

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) September 27, 2016

TEMPUR SEALY 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.)

1000 Tempur 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 7.01 Regulation FD Disclosure

On September 27, 2016, Tempur Sealy International, Inc. (the "Company") issued a press release to provide an update to its financial guidance for full year 2016 and sales trends in advance of its participation at a financial conference. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

In addition, the Company released an updated presentation to be used from time to time in meetings with investors (the "Investor Presentation"). Attached as Exhibit 99.2 to this report and furnished under this Item 7.01 is a copy of the Investor Presentation.

The information in this Item 2.02 (including Exhibits 99.1 and 99.2) shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed 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 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit	Description
99.1	Press Release dated September 27, 2016, titled "Tempur Sealy Provides Business Update"
99.2	Tempur Sealy International, Inc. September 2016 Investor Presentation

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: September 27, 2016

Tempur Sealy International, Inc.

By: /s/ Barry A. Hytinen

Name: Barry A. Hytinen

Title: Executive Vice President & Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
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TEMPUR+SEALY

TEMPUR SEALY PROVIDES BUSINESS UPDATE - Revises Full Year Financial Guidance

LEXINGTON, KY, SEPTEMBER 27, 2016 - Tempur Sealy International, Inc. (NYSE: TPX) today provided an update to its financial guidance for full year 2016 and sales trends in advance of its participation at a financial conference.

Tempur Sealy International, Inc. Chairman and CEO Scott Thompson commented, "Third quarter net sales are below our prior expectations. We currently expect net sales for the full year to be down 1 to 3 percent as compared to 2015. For the full year 2016, the Company currently expects Adjusted EBITDA to range from \$500 million to \$525 million."

Thompson concluded, "While our net sales are below expectations, our operational initiatives are going well and are continuing to drive considerable margin expansion. The net impact of the revenue shortfall and our continued margin expansion is that we felt it was appropriate to lower the midpoint of our adjusted EBITDA guidance by 5%. The midpoint of this updated guidance implies an increase in adjusted EBITDA of approximately 12% and approximately 20% growth in adjusted earnings per share compared to 2015."

The Company will report third quarter results on October 27, 2016 and host an investor call.

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

As previously announced, Tempur Sealy management is scheduled to present at the Deutsche Bank Annual Leveraged Finance Conference today. As the quarter is not closed additional comments on third quarter performance will be limited.

Date: September 27, 2016

Time: 2:15 p.m. local time, 5:15 p.m. ET

Location: Phoenix, AZ

The presentation is being webcast and will also be accessible on the investor relations section of the Company's website, <http://www.tempursealy.com>. Time listed is subject to change.

Forward-looking Statements

This press release contains "forward-looking statements," within the meaning of the federal securities laws, which include information concerning one or more of the Company's plans, objectives, goals, strategies, and other information that is not historical information. When used in this release, the words "estimates," "expects," "guidance," "anticipates," "projects," "plans," "proposed," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company's expectations regarding net sales trends, net sales for the third quarter of 2016, adjusted EBITDA and adjusted earnings per share for full year 2016 and performance generally for 2016. 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.

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. These risk factors include risks associated with the Company's capital structure and debt level; general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing;

changes in product and channel mix and the impact on the Company's gross margin; changes in interest rates; the impact of the macroeconomic environment in both the U.S. and internationally on the Company's business segments; uncertainties arising from global events; the effects of changes in foreign exchange rates on the Company's reported earnings; consumer acceptance of the Company's products; industry competition; the efficiency and effectiveness of the Company's advertising campaigns and other marketing programs; the Company's ability to increase sales productivity within existing retail accounts and to further penetrate the Company's retail channel, including the timing of opening or expanding within large retail accounts and the timing and success of product launches; the effects of consolidation of retailers on revenues and costs; the Company's ability to expand brand awareness, distribution and new products; the Company's ability to continuously improve and expand its product line, maintain efficient, timely and cost-effective production and delivery of its products, and manage its growth; the effects of strategic investments on the Company's operations; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carry forwards; the outcome of various pending tax audits or other tax, regulatory or investigation proceedings; changing commodity costs; the effect of future legislative or regulatory changes; and disruptions to the implementation of the Company's strategic priorities and business plan caused by abrupt changes in the Company's senior management team and Board of Directors.

There are a number of risks, uncertainties and other important factors, many of which are beyond the Company's control, that could cause its actual results to differ materially from those expressed as forward-looking statements in this press release, including the risk factors discussed under the heading "Risk Factors" under ITEM 1A of Part 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2015. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

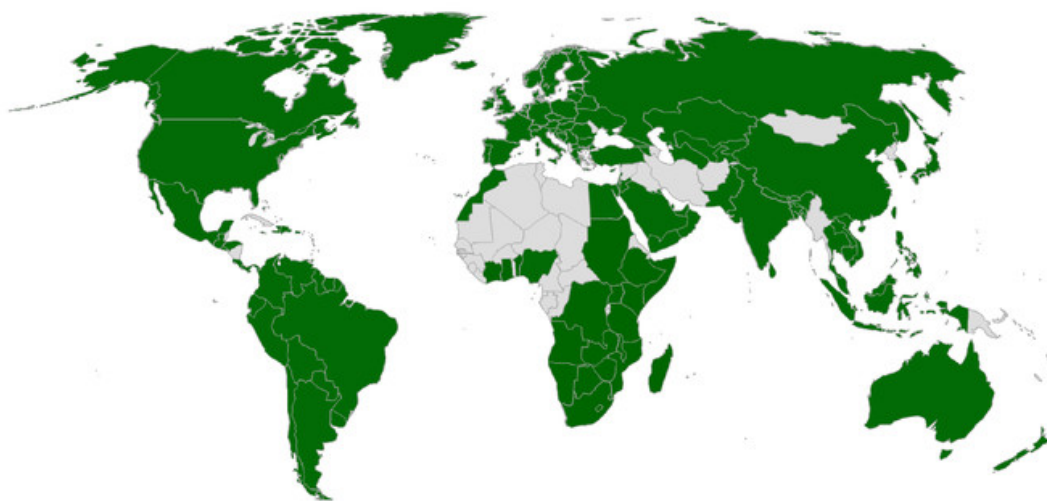
About the Company

Tempur Sealy International, Inc. (NYSE: TPX) is the world's largest bedding provider. Tempur Sealy International, Inc. develops, manufactures and markets mattresses, foundations, pillows and other products. The Company's brand portfolio includes many highly recognized brands in the industry, including Tempur®, Tempur-Pedic®, Sealy®, Sealy Posturepedic® and Stearns & Foster®. World headquarters for Tempur Sealy International, Inc. is in Lexington, KY. For more information, visit <http://www.tempursealy.com> or call 800-805-3635.

Investor Relations Contact

Barry Hytinen
Executive Vice President, Chief Financial Officer
Tempur Sealy International, Inc.
800-805-3635
Investor.relations@tempursealy.com

Tempur Sealy International, Inc. (TPX)



“Success is strengthening our Iconic Brands while driving higher ROIC through focused execution”

TEMPUR+SEALY

September 2016

World's Largest Bedding Products Company⁽¹⁾

Tempur Sealy is the premium market leader...

- Strong brands, complete product portfolio
- Distinct near-term opportunities to drive cash flow
- Shareholder-focused company
- High aspirational goals with new senior leadership putting emphasis on profitable growth

...in a growth industry

- Structural growth industry, with high ROIC and free cash flow
- Industry is relatively concentrated in US and fragmented globally



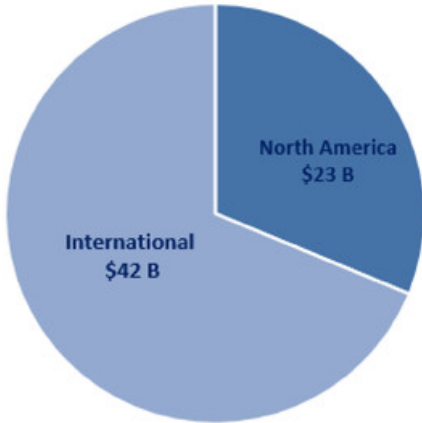
Over 7,000 worldwide employees • 29 Company operated worldwide manufacturing facilities

Forward-Looking Statements: This investor presentation contains "forward-looking statements" within the meaning of federal securities laws. Please review carefully the cautionary statements and other information included in the appendix under "Forward looking Statements". This presentation includes non-GAAP financial measures. Please refer to the footnotes and the explanations about such non-GAAP financial measures, including reconciliations to the corresponding GAAP financial measures, in the appendix at the end of the presentation.

TEMPUR+SEALY

Bedding Industry Market Opportunity

Retail Market Size
\$65 B⁽⁷⁾



Wholesale Market Size
\$32 B⁽⁷⁾



Tempur Sealy 2015 Net Sales
\$3.2 B⁽²⁾



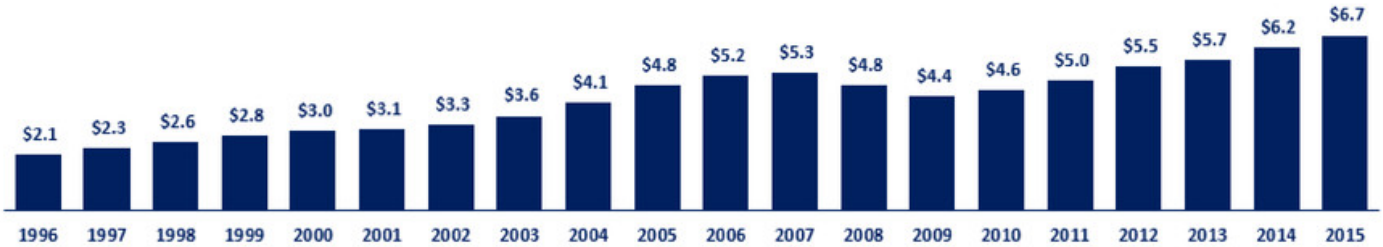
Non-Consolidated JVs & Licensees⁽²⁾: \$0.4 B

Growing Global Mattress Industry

- US mattress sales growing at a 6% CAGR over last twenty years driven by consumer shift to higher priced mattresses
- Non-US mattress sales grew 7% CAGR over the last decade, also driven by average price and units
- Tempur Sealy is at the center of global trend toward higher quality, higher priced mattresses

US Industry: Wholesale Mattresses⁽³⁾

6% CAGR



Non-US Industry: Wholesale Mattresses⁽⁴⁾

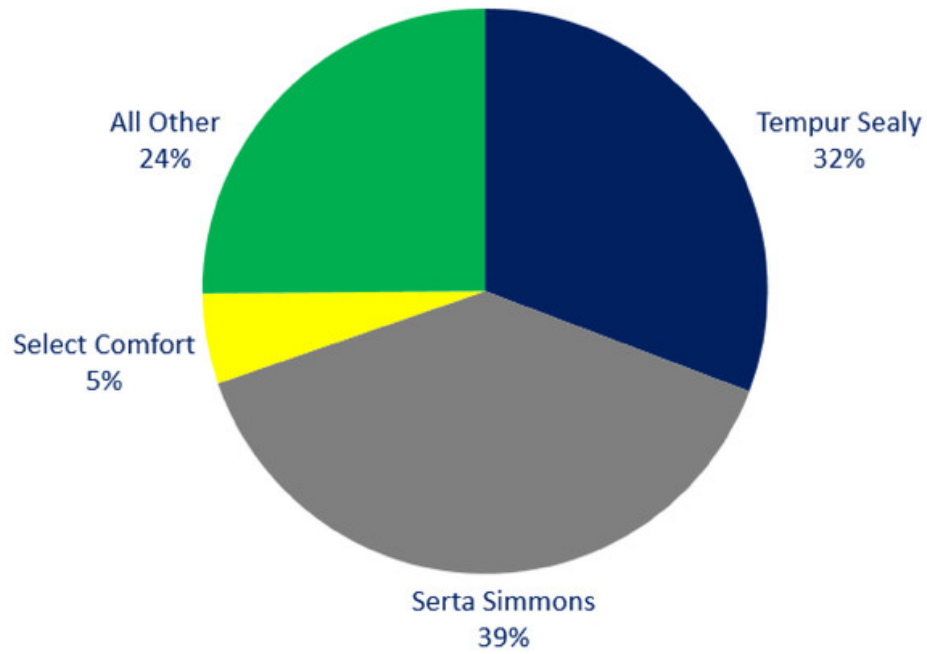
7% CAGR



\$ in billions

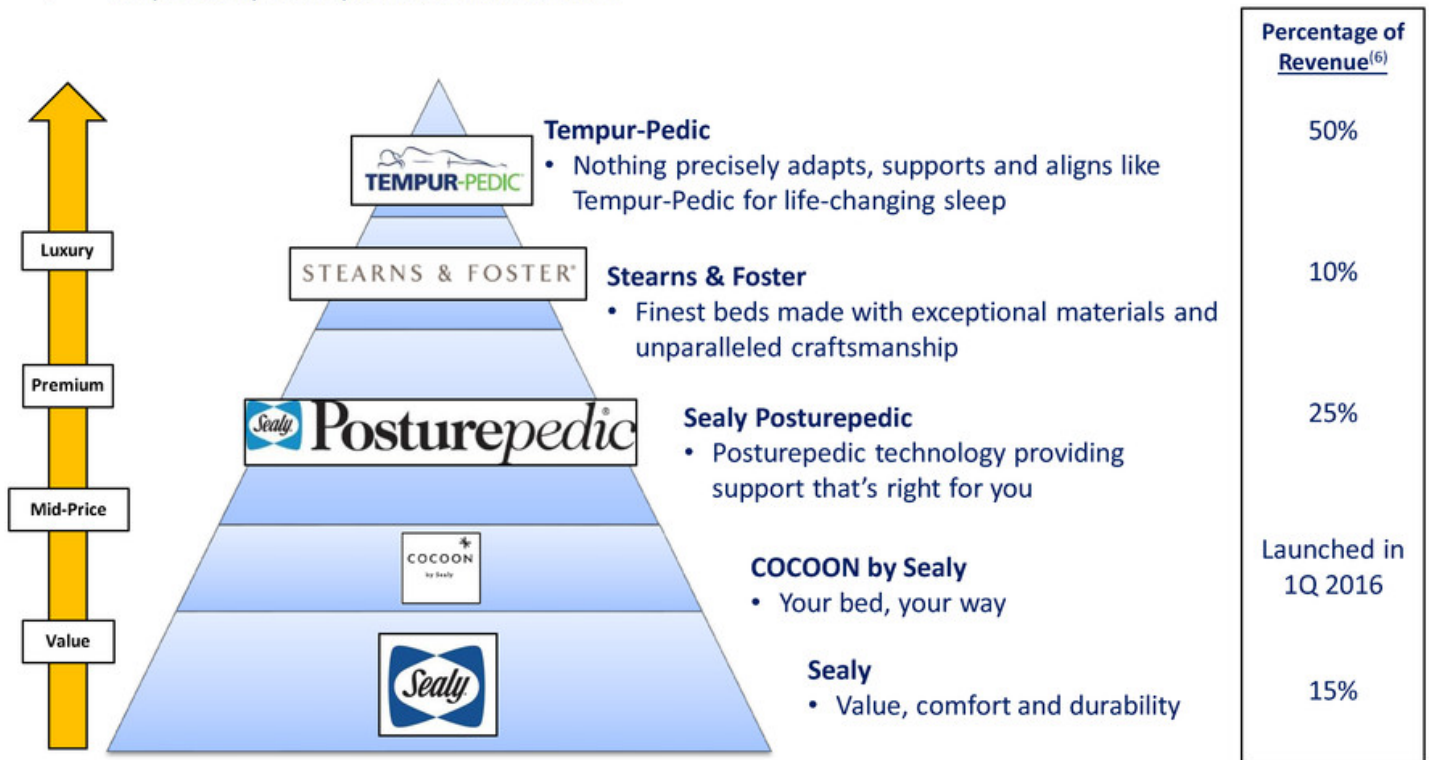
US Wholesale Bedding Industry⁽⁵⁾

➤ The US wholesale bedding market has recently consolidated



Tempur Sealy Has Well Established Global Brands

- Brands are complementary and fully cover the market
- Tempur Sealy is the premium market leader



Complete Portfolio Of Products

Tempur Material



TEMPUR-Cloud

Hybrid



TEMPUR-Flex



Sealy Posturepedic Hybrid

Innerspring



Stearns & Foster

Other Specialty



Memory Foam, Gel Visco, Latex



Adjustable bases



Online Bed In A Box

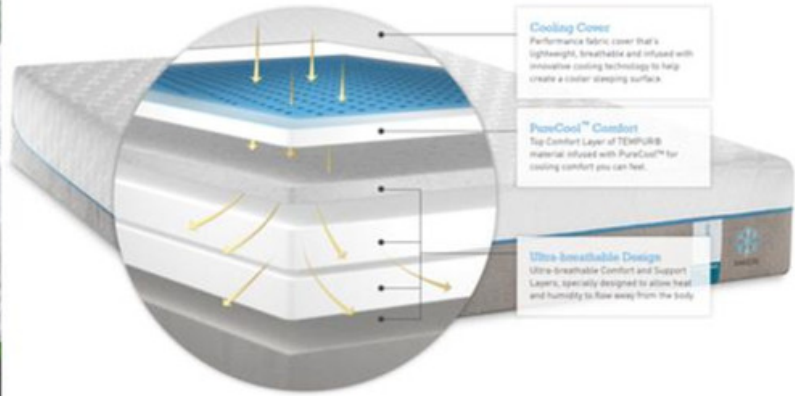


Pillows

New Tempur-Breeze



TEMPUR-BREEZE™



A Tempur-Pedic® for everyone.

TEMPUR-Contour™

Firm & Conforming



TEMPUR-Cloud®

Soft & Supportive



TEMPUR-Flex®

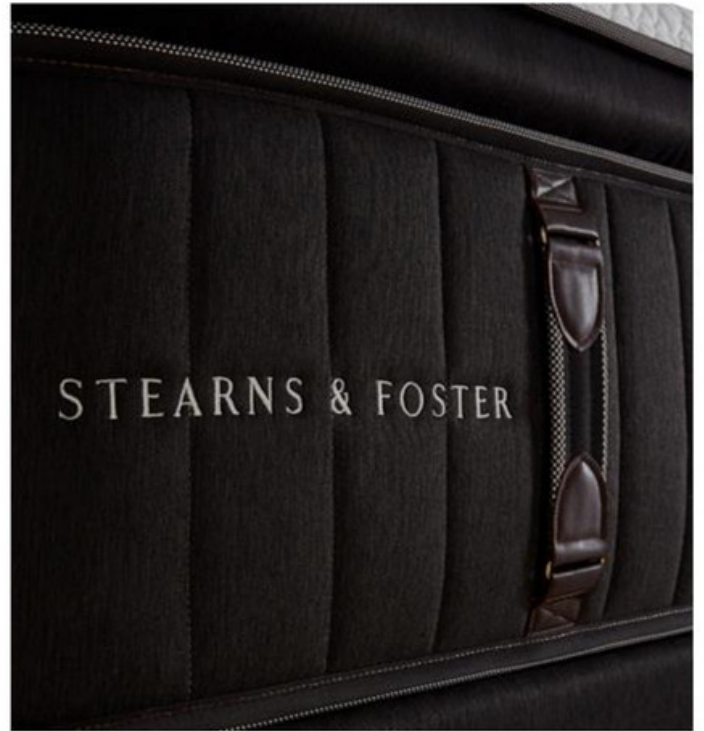
Adaptive & Responsive



New Stearns & Foster

STEARNS & FOSTER®

ESTABLISHED • 1846



Broad Distribution⁽⁶⁾

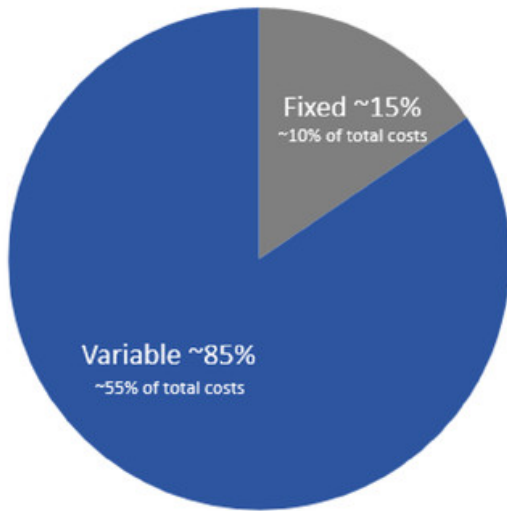
Indirect	USA	Non-USA	Total	Industry Comments
Bedding specialty retail	50%	25%	45%	Sector gaining share
Furniture retail	25%	45%	30%	Sector losing share
Department stores	10%	10%	10%	Sector losing share
Warehouse/club stores	10%	< 5%	7%	Sector gaining share
Other retail / E-commerce	< 5%	< 5%	< 5%	Sector gaining share
Hospitality and contract	< 5%	< 5%	< 5%	Lumpy sector
Direct				
Company-owned stores	< 5%	10%	< 5%	Positive same store sales
E-commerce/call center	< 5%	< 5%	< 5%	Growing faster than indirect
Total	100%	100%	100%	

Percentages may not total to 100 due to management approximations

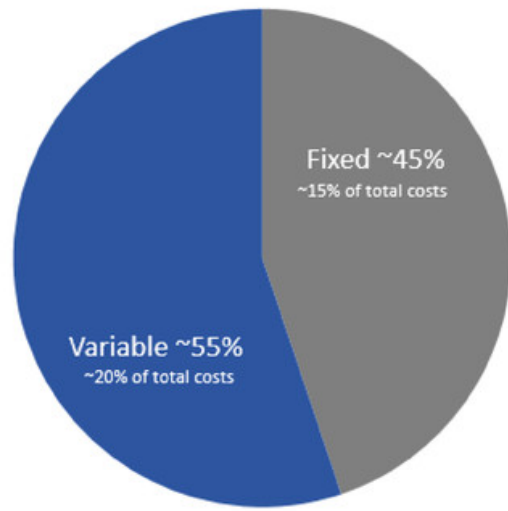
Tempur Sealy's Variable Cost Structure⁽⁷⁾

- Tempur Sealy's total cost structure is highly variable; approximately 75% in total
- In a recession scenario, Tempur Sealy cost structure can be quickly aligned with sales

Cost of Goods Sold



Operating Expenses



Manufacturing Operations

- Tempur Sealy has differentiated manufacturing to support brand and customer needs

Tempur-Pedic Operations



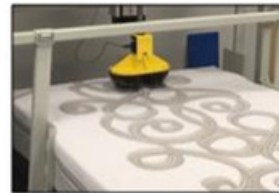
Built to stock
3 manufacturing facilities

Sealy Operations



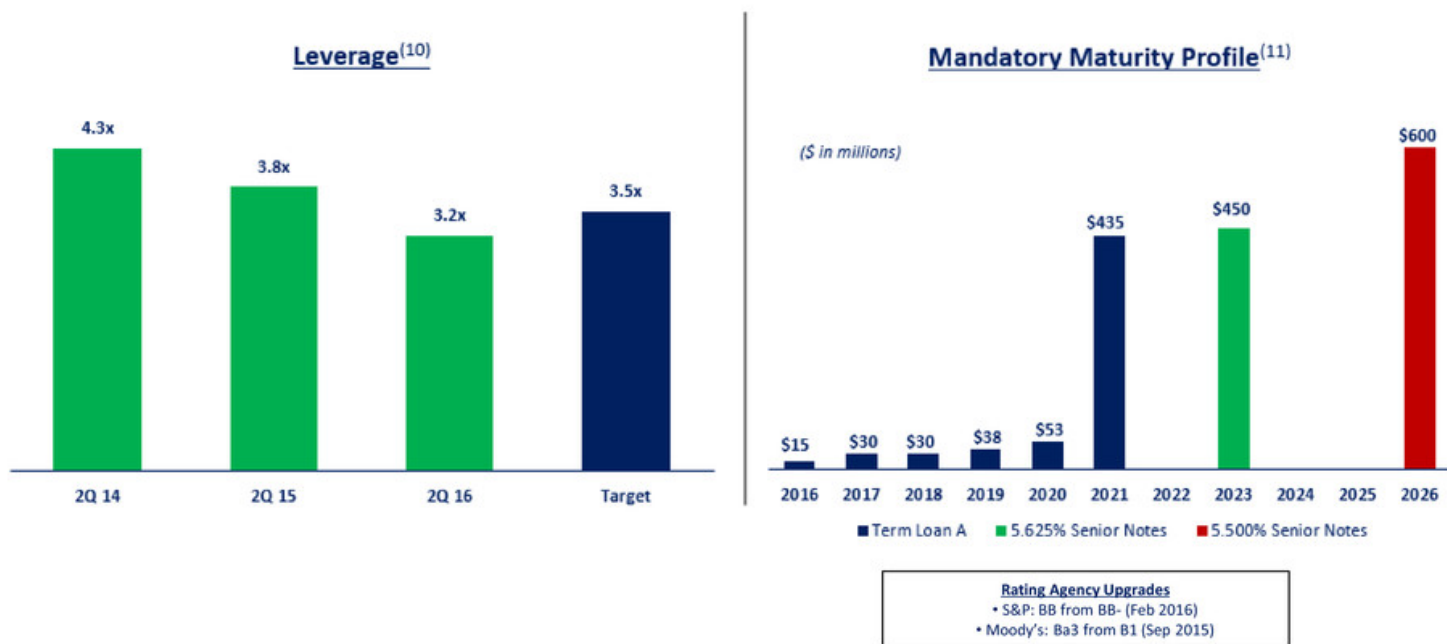
Built to order
26 assembly plants

Supported by World Class Research & Development



Debt Structure

- Leverage ratio target: 3.5x
- Fixed rate debt represent ~60% of total debt; capital structure contains long dated maturities
- \$600M share repurchase program announced; \$200M in February, increased by \$200M in June and \$200M in July⁽⁹⁾
 - \$282 million remaining under authorization as of 9/23/2016



Business Update

- On September 27, 2016 the Company issued a press release providing a business update, including revised full year financial guidance
- In the third quarter, net sales are below our prior expectations
- Our operational initiatives are going well and continuing to drive considerable margin expansion
 - On-time deliveries, quality, global sourcing
 - Working capital efficiencies
 - Margin expansion
- We are revising our expectations for the full year 2016:
 - Net sales are expected to be down 1% - 3% versus 2015
 - Adjusted EBITDA is expected to be \$500 million to \$525 million, which at the mid-points represent a 12% growth from 2015 and an approximate 20% growth in adjusted EPS
 - Debt target remains unchanged at 3.5x leverage ratio
- Third quarter results will be reported on October 27, 2016

The Company noted its expectations are based on information available at the time of this release, and are subject to changing conditions, many of which are outside of the Company's control. Please refer to the Company's September 27, 2016 press release for more information

We Define Success As

“Strengthen our Iconic Brands while driving higher ROIC through focused execution”

“Achieve consistent, profitable growth”

“Accelerate profitable growth through the appropriate expansion of distribution, the leveraging of our global product innovation platform underpinned by investments to increase brand awareness”

“Enhance our overall cost competitive position while safeguarding quality and assets”

“Support our portfolio of brands with compelling marketing and product innovation”

“Consistently deliver annual total cost improvements with excellent customer service”

“Drive traffic and conversion with effective collaboration”



STEARNS & FOSTER*



Thank you for your interest in Tempur Sealy International

Improving the Sleep of More People Every Night, All Around the World

For more information please email: investor.relations@tempursealy.com

Appendix

Forward-Looking Statements

This investor presentation contains "forward-looking statements," within the meaning of the federal securities laws, which include information concerning one or more of the Company's plans, objectives, goals, strategies, and other information that are not historical information. When used in this presentation, the words "estimates," "expects," "guidance," "anticipates," "projects," "plans," "proposed," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company's expectations regarding adjusted EBITDA and net sales for 2016 and performance generally for 2016 and subsequent years, and expectations regarding the Company's target leverage ratio, share repurchase program and the capital allocation strategy and expectations regarding the ability to reduce costs in a recession scenario. 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.

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. These risk factors include risks associated with the Company's capital structure and debt level; the ability to successfully integrate Sealy Corporation and its subsidiaries ("Sealy") into the Company's operations and realize cost and revenue synergies and other benefits from the acquisition of Sealy in 2013 ("Sealy Acquisition"); general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing; changes in product and channel mix and the impact on the Company's gross margin; changes in interest rates; the impact of the macroeconomic environment in both the U.S. and internationally on the Company's business segments; uncertainties arising from global events; the effects of changes in foreign exchange rates on the Company's reported earnings; consumer acceptance of the Company's products; industry competition; the efficiency and effectiveness of the Company's advertising campaigns and other marketing programs; the Company's ability to increase sales productivity within existing retail accounts and to further penetrate the Company's retail channel, including the timing of opening or expanding within large retail accounts and the timing and success of product launches; the effects of consolidation of retailers on revenues and costs; the Company's ability to expand brand awareness, distribution and new products; the Company's ability to continuously improve and expand its product line, maintain efficient, timely and cost-effective production and delivery of its products, and manage its growth; the effects of strategic investments on the Company's operations; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carry forwards; the outcome of various pending tax audits or other tax, regulatory or investigative proceedings; changing commodity costs; the effect of future legislative or regulatory changes; and disruptions to the implementation of the Company's strategic priorities and business plan caused by abrupt changes in the Company's senior management team and Board of Directors.

There are a number of risks, uncertainties and other important factors, many of which are beyond the Company's control, that could cause its actual results to differ materially from those expressed as forward-looking statements in this investor presentation, including the risk factors discussed under the heading "Risk Factors" under ITEM 1A of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2015. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Note Regarding Historical Financial Information:

In this investor presentation we provide or refer to certain historical information for the Company. For a more detailed discussion of the Company's financial performance, please refer to the Company's SEC filings.

Note Regarding Trademarks, Trade Names and Service Marks:

TEMPUR, Tempur-Pedic, TEMPUR-Cloud, TEMPUR-Choice, TEMPUR-Weightless, TEMPUR-Contour, TEMPUR-Rhapsody, TEMPUR-Flex, GrandBed, TEMPUR-Simplicity, TEMPUR-Ergo, TEMPUR-UP, TEMPUR-Neck, TEMPUR-Symphony, TEMPUR-Comfort, TEMPUR-Traditional, TEMPUR-Home, Sealy, Sealy Posturepedic, Stearns & Foster, COCOON by Sealy and Optimum are trademarks, trade names or service marks of Tempur Sealy International, Inc. and/or its subsidiaries. All other trademarks, trade names and service marks in this presentation are the property of the respective owners.

Limitations on Guidance. The guidance included herein is from the Company's press release dated September 27, 2016. The Company is neither reconfirming this guidance as of the date of this investor presentation nor assuming any obligation to update or revise such guidance. See Forward Looking Statements.

World Class Marketing Campaigns

- Fully integrated campaigns to build all brands
- Increased advertising to drive direct business
- Improve quality and effectiveness of cooperative advertising



World Class Marketing Campaigns

- Focused campaign objectives to maximize marketing investment

Amplify brand love to drive preference...



... build brand awareness ...



... differentiate and elevate the brand



Financial Overview: Aspirational Plan⁽⁸⁾

- ◆ The Board has established an Aspirational Plan
 - Achievement of the Aspirational Plan would likely create significant stockholder value
- ◆ Aspirational Plan Grants – Performance Restricted Stock Units (PRSUs)
 - Equity awards representing approximately 2% of the Company’s common stock have been granted to the leadership team
 - Over 200 employees have various types of performance equity (including the aspirational PRSUs)
- ◆ Aspirational Plan based on achievement of an increase of nearly \$200 million, or over 40%, in Adjusted EBITDA from 2015 levels
 - All PRSUs will vest if adjusted EBITDA of greater than \$650 million is achieved for 2017
 - One-third of PRSUs will vest if \$650 million target achieved in 2018 (and not achieved in 2017), with remainder forfeited
 - No PRSUs will vest if not achieved in either 2017 or 2018
 - If an officer or employee leaves for any reason prior to vesting, all of his or her PRSUs will be forfeited
- ◆ Accruing for the Aspirational Plan will begin when achievement of the performance goal is deemed “probable”

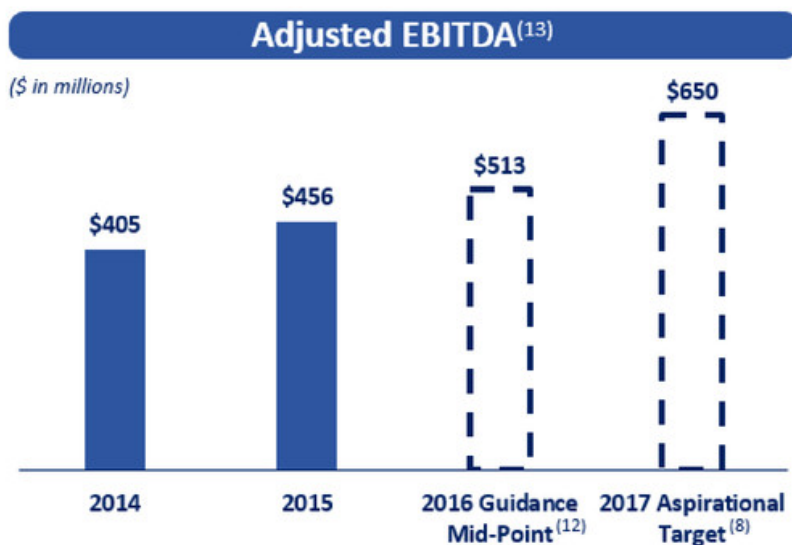
“Aspirational Pay for Aspirational Performance”

Financial Targets⁽¹²⁾

2016 Net Sales⁽¹²⁾: Down 1% - 3%

2016 Adjusted EBITDA⁽¹³⁾: \$500 – 525 million

Target Debt: 3.5x leverage ratio⁽¹⁰⁾



2014 GAAP Net Income
\$108.9

2015 GAAP Net Income
\$73.5

Footnotes

1. Based on total annual EBITDA/adjusted EBITDA (where applicable) from publicly disclosed competitor financial information.
2. Based on the Company's results for fiscal 2014 or 2015 or Q2 2016 or the first half of 2016, as applicable. For more information please refer to the Annual Report on Form 10-K for the year ended December 31, 2015 or the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, and June 30, 2016.
3. According to 2015 Mattress Industry Report of Sales & Trends provided by the International Sleep Products Association ("ISPA").
4. CSIL World Mattress Report, 2014 (Top 40 Markets Mattress Consumption).
5. Based on Furniture Today report dated November 17, 2015.
6. Management estimates of approximate percentage of net sales.
7. Management estimates.
8. For more information about the aspirational plan and the terms of the aspirational PRSUs, please refer to "Financial Overview: Aspirational Plan" on slide 21 as well as the Company's SEC filings. In addition, please refer to "Forward Looking Statements".
9. Stock repurchases under this program may be made through open market transactions, negotiated purchases or otherwise, at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, financing and regulatory requirements and other market conditions. The program does not require the purchase of any minimum number of shares and may be suspended, modified or discontinued at any time without prior notice. Repurchases may be made under a Rule 10b5-1 plan, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under federal securities laws.
10. Adjusted net income, adjusted EPS, leverage and leverage ratio are non-GAAP financial measures. Please refer to the "Use of Non-GAAP Financial Measures" beginning on slide 24 for more information regarding the definition of these non-GAAP financial measures, including the adjustments from the corresponding GAAP information.
11. Based on debt outstanding June 30th, 2016, adjusted pro forma for the repayment of the Sealy PIK Notes and the borrowing on a Delayed Draw Term Loan under the Company's senior credit facility which all occurred in July 2016. For more information, please refer to the associated SEC filings.
12. Based on the Company's updated 2016 financial targets provided in the company's press release dated September 27, 2016. Please refer to "Forward-Looking Statements" and "Limitations on Guidance".
13. EBITDA and adjusted EBITDA are a non-GAAP financial measures. Please refer to the "Use of Non-GAAP Financial Measures" beginning on slide 24 for more information regarding the definition of adjusted EBITDA, including the adjustments from the corresponding GAAP information. Amount shown for 2016 represents management estimates of adjusted EBITDA performance based on the Company's guidance presented on February 4, 2016. Please refer to "Forward-Looking Statements" and "Limitations on Guidance".

Use of Non-GAAP Financial Measures

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding earnings before interest, taxes, depreciation, and amortization ("EBITDA"), adjusted net income, adjusted EPS, adjusted EBITDA and consolidated funded debt less qualified cash to adjusted EBITDA ("leverage"), which are not recognized terms under U.S. Generally Accepted Accounting Principles ("GAAP") and do not purport to be alternatives to net income as a measure of operating performance or an alternative to total debt. The Company believes that the use of these non-GAAP financial measures provides investors with additional useful information with respect to the impact of various costs associated with the Sealy Acquisition ("Sealy Acquisition") and the exclusion of other costs. The Company believes that exclusion of these items assists in providing a more complete understanding of the Company's underlying results from continuing operations and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

For more information regarding the use of these non-GAAP financial measures, please refer to the Company's SEC filings.

EBITDA and Adjusted EBITDA

A reconciliation of the Company's GAAP net income to EBITDA and adjusted EBITDA are provided on slide 25 and 26. Management believes that the use of EBITDA and adjusted EBITDA also provides investors with useful information with respect to the Company's operating performance and comparisons from period to period, as well as general information about the Company's progress in reducing its leverage.

Leverage

Consolidated funded debt less qualified cash to adjusted EBITDA, which the Company may refer to as leverage, is provided on slides 27 and is calculated by dividing consolidated funded debt less qualified cash, as defined by the Company's senior secured credit facilities, by adjusted EBITDA. Although not relevant for purposes of assessing compliance with the Company's current financial covenants, the Company provides this as supplemental information to investors regarding the Company's operating performance and comparisons from period to period, as well as general information about the Company's progress in reducing its leverage.

Adjusted Net Income and Adjusted EPS

A reconciliation of the Company's GAAP net income to adjusted net income and a calculation of adjusted EPS are provided on slides 28. Management believes that the use of adjusted net income and adjusted EPS also provides investors with useful information with respect to the Company's operating performance and comparisons from period to period.

Adjusted EBITDA Reconciliation

(in millions)

Adjusted EBITDA	Year ended December 31,	
	2014	2015
GAAP net income	\$ 108.9	\$ 73.5
Interest expense	91.9	96.1
Income tax provision	64.9	125.4
Depreciation and amortization	89.7	93.9
EBITDA	\$ 355.4	\$ 388.9
Adjustments for financial covenant purposes:		
Integration costs ⁽¹⁾	40.3	28.6
Restructuring ⁽²⁾	-	11.9
Other income ⁽³⁾	(15.6)	(9.5)
2015 Annual Meeting costs ⁽⁴⁾	-	2.1
Pension settlement ⁽⁵⁾	-	1.3
Loss on disposal of business ⁽⁶⁾	23.2	-
Financing costs ⁽⁷⁾	1.3	-
EBITDA in accordance with the Company's senior secured credit facility	\$ 404.6	\$ 423.3
Additional Adjustments		
German legal settlement ⁽⁸⁾	-	17.6
Executive transition and retention compensation ⁽⁹⁾	-	10.7
2015 Annual Meeting costs ⁽⁴⁾	-	4.2
Adjusted EBITDA	\$ 404.6	\$ 455.8

Notes

- (1) Integration costs represents costs, including legal fees, professional fees, compensation costs and other charges related to the transition of manufacturing facilities, and other costs related to the continued alignment of the North America business segment related to the Sealy Acquisition.
- (2) Restructuring costs represents costs associated with headcount reduction and store closures.
- (3) Other income represents income from a partial settlement of a legal dispute.
- (4) 2015 Annual Meeting costs represent additional costs related to the Company's 2015 Annual Meeting and related issues.
- (5) Pension settlement represents pension expense recorded in conjunction with a settlement offered to terminated, vested participants in a defined benefit pension plan.
- (6) Loss on disposal of business represents costs associated with the disposition in 2014 of the three Sealy U.S. innerspring component production facilities and related equipment.
- (7) Financing costs represent costs incurred in connection with the amendment of the Company's senior secured credit facility in 2014.
- (8) German legal settlement represents the previously announced €15.5 million settlement the Company reached with the German Federal Cartel Office ("FCO") to fully resolve the FCO's antitrust investigation and related legal fees.
- (9) Executive management transition and retention compensation represents certain costs associated with the transition of certain of the Company's executive officers.

Adjusted EBITDA Reconciliation

<i>(in millions)</i>	Three Months Ended	
	June 30, 2016	June 30, 2015
Net income	\$ 21.3	\$ 21.2
Interest expense	23.1	20.5
Loss on extinguishment of debt	47.2	-
Income taxes	9.2	8.3
Depreciation and amortization	22.9	26.5
EBITDA	123.7	76.5
Adjustments		
Integration costs ⁽¹⁾	1.0	6.7
2015 Annual Meeting costs ⁽²⁾		4.2
Executive management transition and retention compensation ⁽³⁾		3.0
Redemption value adjustment on redeemable non-controlling interest, net of tax ⁽⁴⁾		(0.1)
Adjusted EBITDA	\$ 124.7	\$ 90.3

Notes

- (1) Integration costs represents costs, including legal fees, professional fees, compensation costs and other charges related to the transition of manufacturing facilities, and other costs related to the continued alignment of the North America business segment related to the Sealy Acquisition.
- (2) 2015 Annual Meeting costs represent additional costs related to the Company's 2015 Annual Meeting and related issues.
- (3) Executive management transition and retention compensation represents certain costs associated with the transition of certain of the Company's executive officers following the 2015 Annual Meeting.
- (4) Redemption value adjustment on redeemable non-controlling interest represents an adjustment to the carrying value of the redeemable non-controlling interest to its redemption value.

For additional information regarding the calculations above please refer to the Company's SEC filings.

Leverage Reconciliation

<i>(in millions, except ratio)</i>	2Q 14	2Q 15	2Q 16
Total debt ⁽¹⁾	\$ 1,776.0	\$ 1,576.0	\$ 1,688.1
Plus: Letters of credit outstanding	17.5	17.3	18.8
Consolidated funded debt	1,793.5	1,593.3	1,706.9
Less: Domestic qualified cash ⁽²⁾	80.9	9.0	61.9
Less: Foreign qualified cash ⁽²⁾	24.4	15.9	45.6
Consolidated funded debt less qualified cash	\$ 1,688.2	\$ 1,568.4	\$ 1,599.4
Adjusted EBITDA ⁽³⁾	\$ 388.8	\$ 416.3	\$ 503.7
Leverage	4.3x	3.8x	3.2x

Notes

- (1) Balance sheet amounts are as of the end of the referenced quarter.
- (2) Qualified cash as defined in the senior secured credit facilities equals 100.0% of unrestricted domestic cash plus 60.0% of unrestricted foreign cash. For purposes of calculating leverage ratios, qualified cash is capped at \$150.0 million.
- (3) Represents adjusted EBITDA for the trailing twelve-month period ended with the referenced quarter. A reconciliation of GAAP net income to Adjusted EBITDA with respect to the twelve-month period ended with the referenced quarter is set forth below.

<i>(\$ in millions)</i>	2Q 14	2Q 15	2Q 16
GAAP net income	\$ 92.9	\$ 128.3	\$ 89.8
Interest expense	92.4	87.6	99.7
Loss on extinguishment of debt	-	-	47.2
Income tax provision	59.0	62.2	133.3
Depreciation and amortization	97.3	92.5	92.2
EBITDA	\$ 341.6	\$ 370.6	\$ 462.2
Adjustments	47.2	45.7	41.5
Adjusted EBITDA	\$ 388.8	\$ 416.3	\$ 503.7

For additional information regarding the calculations above please refer to the Company's SEC filings.

Adjusted Net Income and Adjusted EPS

<i>(in millions, except per share amounts)</i>	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GAAP net income	21.3	21.2	60.9	44.6
Loss on extinguishment of debt ⁽¹⁾	47.2	-	47.2	-
Interest expense ⁽²⁾	2.1	-	2.1	-
Integration costs ⁽³⁾	1.0	6.7	2.0	18.4
Executive management transition and retention compensation ⁽⁴⁾	-	7.5	3.0	7.5
2015 Annual Meeting costs ⁽⁵⁾	-	4.2	-	6.3
Tax adjustment ⁽⁶⁾	(15.9)	(6.3)	(17.2)	(9.4)
Adjusted net income	<u>55.7</u>	<u>33.3</u>	<u>98.0</u>	<u>67.4</u>
Adjusted earnings per common share, diluted	<u>\$ 0.92</u>	<u>\$ 0.53</u>	<u>\$ 1.59</u>	<u>\$ 1.08</u>
Diluted shares outstanding	<u>60.8</u>	<u>62.4</u>	<u>61.7</u>	<u>62.3</u>

Notes

- (1) Loss on extinguishment of debt represents costs associated with the completion of the 2016 Credit Facility and the offering of Senior Notes due 2026 in the second quarter of 2016.
- (2) Interest expense represents incremental interest incurred upon the Senior Notes due 2026 sold in the second quarter of 2016 and the Senior Notes due 2020, which were repaid with a portion of the proceeds of the Senior Notes due 2026.
- (3) Integration costs represents costs, including legal fees, professional fees, compensation costs and other charges related to the transition of manufacturing facilities, and other costs related to the continued alignment of the North America business segment related to the Sealy Acquisition.
- (4) Executive management transition and retention compensation represents certain costs associated with the transition of certain of the Company's executive officers following the 2015 Annual Meeting.
- (5) 2015 Annual Meeting costs represent additional costs related to the Company's 2015 Annual Meeting and related issues.
- (6) Adjusted income tax provision represents adjustments associated with the aforementioned items and other discrete income tax events.

For additional information regarding the calculations above please refer to the Company's SEC filings.

