3 Nonsolicitation. For a two year period following the termination of Employee's employment for any reason or without reason, Employee shall not solicit or induce any person who was an employee of the Company or any of its subsidiaries on the date of Employee's termination or within three months prior to leaving his or her employment with the Company or any of its subsidiaries.

4.4 Return of Documents. Immediately upon termination of employment, Employee will return to the Company, and so certify in writing to the Company, all the Company's or any of its subsidiaries' papers, documents and things, including information stored for use in or with computers and software applicable to the Company's and its subsidiaries' business (and all copies thereof), which are in Employee's possession or under Employee's control, regardless whether such papers, documents or things contain Confidential Information or Trade Secrets.

4.5 No Conflicts. To the extent that they exist, Employee will not disclose to the Company any of Employee's previous employer's confidential information or trade secrets. Further, Employee represents and warrants that Employee has not previously assumed any obligations inconsistent with those of this Agreement and that employment by the Company does not conflict with any prior obligations to third parties.

4.6 Agreement on Fairness. Employee acknowledges that: (i) this Agreement has been specifically bargained between the parties and reviewed by Employee, (ii) Employee has had an opportunity to obtain legal counsel to review this Agreement, and (iii) the covenants made by and duties imposed upon Employee hereby are fair, reasonable and minimally necessary to protect the legitimate business interests of the Company, and such covenants and duties will not place an undue burden upon Employee's livelihood in the event of termination of Employee's employment by the Company and the strict enforcement of the covenants contained herein.

4.7 Equitable Relief and Remedies. Employee acknowledges that any breach of this Agreement will cause substantial and irreparable harm to the Company for which money damages would be an inadequate remedy. Accordingly, notwithstanding the provisions of Article V below, the Company shall in any such event be entitled to obtain injunctive and other forms of equitable relief to prevent such breach and the prevailing party shall be entitled to recover from the other, the prevailing party's costs (including, without limitation, reasonable attorneys' fees) incurred in connection with enforcing this Agreement, in addition to any other rights or remedies available at law, in equity, by statute or pursuant to Article V below.

ARTICLE V

**AGREEMENT TO SUBMIT ALL EXISTING OR FUTURE DISPUTES
TO BINDING ARBITRATION**

The Company and Employee agree that any controversy or claim arising out of or related to this Agreement or Employee's employment with or termination by the Company that is not resolved by the parties shall be settled by arbitration administered by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes. Said arbitration shall be conducted in Lexington, Kentucky. The parties further agree that the arbitrator may resolve issues of contract interpretation as well as law and award damages, if any, to the extent provided by the Agreement or applicable law. The parties agree that the costs of the arbitrator's services shall be borne by the Company. The parties further agree that the arbitrator's decision will be final and binding and enforceable in any court of competent jurisdiction. In addition to the A.A.A.'s Arbitration Rules and unless otherwise agreed to by the parties, the following rules shall apply:

(a) Each party shall be entitled to discovery exclusively by the following means: (i) requests for admission, (ii) requests for production of documents, (iii) up to 15 written interrogatories (with any subpart to be counted as a separate interrogatory), and (iv) depositions of no more than six individuals.

(b) Unless the arbitrator finds that delay is reasonably justified or as otherwise agreed to by the parties, all discovery shall be completed, and the arbitration hearing shall commence within five months after the appointment of the arbitrator.

(c) Unless the arbitrator finds that delay is reasonably justified, the hearing will be completed, and an award rendered within 30 days of commencement of the hearing.

The arbitrator's authority shall include the ability to render equitable types of relief and, in such event, any aforesaid court may enter an order enjoining and/or compelling such actions or relief ordered or as found by the arbitrator. The arbitrator also shall make a determination regarding which party's legal position in any such controversy or claim is the more substantially correct (the "Prevailing Party") and the arbitrator shall require the other party to pay the legal and other professional fees and costs incurred by the Prevailing Party in connection with such arbitration proceeding and any necessary court action.

Notwithstanding the foregoing provisions of this Article V, the parties expressly agree that a court of competent jurisdiction may enter a temporary restraining order or an order enjoining a breach of Article IV of this Agreement without submission of the underlying dispute to an arbitrator. Such remedy shall be cumulative and nonexclusive, and shall be in addition to any other remedy to which the parties may be entitled.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

COMPANY:

TEMPUR-PEDIC INTERNATIONAL INC.

By: /s/ H. THOMAS BRYANT

Title: President

EMPLOYEE:

/s/ MATTHEW CLIFT

Matthew Clift

WITNESSED BY:

/s/ HUGH MURPHY

Date: 11/30/04

TEMPUR-PEDIC INTERNATIONAL INC.
2003 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

THIS AGREEMENT dated as of December 1, 2004, between Tempur-Pedic International Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified below, residing at the address there set out (the "Optionee").

1. Grant of Option. Pursuant and subject to the Company's 2003 Equity Incentive Plan as attached hereto (as the same may be amended from time to time, the "Plan"), the Company grants to you, the Optionee, an option (the "Option") to purchase from the Company all or any part of a total of 300,000 shares (the "Optioned Shares") of the common stock, par value \$.01 per share, of the Company (the "Stock"), at a price of \$19.30 per share. The Grant Date of this Option is as of December 1, 2004.

2. Character of Option. Subject to the limitations set forth in Section 7.1(f) of the Plan, this Option is to be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

3. Duration of Option. Subject to the following sentence, this Option shall expire at 5:00 p.m. on November 30, 2014. However, if your employment or other association with the Company and its Affiliates ends before that date (including because your employer ceased to be an Affiliate), this Option shall expire at 5:00 p.m. on November 30, 2014 or, if earlier, the date specified in whichever of the following applies:

(a) If the termination of your employment or other association is on account of your death or disability, the first anniversary of the date your employment ends; or

(b) If the termination of your employment or other association is due to any other reason, three (3) months after your employment or other association ends.

4. Exercise of Option.

(a) Until this Option expires, you may exercise it as to the number of Optioned Shares identified in the table below, in full or in part, at any time on or after the applicable exercise date or dates identified in the table. However, during any period that this Option remains outstanding after your employment or other association with the Company and its Affiliates ends, including because your employer ceased to be an Affiliate, you may exercise it only to the extent it was exercisable immediately prior to the end of your employment or other association. The procedure for exercising this Option is described in Section 7.1(e) of the Plan. You may pay the exercise price due on exercise by delivering other shares of Stock of equivalent Market Value provided you have owned such shares of Stock for at least six months.

Number of Shares in Each Installment	Initial Exercise Date for Shares in Installment
75,000	December 1, 2005
18,750	March 1, 2006
18,750	June 1, 2006
18,750	September 1, 2006
18,750	December 1, 2006
18,750	March 1, 2007
18,750	June 1, 2007
18,750	September 1, 2007
18,750	December 1, 2007
18,750	March 1, 2008
18,750	June 1, 2008
18,750	September 1, 2008
18,750	December 1, 2008

5. Transfer of Option. Except as provided in Section 6.4 of the Plan, you may not transfer this Option except by will or the laws of descent and distribution, and, during your lifetime, only you may exercise this Option.

6. Incorporation of Plan Terms. This Option is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to the limitations on the Company's obligation to deliver Optioned Shares upon exercise set forth in Section 10 (Settlement of Awards).

7. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of you. Capitalized terms used but not defined herein shall have the meaning assigned under the Plan. This Agreement may be executed in one or more counterparts all of which together shall constitute but one instrument.

8. Tax Consequences. The Company makes no representation or warranty as to the tax treatment to you of your receipt or exercise of this Option or upon your sale or other disposition of the Optioned Shares. You should rely on your own tax advisors for such advice. In particular, you acknowledge that in any event, as a result of the limitations set forth in Section 7.1(f) of the Plan, a significant portion of this Option will not be treated as an Incentive Option.

IN WITNESS WHEREOF, the parties have executed this Agreement as a sealed instrument as of the date first above written.

TEMPUR-PEDIC INTERNATIONAL INC.

By: /s/ H. THOMAS BRYANT

Title: President

/s/ MATTHEW CLIFT

Signature of Optionee

Matthew Clift

Name of Optionee

Optionee's Address:
105 Crosswoods Place
Nicholasville, KY 40356

TEMPUR-PEDIC INTERNATIONAL INC.
2003 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement") dated as of December 1, 2004, is between Tempur-Pedic International Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified below, residing at the address there set out (the "Recipient").

1. Award of Units. Pursuant and subject to the Company's 2003 Equity Incentive Plan as attached hereto (as the same may be amended from time to time, the "Plan") and the Employment and Noncompetition Agreement, dated as of December 1, 2004, between the Company and the Recipient (the "Employment Agreement"), the Company grants the Recipient an award (the "Award") of 70,000 restricted stock units ("Restricted Stock Units") of the common stock, par value \$.01 per share, of the Company (the "Stock"). The Grant Date of this Award is as of December 1, 2004.

2. Rights of Restricted Stock Units. The Recipient will receive no dividend equivalent payments on the Restricted Stock Units. Unless and until both the vesting conditions of the award have been satisfied and the Recipient has received the shares of Stock in accordance with the terms and conditions described herein, you have none of the attributes of ownership with respect to such shares of Stock.

3. Vesting Period and Rights; Taxes and Filings. The Award will vest in six installments as follows:

<u>Number of Shares in Each Installment</u>	<u>Vesting Date</u>
11,667	July 1, 2005
11,667	January 1, 2006
11,667	July 1, 2006
11,667	January 1, 2007
11,666	July 1, 2007
11,666	January 1, 2008

Subject to the provisions of Section 4 below, the vesting is subject to the Recipient continuing to be employed by the Company on the applicable vesting date as set forth above (the "Vesting Date"). The vested portion of the Award shall be paid as soon as practicable following the Vesting Date. At the time of vesting, the Recipient will receive one share of the Company's Stock for *each* of the Recipient's vested Restricted Stock Units.

The Recipient is required to pay all withholding taxes and is responsible for any filings required under Section 16 of the Securities Exchange Act of 1934 and the rules thereunder.

4. Termination of Employment. If the Recipient's employment with the Company terminates, the right to the Restricted Stock Units shall be as follows:

a. Death. If the Recipient dies, the Restricted Stock Units granted hereunder will vest immediately to the person or persons to whom the Recipient's rights shall pass by will or the laws, of descent and distribution.

b. Permanent Disability. If the Company terminates the Recipient's employment for disability pursuant to paragraph 3.1(d) of the Employment Agreement, the Restricted Stock Units granted hereunder will vest immediately.

c. By the Company For Cause or By the Recipient Without Good Cause. If the Recipient ceases to be an active employee of the Company due to the Recipient's termination by the Company For Cause or if his employment is terminated by the Recipient without Good Reason (each as defined in the Employment Agreement), the Recipient's right to such Restricted Stock Units granted hereunder shall be forfeited.

d. By the Company Other Than for Cause, Disability or Death or By the Recipient for Good Cause. If the Recipient ceases to be an active employee of the Company due to the Recipient's termination by the Company other than For Cause, disability or death or is terminated by the Recipient for Good Reason (as defined in the Employment Agreement), the Restricted Stock Units granted hereunder will vest immediately. For purposes of this subsection (d), failure of the Company to renew the Recipient's Employment Agreement shall not constitute termination of the Recipient's employment with the Company

e. Payment. In all cases, payment with respect to the vested Restricted Stock Units shall be made as soon as practicable following the date of accelerated vesting as described above.

5. Change of Control Provisions. This Agreement is subject to the Change of Control provision found in Section 9(b) of the Plan.

6. Other Provisions.

a. This Award of Restricted Stock Units does not give the Recipient any right to continue to be employed by the Company, or limit, in any way, the right of the Company to terminate the Recipient's employment, at any time, for any reason not specifically prohibited by law.

b. The Company is not liable for the non-issuance or non-transfer, nor for any delay in the issuance or transfer of any shares of common stock due to the Recipient

upon the Vesting Date with respect to vested Restricted Stock Units which results from the inability of the Company to obtain, from each regulatory body having jurisdiction, all requisite authority to issue or transfer shares of common stock of the Company if counsel for the Company deems such authority necessary for the lawful issuance or transfer of any such shares. Acceptance of this Award constitutes the Recipient's agreement that the shares of Stock subsequently acquired hereunder, if any, will not be sold or otherwise disposed of by the Recipient in violation of any applicable securities laws or regulations.

c. The Restricted Stock Units are subject to this Agreement and Recipient's acceptance hereof shall constitute the Recipient's agreement to any administrative regulations of the Compensation Committee of the Company's Board of Directors (the "Committee"). In the event of any inconsistency between this Agreement and the provisions of the Plan, the provisions of the Plan shall prevail.

d. All decisions of the Committee upon any questions arising under the Plan or under these terms and conditions shall be conclusive and binding.

e. During the Recipient's lifetime, no right hereunder related to these Restricted Stock Units shall be transferable except by will or the laws of descent and distribution.

7. Incorporation of Plan Terms. This Award is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to the limitations on the Company's obligation to deliver shares upon exercise set forth in Section 10 (Settlement of Awards).

8. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of you. Capitalized terms used but not defined herein shall have the meaning assigned under the Plan. This Agreement may be executed in one or more counterparts all of which together shall constitute but one instrument.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Unit Award Agreement as a sealed instrument as of the date first above written.

TEMPUR-PEDIC INTERNATIONAL INC.

By: /s/ H. THOMAS BRYANT

/s/ MATTHEW CLIFT

Title: President

Signature of Recipient

Matthew Clift

Name of Recipient

Recipient's Address:

105 Crosswoods Place
Nicholasville, KY 40356



TEMPUR-PEDIC INTERNATIONAL INC. EXPANDS MANAGEMENT TEAM

***Company Adds Executive Vice President of Operations;
H. Thomas Bryant Promoted to President***

LEXINGTON, KY – November 29, 2004 – Tempur-Pedic International Inc. (NYSE: TPX) today announced the appointment of Matt Clift to the newly created position of Executive Vice President of Operations, effective December 1. Mr. Clift will oversee all aspects of manufacturing, research and development, information technology, human resources and operations, both domestically and abroad. Mr. Clift will report to H. Thomas Bryant, who is being promoted to President of Tempur-Pedic International Inc. Mr. Robert Trussell will continue to serve as Chief Executive Officer.

“Matt’s addition to Tempur-Pedic’s management team reflects our commitment to continue to expand our position as the worldwide leader in premium bedding,” said Bob Trussell, Chief Executive Officer. “Augmenting our senior management team with an executive with Matt’s talent and expertise will provide Tempur-Pedic with another competitive advantage as we continue to invest in our manufacturing and distribution capabilities.”

Mr. Clift’s 23 years of management experience include an impressive career with Lexmark International, Inc., formerly owned by IBM. Most recently, he served as Vice President and General Manager of Lexmark’s consumer products division, a \$2 billion division that includes facilities across the United States, Mexico, Scotland and the Philippines.

H. Thomas Bryant Promoted to President

Tempur-Pedic International Inc. also announced the promotion of H. Thomas Bryant to President of Tempur-Pedic International, Inc. Mr. Bryant has served as Executive Vice President and President of North American Operations, which included direct responsibility for worldwide manufacturing and product development, since joining the company in July 2001. In his new role, he will oversee all of the company’s day to day domestic and international business activities and will continue to report to Mr. Trussell.

“Tom’s performance over the past three years has been essential to the outstanding growth we have delivered,” said Mr. Trussell. “He has overseen an impressive growth rate of +50% annually in the US market. Additionally, his leadership has been a key to the company expanding manufacturing capacity to keep ahead of the commercial growth in our global markets. His wide range of capabilities and clear understanding of the Tempur-Pedic mission will be instrumental as we continue to capitalize on the many exciting growth opportunities that exist for our company worldwide.”

Prior to joining Tempur-Pedic, Mr. Bryant served as President and Chief Executive Officer of Stairmaster Sports and Medical Products, President of Dunlop Maxfli Sports Corp. and also spent 13 years with Johnson & Johnson working in sales, marketing and general management.

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-Pedic® and TEMPUR® brand names. World headquarters for Tempur-Pedic International Inc. are in Lexington, Kentucky.

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