

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) October 21, 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 2.02. Results of Operations and Financial Condition.

On October 21, 2004, Tempur-Pedic International Inc. issued a press release to announce its financial results for the third quarter ended September 30, 2004, including certain non-GAAP financial results, and to raise its guidance for the full year 2004. This press release includes reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures and is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

The information in this report (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

The information furnished under Item 2.02 of this Form 8-K, including Exhibit 99.1 furnished herewith, is hereby incorporated by reference under this Item 7.01 as if fully set forth herein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Exhibits.

99.1. Press release dated October 21, 2004, titled "Tempur-Pedic International Reports Record Third Quarter Revenue and Earnings; Raises Guidance for 2004".

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: October 21, 2004

Tempur-Pedic International Inc.

By: /s/ Robert B. Trussell, Jr.

Name: Robert B. Trussell, Jr.

Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Press release dated October 21, 2004, titled "Tempur-Pedic International Reports Record Third Quarter Revenue and Earnings; Raises Guidance for 2004".

Tempur-Pedic International Reports Record Third Quarter Net Sales and Earnings; Raises Guidance for 2004

Achieves Net Sales Growth of 47%, Pro Forma Net Income of \$0.23 Per Share, GAAP Net Income of \$0.22 Per Share

Provides Net Sales and EPS Guidance for 2005

LEXINGTON, Ky., Oct. 21 /PRNewswire-FirstCall/ -- Tempur-Pedic International Inc. (NYSE: TPX), the market-leading manufacturer, marketer and distributor of premium visco-elastic mattresses and pillows worldwide, today announced record net sales and earnings for the third quarter ended September 30, 2004.

Third Quarter 2004 Highlights

- * Pro forma net income rose 93% to \$23.7 million or \$0.23 per diluted share from \$12.3 million or \$0.13 per diluted share in the third quarter of 2003. The Company reported third quarter net income under GAAP of \$22.4 million, or \$0.22 per diluted share compared to \$0.3 million or \$0.00 per diluted share in the third quarter of 2003.
- * Net sales rose 47% to \$181.7 million from \$123.6 million in the third quarter of 2003.
- * Operating margin increased to 24% from 18% in the third quarter of 2003.
- * Net sales in the Company's retail channel increased 77% in the U.S. and 63% worldwide.
- * Mattress net sales increased 69% on unit growth of 52%.

"The third quarter was another outstanding period for Tempur-Pedic International," said Robert Trussell, President and Chief Executive Officer. "Our record financial performance exceeded our internal expectations, reflecting consumers' growing interest and awareness of our brand. It also reflects management's ability to execute on the Company's key strategies and growth plans.

"During the quarter, we grew across all four of our sales channels, with particularly strong increases in furniture retail store sales. We added a total of approximately 300 new furniture retail stores in the U.S., bringing total U.S. furniture stores to 3,900 as of September 30, 2004. Internationally, we added placements in approximately 280 stores during the quarter. Total mattress net sales rose 69% in the third quarter of 2004, driven primarily by the growth in net sales to furniture retail stores and the continuing success of our newest premium models, and we continued to achieve significant productivity improvements in our manufacturing operations and to leverage our fixed operating expenses.

"Tempur-Pedic International has developed an exceptional line of products with outstanding customer satisfaction, global distribution in over 60 countries, and a highly effective business model. Our goal is to 'change the way the world sleeps' and, in the process, to take full advantage of the many growth opportunities that exist. After taking into account bedding industry seasonal trends and our Company's strong results, we are raising our financial guidance for the full year 2004. We currently expect the Company's net sales to range between \$660 million -- \$665 million, and pro forma diluted net income per share to range between \$0.77 -- \$0.79. In addition, based on the continued strong performance of the business, we currently estimate net sales for 2005 will range between \$810 million -- \$830 million and pro forma diluted net income per share for 2005 will range between \$0.95 -- \$1.00."

The Company notes that its expectations are based on information available at the time of this release, and are subject to changing conditions, many of which are outside the Company's control.

Third Quarter 2004 Financial Summary

Third quarter 2004 net sales were \$181.7 million, 47% higher than third quarter 2003 net sales. The Company also reported third quarter pro forma net income of \$23.7 million, or \$0.23 per diluted share, compared with pro forma net income of \$12.3 million, or \$0.13 per diluted share, for the third quarter 2003, which represents an increase in pro forma net income of 93% and 77% on a pro forma per diluted share basis. The Company reported third quarter net income under Generally Accepted Accounting Principles ("GAAP") of \$22.4 million, or \$0.22 per diluted share compared to \$0.3 million or \$0.00 per diluted share in the third quarter of 2003. For a full discussion of the pro forma adjustments, see the Supplemental Information included later in this press release.

As previously announced, Tempur-Pedic International is hosting a live conference call featuring President and Chief Executive Officer Robert Trussell and Chief Financial Officer Dale Williams to discuss third quarter results today, October 21, at 5:00 p.m. Eastern Time (2 p.m. Pacific Time). The dial-in number for the conference call is 877-278-2335 or 706-634-0167. The call is also being webcast, and can be accessed at <http://www.tempurpedic.com>.

For those who cannot listen to the live broadcast, a replay of the call will be available from October 21, 2004 at 8:00 p.m. Eastern Time through October 28, 2004, and can be accessed by dialing 706-645-9291, conference ID #1386982.

An archived webcast will also be available on the Tempur-Pedic International investor relations website at <http://www.tempurpedic.com/ir>.

Forward-Looking Statements

This release contains "forward-looking statements," which include information concerning one or more of the Company's plans, objectives, goals, strategies, future revenues and performance, capital expenditures, financing needs and other information that is not historical information. When used in this release, 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, including, without limitation, management's expectations regarding continued growth and its net sales and pro forma and GAAP net income for 2004 and 2005, 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 release. 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, including without limitation the Company's annual report on Form 10-K under the headings "Special Note Regarding Forward Looking Statements" and "Business-Risk Factors". 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.

About the Company

Tempur-Pedic International Inc. (NYSE: TPX) manufactures and distributes Swedish Mattresses and Neck Pillows(TM) made from the revolutionary Tempur(R) 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(R) and Tempur-Pedic(R) brand names. World headquarters for Tempur-Pedic International are in Lexington, KY.

For more information, visit <http://www.tempurpedic.com> or call 800-805-3635. To visit Tempur-Pedic's celebrity connection, visit <http://www.mattressofthestars.com>.

TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES Consolidated Statements of Income

(\$ in thousands, except per share data)

	Three Months Ended September 30,		Chg%	Nine Months Ended September 30,		Chg%
	2004 (unaudited)	2003 (unaudited)		2004 (unaudited)	2003 (unaudited)	
Net sales	\$181,737	\$123,555	47%	\$486,460	\$342,359	42%
Cost of sales	85,657	60,170		228,228	158,805	
Gross profit	96,080	63,385	52%	258,232	183,554	41%
Selling expenses General and administrative expenses	34,911 17,683	26,429 13,452		101,519 48,974	75,499 34,655	
Research and development expenses	651	777		1,381	1,191	
Operating income	42,835	22,727	89%	106,358	72,209	47%

Other income (expense), net:					
Interest expense, net	(6,220)	(5,584)	(17,865)	(13,743)	
Loss on debt extinguishment	--	(13,669)	(5,381)	(13,669)	
Other income (expense), net	(175)	(969)	21	(1,476)	
Total other expense, net	(6,395)	(20,222)	(23,225)	(28,888)	
Income before income taxes	36,440	2,505	83,133	43,321	92%
Income tax provision	14,029	2,180	32,006	17,331	
Net income	\$22,411	\$ 325	\$51,127	\$25,990	97%
Basic earnings per share	\$0.23	\$0.04	\$0.52	\$3.21	(84%)
Diluted earnings per share	\$0.22	\$0.00	\$0.50	\$.28	79%
Dilutive weighted average shares outstanding (in thousands)	103,036	96,005	102,933	93,143	

Supplemental Information

Pro Forma Net Income and Other Financial Data

To further provide investors useful information, pro forma net income is presented and represents the Company's GAAP net income before non-cash stock-based compensation expense of \$1.3 million and \$1.6 million for the three months ended September 30, 2004 and 2003, respectively, and \$4.3 million and \$1.7 million for the nine months ended September 30, 2004 and 2003, respectively. The Company has unearned non-cash stock-based compensation of \$4.7 million as of September 30, 2004 that will be recognized as expense in future periods. In addition to these pro forma adjustments, GAAP net income includes, and pro forma net income excludes, a loss on debt extinguishment totaling \$3.3 million, net of tax, for the nine months ended September 30, 2004 relating to the Company's redemption in January 2004 of \$52.5 million aggregate principal amount of the outstanding 10 1/4% Senior Subordinated Notes due 2010 issued by its subsidiaries Tempur-Pedic, Inc. and Tempur Production USA, Inc. For the three and nine months ended September 30, 2003, GAAP net income includes, and pro forma net income excludes, transaction related expenses totaling \$10.4 million, net of tax, relating to the write-off of deferred financing fess, original issue discount and prepayment penalties relating to the Company's re-capitalization in August 2003, and these amounts are included in loss on debt extinguishment, net of tax.

The Company believes that excluding non-cash stock-based compensation expense and loss on debt extinguishment provides a measure that is more representative of ongoing costs and therefore more comparable to the Company's historical operations. The following is a reconciliation of GAAP net income to pro forma net income and per share amounts:

TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES

Reconciliation of GAAP Net Income to Pro Forma Net Income, and Other Financial Data

(\$ in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
GAAP net income	\$22,411	\$325	\$ 51,127	\$25,990
Non-cash stock-based compensation expense	1,266	1,557	4,256	1,720
Loss on debt extinguishment, net of tax	--	10,401	3,309	10,401
Pro forma net income	\$23,677	\$ 12,283	\$ 58,692	\$38,111

GAAP net income per share, diluted	\$0.22	\$0.00	\$0.50	\$0.28
Non-cash stock-based compensation expense	0.01	0.02	0.04	0.02
Loss on debt extinguishment, net of tax	0.00	0.11	0.03	0.11
Pro forma net income per share, diluted	\$0.23	\$0.13	\$0.57	\$0.41
Other financial data				
Depreciation and amortization	\$7,229	\$6,413	\$ 21,194	\$16,316
Net debt	270,722	369,485	270,722	369,485

Summary of Channel Sales

The Company generates sales through four distribution channels: retail, direct, healthcare and third party. The retail channel sells to furniture, specialty and department stores globally. The direct channel sells directly to consumers. The healthcare channel sells to hospitals, nursing homes, healthcare professionals and medical retailers. The third party channel sells to distributors in countries where Tempur-Pedic International does not operate its own distribution company.

The following table highlights net sales information, by channel and by segment, for the third quarter:

(\$ in thousands)	CONSOLIDATED		DOMESTIC		INTERNATIONAL	
	Three Months Ended		Three Months Ended		Three Months Ended	
	September 30, (unaudited)		September 30, (unaudited)		September 30, (unaudited)	
	2004	2003	2004	2003	2004	2003
By Sales Channel						
Retail	\$133,429	\$82,042	\$93,260	\$52,806	\$40,169	\$29,236
Direct	24,767	20,762	21,300	18,340	3,467	2,422
Healthcare	11,442	10,730	2,793	2,622	8,649	8,108
Third Party	12,099	10,021	2,206	1,658	9,893	8,363
By Segment						
Domestic	\$119,559	\$75,426				
International	62,178	48,129				

Summary of Product Sales

A summary of net sales by product is reported below.

(\$ in thousands)	CONSOLIDATED		DOMESTIC		INTERNATIONAL	
	Three Months Ended		Three Months Ended		Three Months Ended	
	September 30, (unaudited)		September 30, (unaudited)		September 30, (unaudited)	
	2004	2003	2004	2003	2004	2003
Net Sales						
Mattresses	\$119,754	\$70,668	\$85,406	\$49,504	\$34,348	\$21,164
Pillows	33,036	31,385	14,076	12,838	18,960	18,547
Other	28,947	21,502	20,077	13,084	8,870	8,418

SOURCE Tempur-Pedic International Inc.

-0- 10/21/2004

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International Inc.,

1-800-805-3635/

/Web site: <http://www.tempurpedic.com>

<http://www.mattressofthestars.com> /

(TPX)

CO: Tempur-Pedic International Inc.

ST: Kentucky

IN: HOU CHM

SU: ERN CCA