

April 17, 2008

## Tempur-Pedic Reports First Quarter Earnings

- EPS Declines 49% to \$0.18 In A Tough Economic Environment**
- Announces Most Extensive New Product Launch in Company History**

LEXINGTON, Ky., April 17, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- 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, 2008. The Company also announced revised financial guidance for 2008.

### FINANCIAL SUMMARY

- Earnings per share (EPS) decreased to \$0.18 per diluted share in the first quarter of 2008 as compared to \$0.35 per diluted share in the first quarter of 2007.
- Net sales declined 7% to \$247.2 million in the first quarter of 2008 from \$266.0 million in the first quarter of 2007. Net sales in the domestic segment declined 16%, while international segment net sales increased 10%. On a constant currency basis, international segment net sales decreased 3%.
- The Company generated \$24.6 million of cash from operating activities, compared to \$28.6 million for the first quarter of 2007.
- During the quarter, the Company reduced total debt, net of cash by \$18.2 million to \$550.5 million as compared to year end net debt of \$568.7 million.

The Company reported net income of \$13.5 million for the first quarter of 2008 as compared to \$29.8 million in the first quarter of 2007. Net income results for 2008 include a \$0.6 million severance-related benefits charge for restructuring activities in the Company's U.S. operations.

President and Chief Executive Officer H. Thomas Bryant commented, "The U.S. macroeconomic environment deteriorated during the quarter and contributed to what we believe is a slowdown in the mattress industry. Based on industry data and retailer feedback, we believe average selling prices in the industry are trending lower as many consumers defer high-end mattress purchases. We believe the foregoing factors are the primary reason our domestic segment net sales were below prior expectations. In addition, our international segment experienced weakening consumer trends in several European markets.

"With lower than planned sales and an inflationary cost environment, profitability was considerably impacted. First quarter operating expenses were planned and incurred to support a much higher sales level, which negatively impacted operating income.

"While we are disappointed in the first quarter results, we generated significant cash flow and reduced our net debt position. Going forward, we have taken decisive actions to align operating expenses with revised sales expectations, and we are executing on a comprehensive plan to improve cash flow and substantially reduce inventories.

"We are firmly committed to our business model, focus on premium products and driving innovation. In the past, we have seen retailers and consumers respond exceptionally well to our new product development and technological superiority. Over the next few quarters, we will begin the most extensive new product launch in our company's history. This launch will include new mattress models, advanced technological innovations and new pillow concepts as well as an upgrade to the most widely distributed mattress model in our lineup. We anticipate this launch will be well received by retailers and consumers.

Bryant concluded, "We are executing on our business plan and focused on maximizing shareholder value. In summary, we believe we have acted decisively to position the company to gain market share and improve profitability as the macroeconomic environment improves."

2008 Financial Guidance

The Company revised full year 2008 guidance for net sales and earnings per share. It currently expects net sales for 2008 to range from \$1.01 billion to \$1.07 billion, a decrease of 9% to 3% as compared to 2007. It currently expects EPS for 2008 to range from \$1.20 to \$1.45 per diluted share. This guidance reflects a decrease of 31% to 17% compared to 2007 EPS of \$1.74 per diluted share. 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.

This guidance does not take into account the effect of any additional share repurchases.

Executive Vice President and Chief Financial Officer Dale Williams commented, "As sales trends continue to be weak, we are planning for a scenario where conditions do not improve. Therefore, the low end of our revised guidance is based on assumptions that our U.S. sales trends do not meaningfully change from the declines we experienced in the first quarter, coupled with an assumption that our international business weakens modestly from first quarter trends. We are carefully monitoring business conditions and will be prepared to take additional actions to protect profitability if necessary. We also note that, even at the low end of our sales and EPS guidance, we currently expect to remain in full compliance with the covenants in our senior credit facility for the entire year."

#### Conference Call Information

Tempur-Pedic International will host a live conference call with President and Chief Executive Officer H. Thomas Bryant and Chief Financial Officer Dale Williams to discuss financial results today, April 17, 2008 at 5:00 p.m. Eastern Time. The dial-in number for the conference call is 877-440-5784. 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 17, 2008 at 8:00 p.m. Eastern Time through April 24, 2008. To listen to the replay, dial 888-203-1112, participant code 5419528.

#### 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. All forward-looking statements, including without limitation, statements relating to the Company's plans to improve profitability and cash flow, reduce inventories and rollout new products, and net sales and earnings per share for 2008, and the Company's expectations regarding compliance with the covenants in its senior credit facility, 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 and industry conditions, particularly in the retail sector, as well as consumer confidence; 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(R) pressure-relieving material. It is the worldwide leader in premium sleep, the fastest growing segment of the estimated \$13 billion global mattress market. 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(R) and Tempur-Pedic(R) 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 .

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

|   | Three Months Ended |            | Chg%  |
|---|--------------------|------------|-------|
|   | March 31           |            |       |
|   | 2008               | 2007       |       |
| Net sales                                     | \$ 247,222         | \$ 266,032 | (7%)  |
| Cost of sales                                 | 139,141            | 138,373    |       |
| Gross profit                                  | 108,081            | 127,659    | (15%) |
| Selling and marketing expenses                | 53,163             | 48,480     |       |
| General and administrative expenses and other | 25,585             | 25,425     |       |
| Operating income                              | 29,333             | 53,754     | (45%) |
| Other expense, net:                           |                    |            |       |
| Interest expense, net                         | (7,691)            | (6,861)    |       |
| Other expense, net                            | (1,019)            | (289)      |       |
| Total other expense                           | (8,710)            | (7,150)    |       |
| Income before income taxes                    | 20,623             | 46,604     |       |
| Income tax provision                          | 7,109              | 16,824     |       |
| Net income                                    | \$ 13,514          | \$ 29,780  | (55%) |
| Earnings per common share:                    |                    |            |       |
| Basic   | \$ 0.18            | \$ 0.35    |       |
| Diluted                                       | \$ 0.18            | \$ 0.35    |       |
| Weighted average common shares outstanding:   |                    |            |       |
| Basic   | 74,591             | 83,947     |       |
| Diluted                                       | 75,188             | 85,775     |       |

TEMPUR-PEDIC INTERNATIONAL INC. AND SUBSIDIARIES  
 Consolidated Balance Sheets  
 (In thousands, except per share amounts)

|   | March 31,<br>2008 | December 31,<br>2007 | Chg % |
|---|-------------------|----------------------|-------|
| <b>ASSETS</b>                             |                   |                      |       |
| <b>Current Assets:</b>                    |                   |                      |       |
| Cash and cash equivalents                 | \$46,567          | \$33,315             |       |
| Accounts receivable, net                  | 152,581           | 163,730              |       |
| Inventories                               | 112,001           | 106,533              |       |
| Prepaid expenses and other current assets | 15,116            | 11,133               |       |
| Deferred income taxes                     | 13,922            | 11,924               |       |
| Total Current Assets                      | 340,187           | 326,635              | 4%    |
| Property, plant and equipment, net        | 208,703           | 208,370              |       |
| Goodwill                                  | 198,372           | 198,286              |       |
| Other intangible assets, net              | 68,028            | 68,755               |       |
| Deferred financing costs and              |                   |                      |       |

|   |           |           |      |
|---|-----------|-----------|------|
| other non-current assets, net   | 5,345     | 4,386     |      |
| Total Assets  | \$820,635 | \$806,432 | 2%   |
| LIABILITIES AND STOCKHOLDERS' EQUITY  |           |           |      |
| Current Liabilities:  |           |           |      |
| Accounts payable  | \$56,332  | \$56,206  |      |
| Accrued expenses and other  | 65,102    | 66,080    |      |
| Income taxes payable  | 1,350     | 4,060     |      |
| Current portion of long-term debt   | 277       | 288       |      |
| Total Current Liabilities   | 123,061   | 126,634   | (3%) |
| Long-term debt  | 596,792   | 601,756   |      |
| Deferred income taxes   | 30,248    | 29,645    |      |
| Other non-current liabilities   | 294       | 259       |      |
| Total Liabilities   | 750,395   | 758,294   | (1%) |
| Stockholders' Equity:   |           |           |      |
| Common stock, \$.01 par value,<br>300,000 shares authorized;<br>99,215 shares issued as of<br>March 31, 2008 and<br>December 31, 2007 | 992       | 992       |      |
| Additional paid in capital  | 284,779   | 283,564   |      |
| Retained earnings   | 249,313   | 241,812   |      |
| Accumulated other comprehensive<br>income   | 25,341    | 13,550    |      |
| Treasury stock, at cost; 24,541<br>and 24,681 shares as of<br>March 31, 2008 and December 31,<br>2007, respectively                   | (490,185) | (491,780) |      |
| Total Stockholders' Equity  | 70,240    | 48,138    | 46%  |
| Total Liabilities and<br>Stockholders' Equity   | \$820,635 | \$806,432 | 2%   |

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

|   | Three Months Ended<br>March 31, |           |       |
|---|---------------------------------|-----------|-------|
|   | 2008                            | 2007      | Chg % |
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                                 |           |       |
| Net income  | \$ 13,514                       | \$ 29,780 |       |
| Adjustments to reconcile net<br>income to net cash provided<br>by operating activities: |                                 |           |       |
| Depreciation and amortization   | 8,334                           | 8,645     |       |
| Amortization of deferred<br>financing costs   | 185                             | 287       |       |
| Amortization of stock-based<br>compensation   | 1,979                           | 1,791     |       |
| Allowance for doubtful accounts   | 985                             | 2,129     |       |
| Deferred income taxes   | (1,158)                         | (2,082)   |       |
| Foreign currency adjustments  | 1,156                           | 301       |       |
| Loss (gain) on sale of<br>equipment and other   | 41                              | (26)      |       |
| Changes in operating assets and<br>liabilities:   |                                 |           |       |

|  |           |           |       |
|--|-----------|-----------|-------|
| Accounts receivable  | 14,304    | (4,902)   |       |
| Inventories  | (2,252)   | (11,286)  |       |
| Prepaid expenses and other current assets                    | (4,583)   | (11,339)  |       |
| Accounts payable   | (2,547)   | 8,655     |       |
| Accrued expenses and other                                   | (2,354)   | 3,212     |       |
| Income taxes   | (2,696)   | 12,576    |       |
| Excess tax benefit from stock based compensation             | (323)     | (9,166)   |       |
| Net cash provided by operating activities                    | 24,585    | 28,575    | (14%) |
| CASH FLOWS FROM INVESTING ACTIVITIES:                        |           |           |       |
| Payments for trademarks and other intellectual property      | (182)     | (258)     |       |
| Purchases of property, plant and equipment                   | (2,793)   | (2,430)   |       |
| Acquisition of business                                      | (1,498)   | (1,005)   |       |
| Proceeds from sale of equipment                              | 37        | 24        |       |
| Net cash used by investing activities                        | (4,436)   | (3,669)   | (21%) |
| CASH FLOWS FROM FINANCING ACTIVITIES:                        |           |           |       |
| Proceeds from long-term revolving credit facility            | 7,221     | 77,571    |       |
| Repayments of long-term revolving credit facility            | (12,233)  | (61,047)  |       |
| Repayments of Series A Industrial Revenue Bonds              | -         | (1,920)   |       |
| Repayments of long-term debt                                 | (77)      | (9,375)   |       |
| Common stock issued, including reissuances of Treasury stock | 498       | 5,294     |       |
| Excess tax benefit from stock based compensation             | 323       | 9,166     |       |
| Treasury stock purchased                                     | -         | (39,181)  |       |
| Dividend paid to stockholders                                | (5,965)   | (5,106)   |       |
| Payments for deferred financing costs                        | (14)      | (51)      |       |
| Net cash used by financing activities                        | (10,247)  | (24,649)  | 58 %  |
| NET EFFECT OF EXCHANGE RATE CHANGES ON CASH                  |           |           |       |
|  | 3,350     | 729       |       |
| Increase in cash and cash equivalents                        | 13,252    | 986       |       |
| CASH AND CASH EQUIVALENTS, beginning of period               | 33,315    | 15,788    |       |
| CASH AND CASH EQUIVALENTS, end of period                     | \$ 46,567 | \$ 16,774 | 178 % |

### 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 first quarter of 2008 compared to 2007:

(\$ in thousands)

|                  | CONSOLIDATED       |            | DOMESTIC           |            | INTERNATIONAL      |           |
|------------------|--------------------|------------|--------------------|------------|--------------------|-----------|
|                  | Three Months Ended |            | Three Months Ended |            | Three Months Ended |           |
|                  | March 31,          |            | March 31,          |            | March 31,          |           |
|                  | 2008               | 2007       | 2008               | 2007       | 2008               | 2007      |
| By Sales Channel |                    |            |                    |            |                    |           |
| Retail           | \$ 207,903         | \$ 218,964 | \$ 129,120         | \$ 149,995 | \$ 78,783          | \$ 68,969 |
| Direct           | 12,744             | 21,756     | 10,675             | 19,296     | 2,069              | 2,460     |
| Healthcare       | 12,257             | 11,722     | 3,822              | 3,172      | 8,435              | 8,550     |
| Third Party      | 14,318             | 13,590     | 4,301              | 3,015      | 10,017             | 10,575    |
| Total            | \$ 247,222         | \$ 266,032 | \$ 147,918         | \$ 175,478 | \$ 99,304          | \$ 90,554 |

#### 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 |           |
|            | March 31,          |            | March 31,          |            | March 31,          |           |
|            | 2008               | 2007       | 2008               | 2007       | 2008               | 2007      |
| Net Sales  |                    |            |                    |            |                    |           |
| Mattresses | \$ 168,050         | \$ 185,007 | \$ 106,872         | \$ 130,463 | \$ 61,178          | \$ 54,544 |
| Pillows    | 31,616             | 34,877     | 13,121             | 15,794     | 18,495             | 19,083    |
| Other      | 47,556             | 46,148     | 27,925             | 29,221     | 19,631             | 16,927    |
| Total      | \$ 247,222         | \$ 266,032 | \$ 147,918         | \$ 175,478 | \$ 99,304          | \$ 90,554 |

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