

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) **April 16, 2009**

**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))
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## Item 2.02 Results from Operations and Financial Condition

On April 16, 2009, Tempur-Pedic International Inc. (the Company) issued a press release to announce its financial results for the first quarter, ended March 31, 2009. The Company also issued revised financial guidance for the fiscal year 2009. A copy of this press release 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 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 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

(d) Exhibits

Exhibit	Description
99.1	Press Release dated April 16, 2009, entitled “Tempur-Pedic Reports First Quarter Earnings”

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## 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: April 16, 2009

**Tempur-Pedic International Inc.**

By: /s/ DALE E. WILLIAMS

Name: Dale E. Williams

Title: Executive Vice President, Chief Financial  
Officer & Secretary

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**EXHIBIT INDEX**

Exhibit	Description
99.1	Press Release dated April 16, 2009, entitled "Tempur-Pedic Reports First Quarter Earnings"



## TEMPUR-PEDIC REPORTS FIRST QUARTER EARNINGS

*- Reports EPS of \$0.18*

*- Gross Profit Margin Increases 250 Basis Points to 46.2%*

*- Maintains EPS Guidance, Reduces Sales Guidance*

**LEXINGTON, KY, April 16, 2009** – Tempur-Pedic International Inc. (NYSE: TPX), the leading manufacturer, marketer and distributor of premium mattresses and pillows worldwide, today announced financial results for the first quarter ended March 31, 2009. The Company also updated financial guidance for 2009.

### FIRST QUARTER FINANCIAL SUMMARY

- Earnings per share (EPS) were \$0.18 per diluted share in the first quarter of 2009 as compared to \$0.18 per diluted share in the first quarter of 2008. The Company reported net income of \$13.3 million for the first quarter of 2009 as compared to net income of \$13.5 million in the first quarter of 2008. Net income results for the first quarter of 2009 include a non-recurring \$1.3 million tax charge resulting from a change to a foreign tax law.
  - Net sales declined 28% to \$177.1 million in the first quarter of 2009 from \$247.2 million in the first quarter of 2008. On a constant currency basis, net sales declined 24%. Net sales in the domestic segment declined 28%, while international segment net sales declined 29%. On a constant currency basis, international segment net sales declined 18%.
  - Mattress sales declined 29% globally. Mattress sales declined 29% in the domestic segment and 29% in the international segment. On a constant currency basis, international mattress sales declined 17%. Pillow sales declined 27% globally. Pillow sales declined 25% domestically and 29% internationally. On constant currency basis, international pillow sales declined 20%.
  - Gross profit margin was 46.2% as compared to 43.7% in the first quarter of 2008. The gross profit margin increased as a result of lower commodity and transportation costs, improved efficiencies in manufacturing, and pricing actions taken during the quarter, partially offset by fixed cost leverage related to lower production volumes.
  - Operating profit margin was 14.6% as compared to 11.9% in the first quarter of 2008. Operating profit margin improvement resulted from the expansion in gross profit margin and lower operating expenses. The Company reduced operating expenses by \$22.7 million to \$56.0 million in the first quarter of 2009 from \$78.7 million in the first quarter of 2008.
  - Reflecting the Company's continued focus on generating cash, the Company generated \$26.0 million of operating cash flow in the first quarter of 2009 as compared to \$24.6 million in the first quarter of 2008.
  - During the quarter, the Company reduced Total debt by \$19.3 million to \$400.0 million. As of March 31, 2009, the Company's ratio of Funded debt to EBITDA was 2.38 times, well within the covenant in its credit facility, which requires that this ratio not exceed 3.00 times. For additional information about EBITDA and Funded debt (which are non-GAAP measures), please refer to the reconciliation and other information included in the attached schedule.
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Chief Executive Officer Mark Sarvary commented, "We executed well during the first quarter. We made solid progress on our long-term initiatives most notably our initiative to drive gross margins. An easing commodity environment and our productivity initiatives have generated substantial margin improvement despite lower volumes. Importantly, we continued to drive balance sheet improvement by paying down debt."

Chief Financial Officer Dale Williams commented, "Sales in the first quarter were modestly below our expectations. In the domestic segment, while sales were essentially flat to the fourth quarter run rate, we did not experience the normal seasonal lift. In the international segment, sales were down from the fourth quarter reflecting a weakened run rate. As visibility continues to be low, we have established our revised sales guidance assuming only a modest seasonal benefit to first quarter unit volumes. Accordingly, we continue to adjust our production plans and operating expenses. Our drive to expand margins has generated substantial benefit and we are confirming our prior EPS guidance. In addition, we continue to project we will remain in compliance with the covenants in our credit facility."

#### **2009 Financial Guidance**

The Company maintained its EPS guidance to range from \$0.70 to \$0.90 per diluted share, but reduced its net sales guidance to range from \$700 million to \$740 million. 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 the Company's control.

#### **Conference Call Information**

Tempur-Pedic International will host a live conference call to discuss financial results today, April 16, 2009 at 5:00 p.m. Eastern Time. The dial-in number for the conference call is 888-430-8669. The call is also being webcast and can be accessed on the investor relations section of the Company's website, [www.tempurpedic.com](http://www.tempurpedic.com).

For those who cannot listen to the live broadcast, a telephone replay of the call will be available from April 16, 2009 at 8:00 p.m. Eastern Time through April 23, 2009. To listen to the replay, dial 888-203-1112, participant code 9148257.

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### **Forward-looking Statements**

This release contains "forward-looking statements," within the meaning of 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," "anticipates," "projects," "plans," "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 plans to improve its balance sheet and margins and further improve financial flexibility and its business; its ability to maintain compliance with its credit facility covenants; the Company's initiatives to align costs with anticipated sales levels; and the Company's expectations regarding net sales and earnings per share for 2009. 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.

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. These risk factors include general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing; the Company's ability to reduce expenses to align with reduced sales levels; 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 US retail channel, including the timing of opening or expanding within large retail accounts; the Company's ability to address issues in certain underperforming international markets; 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; changes in foreign tax rates, including the ability to utilize tax loss carry forwards; and rising commodity costs. Additional information concerning these and other risks and uncertainties 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 "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 for any reason, including to reflect events or circumstances after the date on which such statements are 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 mattresses and pillows made from its proprietary TEMPUR® pressure-relieving material. It is the worldwide leader in premium and specialty sleep. The Company is focused on developing, manufacturing and marketing advanced sleep surfaces that help improve the quality of life for people around the world. The Company's products are currently sold in over 70 countries under the TEMPUR® and Tempur-Pedic® brand names. World headquarters for Tempur-Pedic International is in Lexington, KY. For more information, visit <http://www.tempurpedic.com> or call 800-805-3635.

### **Investor Relations Contact:**

Barry Hytinen  
Vice President, Investor Relations and Financial Planning & Analysis  
800-805-3635

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**TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
(In thousands, except per common share amounts)

	Three Months Ended March 31,		Chg%
	2009	2008	
Net sales	\$ 177,104	\$ 247,222	(28%)
Cost of sales	95,243	139,141	
Gross profit	81,861	108,081	(24%)
Selling and marketing expenses	33,872	53,163	
General, administrative and other expenses	22,108	25,585	
Operating income	25,881	29,333	(12%)
Other income (expense), net:			
Interest expense, net	(4,571)	(7,691)	
Other income (expense), net	348	(1,019)	
Total other expense	(4,223)	(8,710)	
Income before income taxes	21,658	20,623	5%
Income tax provision	8,320	7,109	
Net income	\$ 13,338	\$ 13,514	(1%)
Earnings per common share:			
Basic	\$ 0.18	\$ 0.18	
Diluted	\$ 0.18	\$ 0.18	
Weighted average common shares outstanding:			
Basic	74,874	74,591	
Diluted	74,959	75,188	



**TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	March 31, 2009	December 31, 2008	Chg %
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 21,127	\$ 15,385	
Accounts receivable, net	90,500	99,811	
Inventories	60,791	60,497	
Prepaid expenses and other current assets	12,284	9,233	
Deferred income taxes	16,475	11,888	
<b>Total Current Assets</b>	<b>201,177</b>	<b>196,814</b>	2%
Property, plant and equipment, net	178,016	185,843	
Goodwill	192,339	192,569	
Other intangible assets, net	66,328	66,823	
Other non-current assets	4,058	4,482	
<b>Total Assets</b>	<b>\$ 641,918</b>	<b>\$ 646,531</b>	(1%)
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities:			
Accounts payable	\$ 40,140	\$ 41,355	
Accrued expenses and other current liabilities	68,312	65,316	
Income taxes payable	7,934	7,783	
<b>Total Current Liabilities</b>	<b>116,386</b>	<b>114,454</b>	2%
Long-term debt	400,000	419,341	
Deferred income taxes	28,667	28,371	
Other non-current liabilities	12,550	11,922	
<b>Total Liabilities</b>	<b>557,603</b>	<b>574,088</b>	(3%)
<b>Total Stockholders' Equity</b>	<b>84,315</b>	<b>72,443</b>	16%
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 641,918</b>	<b>\$ 646,531</b>	(1%)

**TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)

	Three Months Ended March 31,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 13,338	\$ 13,514
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,727	8,334
Amortization of stock-based compensation	1,903	1,979
Amortization of deferred financing costs	172	185
Bad debt expense	2,233	985
Deferred income taxes	(4,742)	(1,158)
Foreign currency adjustments	(311)	1,156
Loss on sale of equipment and other	—	41
Changes in operating assets and liabilities	5,679	(451)
Net cash provided by operating activities	<u>25,999</u>	<u>24,585</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(1,423)	(2,793)
Acquisition of business, net of cash acquired	—	(1,498)
Payments for other	(218)	(145)
Net cash used by investing activities	<u>(1,641)</u>	<u>(4,436)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term revolving credit facility	61,500	7,221
Repayments of long-term revolving credit facility	(79,721)	(12,233)
Repayments of long-term debt	—	(77)
Proceeds from issuance of Common stock	—	498
Excess tax benefit from stock based compensation	—	323
Dividend paid to stockholders	—	(5,965)
Payments for other	—	(14)
Net cash used by financing activities	<u>(18,221)</u>	<u>(10,247)</u>
<b>NET EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<u>(395)</u>	<u>3,350</u>
Increase in cash and cash equivalents	5,742	13,252
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<u>15,385</u>	<u>33,315</u>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<u>\$ 21,127</u>	<u>\$ 46,567</u>

### Summary of Channel Sales

The Company generates sales through four distribution channels: retail, direct, healthcare and third party. The retail channel sells to furniture and bedding retailers, specialty stores, and department stores, among others. 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 first quarter of 2009 compared to 2008:

(In thousands)

	CONSOLIDATED		DOMESTIC		INTERNATIONAL	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2009	2008	2009	2008	2009	2008
Retail	\$ 150,522	\$ 207,903	\$ 93,411	\$ 129,120	\$ 57,111	\$ 78,783
Direct	9,729	12,744	8,478	10,675	1,251	2,069
Healthcare	8,902	12,257	2,694	3,822	6,208	8,435
Third Party	7,951	14,318	1,851	4,301	6,100	10,017
	<u>\$ 177,104</u>	<u>\$ 247,222</u>	<u>\$ 106,434</u>	<u>\$ 147,918</u>	<u>\$ 70,670</u>	<u>\$ 99,304</u>

### Summary of Product Sales

A summary of net sales by product is reported below:

(In thousands)

	CONSOLIDATED		DOMESTIC		INTERNATIONAL	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2009	2008	2009	2008	2009	2008
Mattresses	\$ 119,128	\$ 168,050	\$ 75,711	\$ 106,872	\$ 43,417	\$ 61,178
Pillows	23,061	31,616	9,845	13,121	13,216	18,495
Other	34,915	47,556	20,878	27,925	14,037	19,631
	<u>\$ 177,104</u>	<u>\$ 247,222</u>	<u>\$ 106,434</u>	<u>\$ 147,918</u>	<u>\$ 70,670</u>	<u>\$ 99,304</u>

**TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES**  
**EBITDA to Net Income and Funded debt to Total debt**  
**Non-GAAP Measures**  
**(In thousands)**

The Company provides information regarding EBITDA and Funded debt which are not recognized terms under GAAP (Generally Accepted Accounting Principles) and do not purport to be alternatives to Net income as a measure of operating performance or Total debt. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies. A reconciliation of EBITDA to the Company's Net income and reconciliation of Funded debt to Total debt are provided below. Management believes that the use of EBITDA and Funded debt provides investors with useful information with respect to the terms of the Company's credit facility.

**Reconciliation of EBITDA to Net income**

The following table sets forth the reconciliation of the Company's reported Net income to the calculation of EBITDA for each of the three months ended June 30, 2008, September 30, 2008, December 31, 2008 and March 31, 2009, as well as the twelve months ended March 31, 2009:

	<b>Three Months Ended</b>				<b>Twelve Months Ended</b>
	<b>June 30, 2008</b>	<b>September 30, 2008</b>	<b>December 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2009</b>
<b>GAAP Net income</b>	\$ 20,228	\$ 24,071	\$ 1,055	\$ 13,338	\$ 58,692
Plus:					
Interest expense	5,645	6,294	5,493	4,571	22,003
Income taxes	10,374	12,622	18,449	8,320	49,765
Depreciation & Amortization	10,413	10,222	9,849	9,630	40,114
<b>EBITDA</b>	<u>\$ 46,660</u>	<u>\$ 53,209</u>	<u>\$ 34,846</u>	<u>\$ 35,859</u>	<u>\$ 170,574</u>

**Reconciliation of Funded debt to Total debt**

The following table sets forth the reconciliation of the Company's reported Total debt to the calculation of Funded debt as of March 31, 2009:

	<b>As of March 31, 2009</b>
<b>GAAP basis Total debt</b>	<b>\$ 400,000</b>
Plus:	
Letters of credit outstanding	5,573
<b>Funded debt</b>	<u>\$ 405,573</u>

**Calculation of Funded debt to EBITDA**

	<b>As of March 31, 2009</b>
Funded debt	\$ 405,573
EBITDA	170,574
	<u>2.38 times</u>