
**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 23, 2006**

TEMPUR-PEDIC INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31922
(Commission File Number)

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 October 23, 2006, the Board of Directors of Tempur-Pedic International Inc. (the "Company") approved a revised compensation structure for non-employee directors of the Company effective October 23, 2006. The principal changes in directors' compensation are to (i) eliminate per meeting fees and replace it with an annual fee for membership on the Board; (ii) differentiate compensation based on service on different committees and role as Chair of a committee; and (iii) provide compensation packages for all non-employee directors. The compensation will be comprised of cash payments and option awards. The compensation structure was developed by the Company's Compensation Committee, and recommended to the Company's Board of Directors for approval. The Board of Directors expects to review director compensation for the Company annually. A copy of the summary sheet outlining the terms of director compensation for non-employee members approved by the Board of Directors is filed as Exhibit 10.1 to this Current Report on Form 8-K and is hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
10.1	Summary of Director Compensation of Tempur-Pedic International Inc., as adopted on October 23, 2006

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 27, 2006

Tempur-Pedic International Inc.

By: /s/ Dale Williams

Name: Dale Williams

Title: Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
10.1	Summary of Director Compensation for Tempur-Pedic International, Inc., as adopted on October 23, 2006

Tempur-Pedic International Inc.**Board of Director Compensation
October 23, 2006****Compensation for Non-Employee Members**

1. *Board of Director Compensation*: \$40,000 yearly cash payment and an option award for 12,000 shares of common stock of Tempur-Pedic International Inc. (“Common Stock”).
2. *Audit Committee Members*: \$12,800 yearly cash payment and an option award for 3,850 shares of Common Stock.
3. *Compensation Committee Members*: \$4,000 yearly cash payment and an option award for 1,200 shares of Common Stock.
4. *Nominating and Corporate Governance Committee Members*: \$4,000 yearly cash payment and an option award for 1,200 shares of Common Stock.
5. *Audit Committee Chair*: \$16,000 yearly cash payment and an option award for 5,000 shares of Common Stock. (This component is in addition to the compensation as an Audit Committee member described above.)
6. *Compensation Committee Chair*: \$5,000 yearly cash payment and option award for 1,500 shares of Common Stock. (This component is in addition to the compensation as a Compensation Committee member described above.)
7. *Nominating and Corporate Governance Committee Chair*: \$5,000 yearly cash payment and an option award for 1,500 shares of Common Stock. (This component is in addition to the compensation as a Nominating and Corporate Governance Committee member described above.)

Cash payments for Messrs. Barber, Hoffman, Masto, McLane and Trussell will be paid in three equal installments on November 1, 2006, February 1, 2007 and May 1, 2007. Annual Board fees for Mr. Doyle, Ms. Nancy Koehn and Sir Paul Judge will be paid on the same dates, but will be reduced to reflect amounts paid for Board fees for the period from April 28, 2006 - October 20, 2006.

All option awards have an exercise price of \$19.03, which represents the closing price of the Common Stock on October 23, 2006, the date on which the option awards were granted. Fifty percent of the option awards granted to the non-employee directors (except for Mr. Hoffman) vested on the grant date and the remainder will vest in two equal increments at the end of January 2007 and April 2007. As a newly elected director, Mr. Hoffman’s options will vest in equal quarterly increments over the next year, so that his options will be fully vested on October 23, 2007. Vesting of each option award is subject to the applicable grant recipient being a member of the Board or applicable Committee as of the applicable vesting date.

Composition of the Board of Directors and Committees

The Board of Directors

The non-employee members of the Board of Directors are Jeffrey S. Barber, Francis A. Doyle, Peter K. Hoffman, Sir Paul R. Judge, Nancy F. Koehn, Christopher A. Mastro, P. Andrews McLane and Robert B. Trussell, Jr. H. Thomas Bryant, President and Chief Executive Officer of Tempur-Pedic International Inc., is also a member of the Board of Directors.

The Audit Committee

The members of the Audit Committee are Francis A. Doyle (Chair), Peter K. Hoffman, Sir Paul Judge and Nancy F. Koehn.

The Compensation Committee

The members of the Compensation Committee are Jeffrey S. Barber (Chair), Francis A. Doyle and Sir Paul Judge.

The Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are P. Andrews McLane (Chair), Nancy F. Koehn and Christopher A. Mastro.