TEMPUR + SEALY

Tempur Sealy International, Inc.
TPX

"Our growth reflects strong industry demand, our worldwide leadership position, and the success of our omni-channel distribution strategy"

Pictured above: Tempur-Pedic flagship store in Manhattan

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PURPOSE

To Improve the Sleep of More People, Every Night, All Around the World

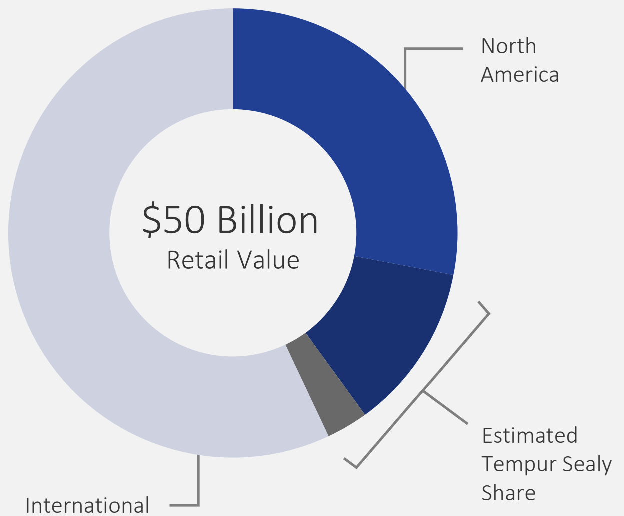
Who We Are

As a global leader in the design, manufacture and distribution of bedding products, we know how crucial a good night of sleep is to overall health and wellness. Utilizing over a century of knowledge and industry-leading innovation, we deliver award-winning products that provide breakthrough sleep solutions to consumers in over 100 countries.

Our highly recognized brands include Tempur-Pedic®, Sealy® featuring Posturepedic® Technology, and Stearns & Foster® and our non-branded offerings include value-focused private label and OEM products. Our distinct brands allow for complementary merchandising strategies and are sold through third-party retailers, our Company-owned stores and e-commerce channels.

Lastly, we accept our global responsibility to serve all stakeholders, our community and environment. We have and are implementing programs consistent with our responsibilities.

Global Bedding Market[1]



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TPX At a Glance

Industry

- Stable and growing global bedding industry of ~$50 billion(1)
- U.S. market is concentrated and grows mid-single digits annually, driven by units and dollars(1)
- International is highly fragmented and about the size of the U.S. market(1)

Consumer

- Consumers continue to make the connection between a good night of sleep and health and wellness
- Enhanced focus on health over past year has strengthened the health and wellness trend
- Housing market, consumer confidence and consumer spending are correlated to the bedding industry

Tempur Sealy

- Global omni-channel distribution strategy to be where the consumer wants to shop
- Track record of developing and marketing differentiated products through consumer-centric innovation for the total global bedding market
- Robust free cash flow(2) and fortified balance sheet that provide flexibility to take advantage of industry and market opportunities and return capital to shareholders

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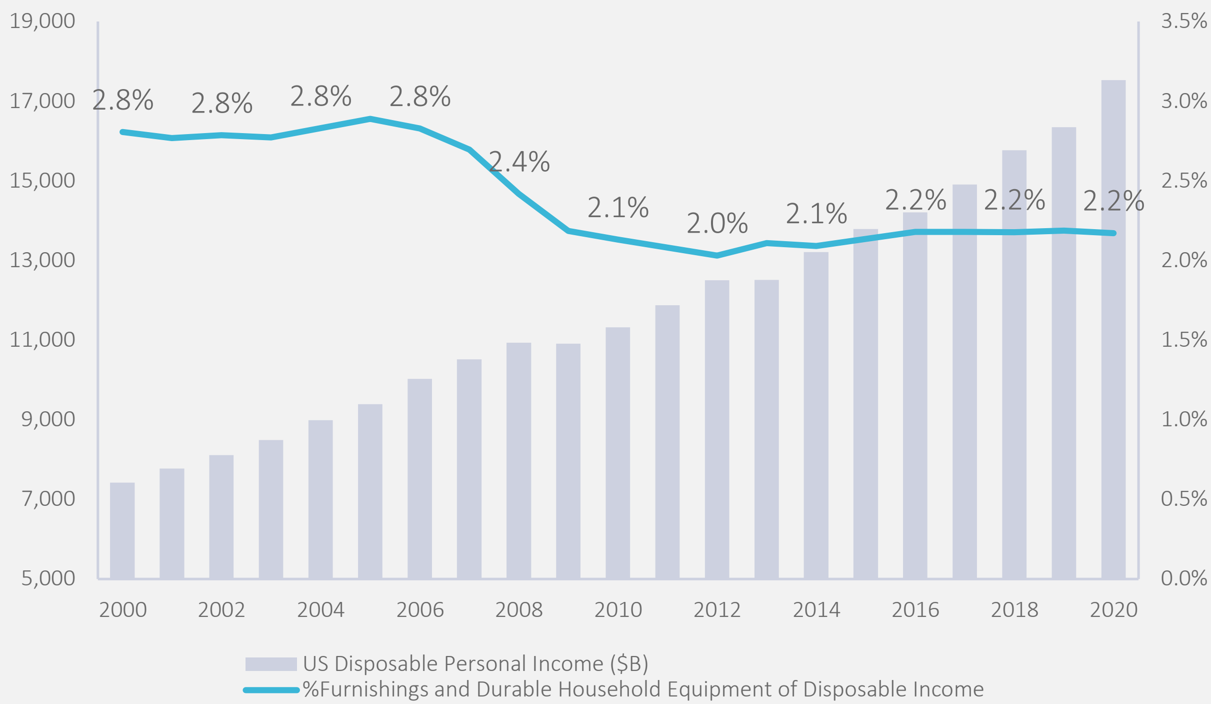
Recent Consumer Spending Trends



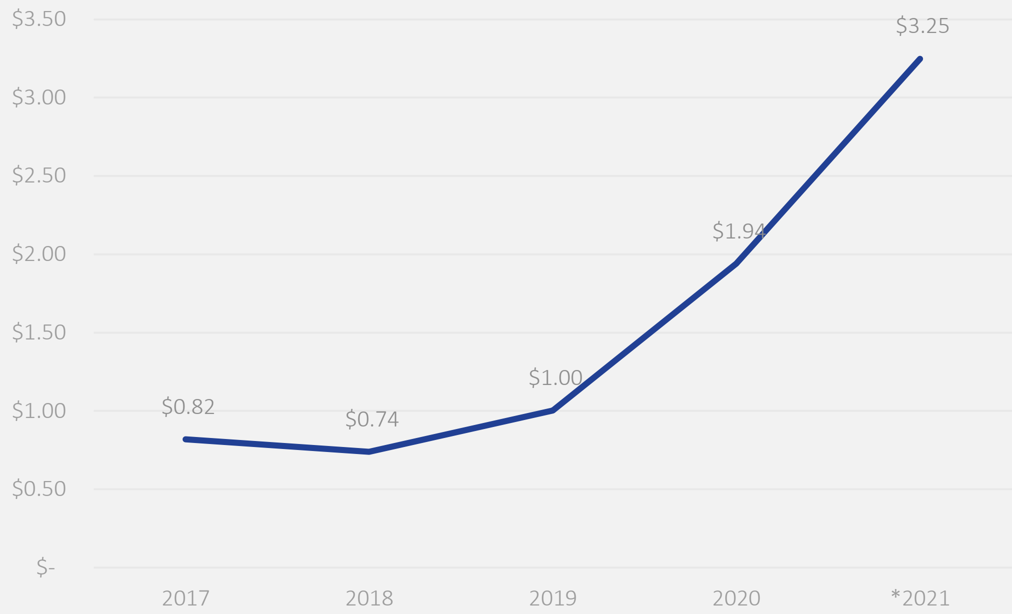
- Since 2008, consumers have been consistently under-investing their discretionary income in home and furnishings.
- In the last year, consumers have invested a slightly larger portion of their discretionary income in the category, although their spending as a percent of share of wallet has still not returned to pre-Great Recession levels.
- We expect that consumer spending in home and furnishings will continue to be strong.

Source: Economic Research Division of the Federal Reserve Bank of St. Louis

Competitive Advantages

- Established worldwide omni-channel presence
- Iconic brand and product portfolio
- World-class manufacturing capabilities
- Industry-leading balance sheet and free cash flow(2)

Full Year Adjusted EPS



Adjusted earnings per share has grown at a CAGR of 40% over the last 5 years*

* 2021 adjusted EPS based on the midpoint of Tempur Sealy's full year guidance

Brands and Capabilities

Product Brands
Mattresses / Pillows / Accessories

TEMPUR-PEDIC
Sealy
STEARNS & FOSTER

DTC Retailer Brands
Online / Offline

TEMPUR-PEDIC
SLEEP OUTFITTERS ESTABLISHED 1983
SOVA
Dreams
Sealy Sleep Boutique — Experience the benefits of superior sleep

Manufacturing
Branded / OEM

TEMPUR-PEDIC
Sealy
BF
SHERWOOD BEDDING
comfort revolution

Building Blocks to Future Growth

Execute on capital allocation strategy

Invest in innovation to meet customer demand

Increase total addressable market internationally through new product launches in Europe & APAC

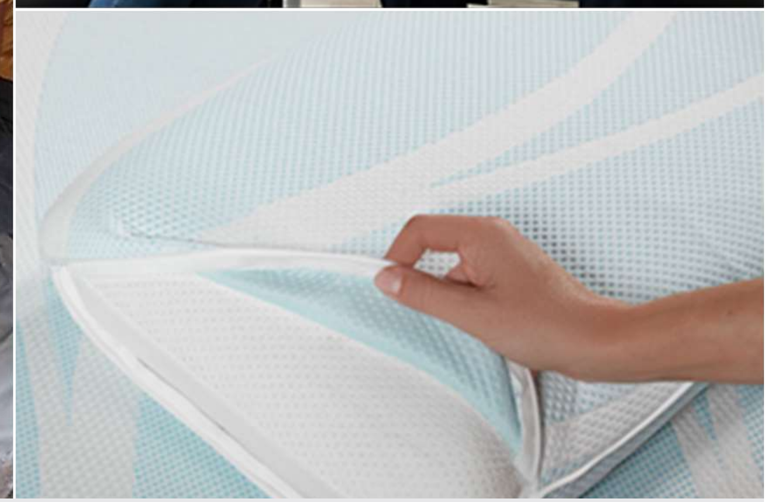
Expand into OEM market to drive further sales growth

Direct-to-consumer expansion through e-commerce and company-owned stores

Grow wholesale through existing and new retail relationships







Worldwide Omni-Channel

TEMPUR + SEALY

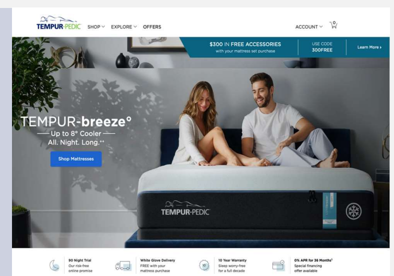
Powerful Omni-Distribution Platform

Wholesale

- Third-party retailers are our largest distribution channel
- Significant OEM opportunity

E-Commerce

- Significant worldwide sales growth
- Highly profitable and expanding rapidly



Company Owned Stores

- Luxury Tempur-Pedic, Dreams, and multi-branded showroom experiences
- Operate 600 stores worldwide with sales growth opportunity
- Highly profitable and expanding margins

Wholesale

Third-Party Retailers

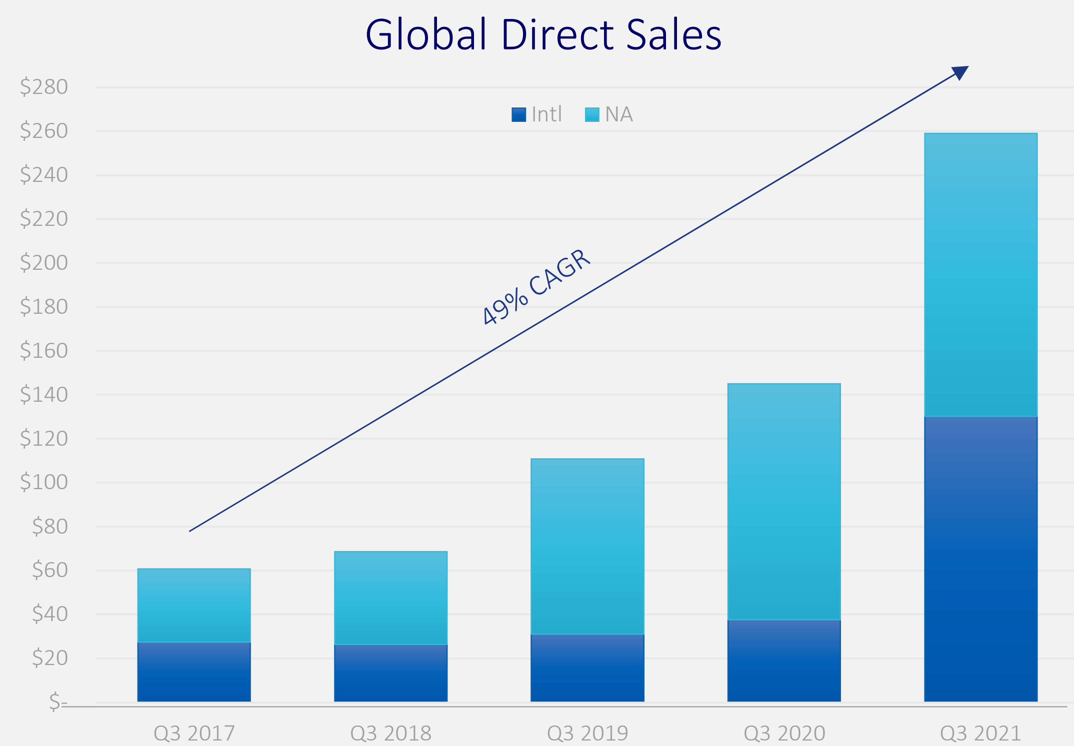
- Dominant worldwide distribution and broadly diversified
- Over 5,400 retail partners around the world selling through over 25,000 doors and their e-commerce platforms
- Global sales force of over 500 people supporting our portfolio of brands

U.S. OEM Opportunity

- OEM is about 20% of the U.S. market and growing[(1)] supported by recent U.S. anti-dumping actions
- Leverages manufacturing expertise, diversifies consolidated sales stream and captures manufacturing profits from bedding brands beyond our own
- Plan to invest an incremental $150 million by 2023 to increase U.S. pouring capacity for Tempur material, specialty and base foam by approximately 50%
- ~$150 million of OEM sales in 2020; believe the run rate could exceed $600 million of annual sales in 5 years[(1)]

Direct to Consumer

- High growth and high margin sales from web, call center, and company-owned stores
- Strong growth within the direct channel, growing 79% in the third quarter of 2021



Company-Owned Store Strategy

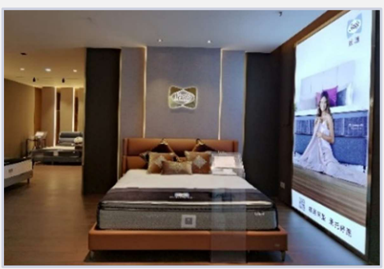
OPERATING OVER 600 RETAIL STORES GLOBALLY

Tempur-Pedic® U.S.

Dreams UK

Tempur-Pedic® Mexico

Sealy Gallery Asia



Sleep Outfitters® U.S.

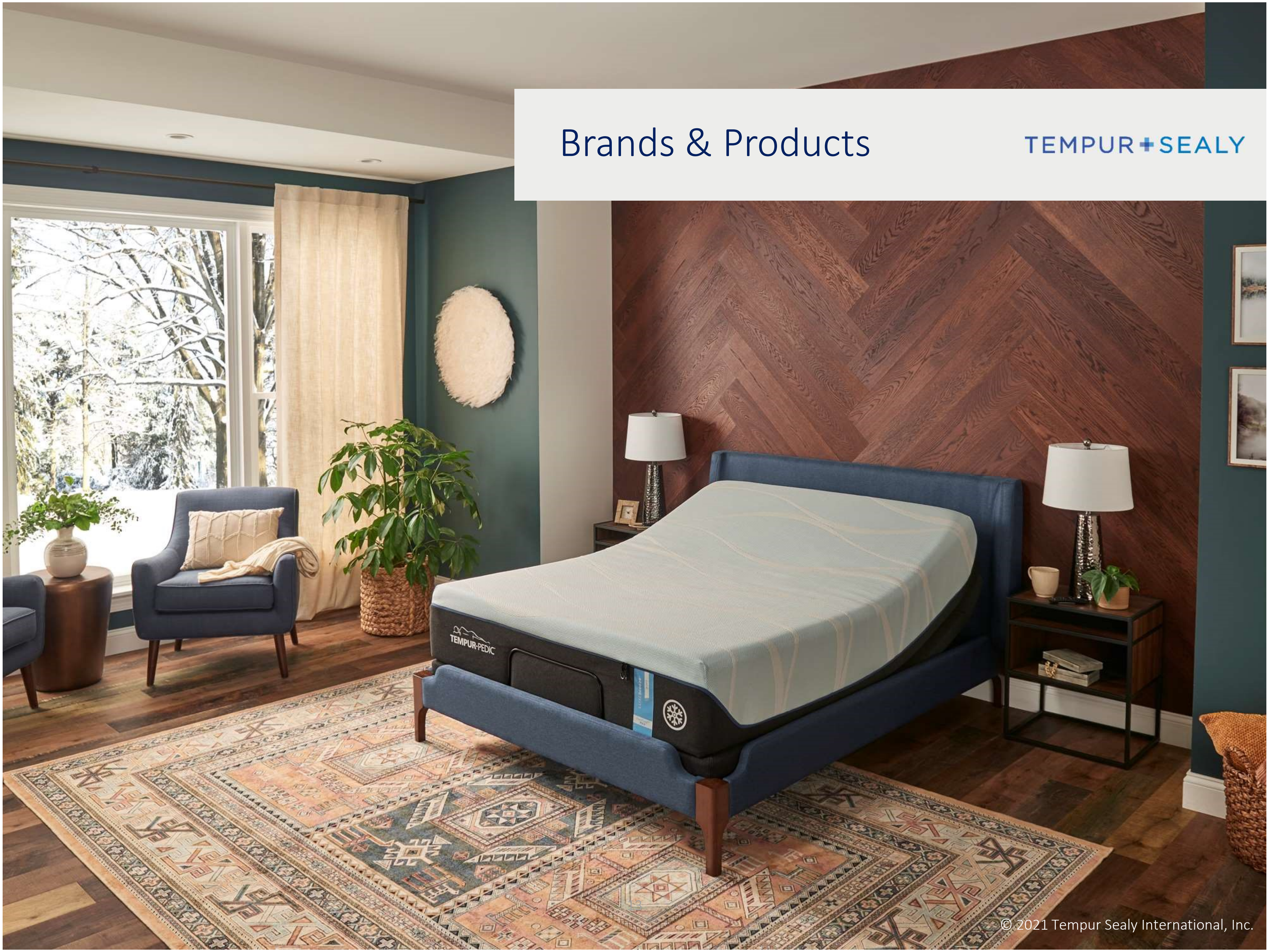
TEMPUR® Europe

SOVA® Sweden

We see opportunity to further increase our store count at a double-digit percent organic growth rate for the next several years.

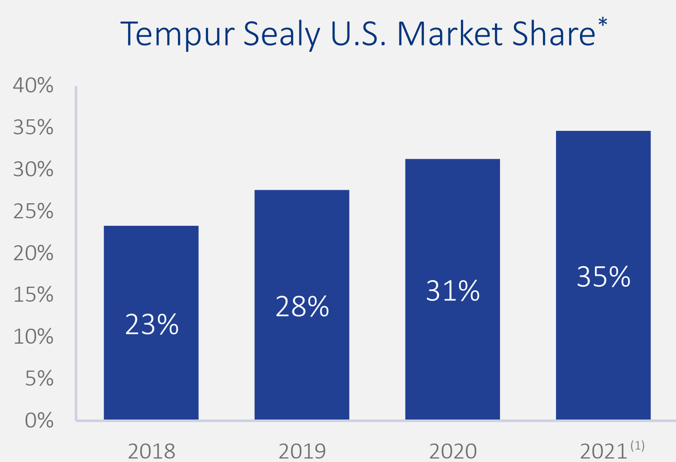
Brands & Products

TEMPUR + SEALY



North America Markets

- Historically stable, growing bedding market, in which the market share of the largest three domestic bedding manufacturers has not materially changed over the last 5 years [(1)]
- Branded bedding represents majority of products sold, especially in premium price points
  - **Sealy and Tempur-Pedic brands represent the #1 and #2 best selling mattress brands in 2020[(3)]**



*Domestic Manufacturer U.S. market share
Source: ISPA, Furniture Today, Management Estimates

International Markets

- Highly fragmented with broad geographic diversity across Europe and Asia
- Acquired Dreams, the leading bedding retailer in the UK
- Developing new TEMPUR® line of mattresses to expand addressable market in 2022
- Tempur Sealy customizes go to market approach by country
  - Europe – success with high quality products, targeting share growth through distribution, new Sealy UK joint venture and Dreams acquisition
  - Asia – opportunity in emerging market, targeting aggressive share growth through distribution and organic market growth

Rapidly-Growing International Joint Ventures

Expected 2021 unconsolidated sales: $325 million [1]
Expected 5-year growth CAGR: 16% [1]

Asia

- Founded in 2000
- Operates in 21 countries and territories
- Top 3 international branded bedding manufacturer in China
- Full time employees : 1,100+

United Kingdom

- Acquired in 2020
- Full time employees : 250+

Brands & Products

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Portfolio of Global Brands

Tempur-Pedic – Dominant worldwide premium bedding market position

- Tempur-Pedic uniquely adapts, supports and aligns to you to deliver truly life-changing sleep
  $2,199-$7,499

Stearns & Foster - High-end targeted brand

- The world's finest beds made with exceptional materials, time-honored craftsmanship and unparalleled design
  $1,499-$4,999

Sealy – No. 1 bedding brand in the U.S.[3]

- Combines innovation, engineering and industry-leading testing to ensure quality and durability
  $399-$2,499

Private Label Offerings – Customized product

- Products for the value-orientated consumer

Innovative Technologies

Solution-driven innovation for today's consumer

- Snoring
- Support
- Climate
- Sleep health metrics
- Natural
- Comfort

International 2022 TEMPUR Launch

- Expect to launch an entirely new product lineup for Tempur in both the Europe and Asia-Pacific markets during 2022
- The underlying technology of the new lineup builds on the innovation that have already been very well received in North America
- This new lineup will also broaden the price range of our international offerings to appeal to a broader consumer base
- We expect these new products and the broadened price points will expand our total international addressable market and help us grow our market share in regions in which our brands are currently underpenetrated[1]

U.S. Product Launch Cycle

Our innovation cycle allows for the development of meaningful, consumer-centric products while also reducing floor conversion costs

TEMPUR-PEDIC

Sealy

STEARNS & FOSTER

Essentials

Posturepedic

Launched in 2021

Posturepedic Plus

Launching in 2022

World-Class Manufacturing Capabilities

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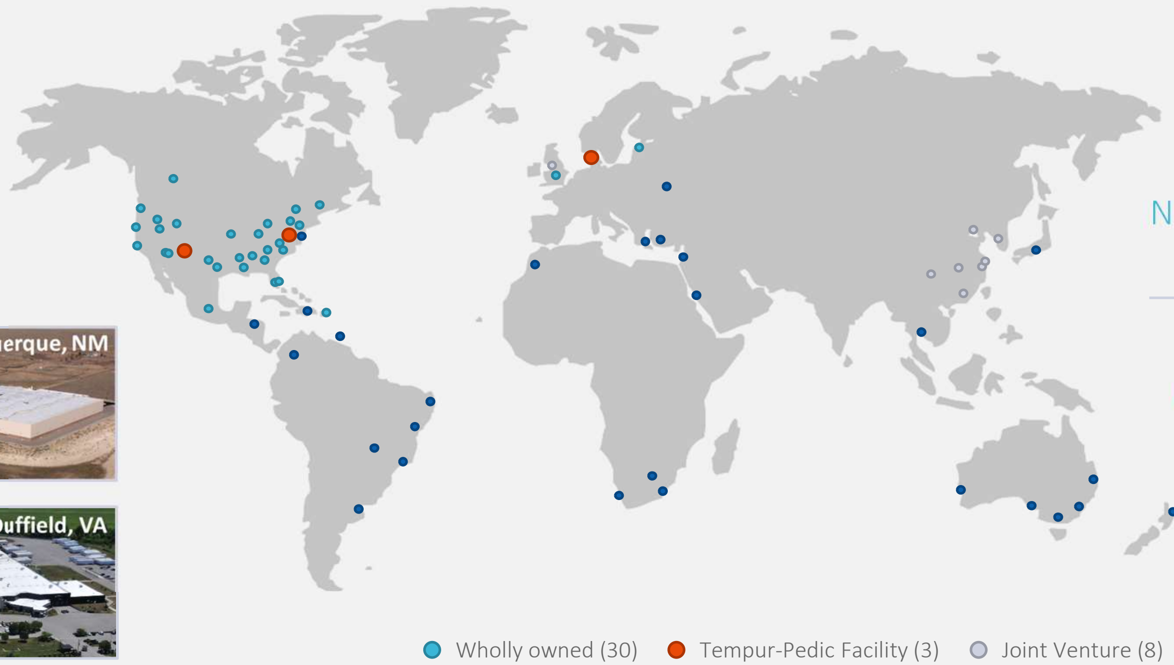
World-Class Manufacturing Capabilities



29
North American Facilities

38
International Facilities

R&D Innovation

- 75,000 square feet of research and development
- 4 state-of-the art product testing locations

Leading Manufacturing Capabilities

- 67 manufacturing facilities
- 16 million square feet of manufacturing and distribution operations

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Expanding Manufacturing Capacity

Specialty Foam Pouring Facilities

- Opening a new, state-of-the-art Tempur Pedic and OEM foam-pouring facility in Indiana by 2023
- Expanding three existing foam facilities in the U.S. by 2023
- Increasing our capacity to hold key chemical inputs and expand safety stock of certain products

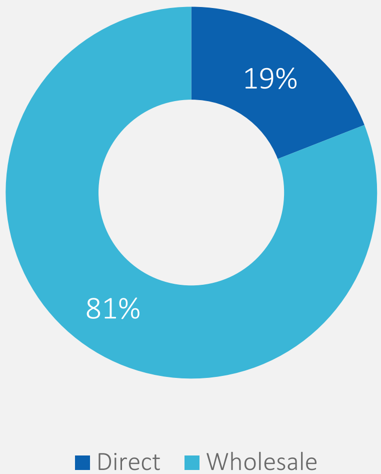
Assembly & Warehousing

- Opened a 5th Sherwood plant in the Northeast U.S. in the fourth quarter of 2021
- Opened new facility in Reno, NV in the third quarter of 2021 to service the western region of the U.S.
- Expanding our total warehouse footprint

Recent Performance

Third Quarter Performance

Sales by Channel*



Three Months Ended September 30th	2021	2020	Reported % Change	% Change Constant Currency(2)
Net Sales	$1,358.3	$1,132.3	20.0%	19.2%
Net Income	$177.4	$121.4	46.1%	44.2%
Adjusted Net Income(2)	$179.6	$155.4	15.6%	14.0%
EPS	$0.87	$0.57	52.6%	50.9%
Adjusted EPS(2)	$0.88	$0.74	18.9%	17.6%
Annualized Dividend	36 cents	0 cents		

* Adjusted to include Dreams

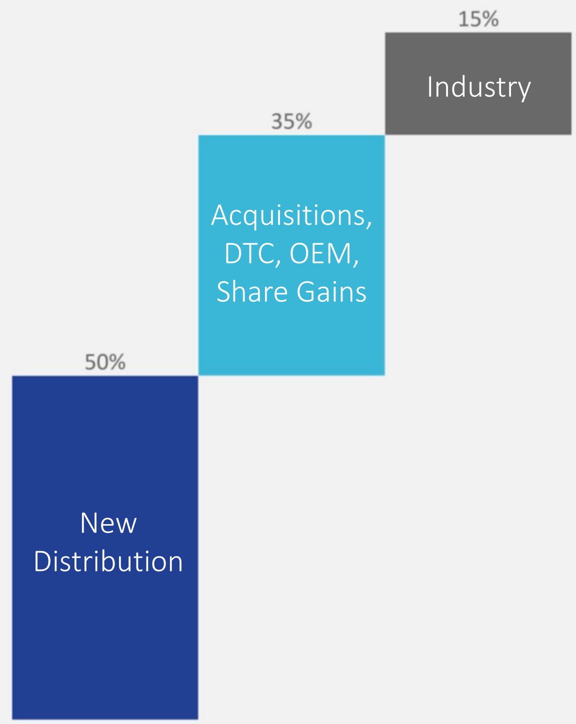
2021 Outlook and Recent Trends[4]

- 2021 full year sales growth to exceed 35%
- Full year adjusted EPS[2] between $3.20 and $3.30
- Implies adjusted 4Q'21 EBITDA[2] growth of over 30% at the mid-point
- Expect atypical seasonality with net sales and profits higher in the fourth quarter than the third as a result of supply chain constraints in the third quarter
- Based on our current outlook, we anticipate the supply constraints will largely be resolved by the end of the year and we expect to be unconstrained heading into 2022.

2021 Other Modeling Assumptions	
Depreciation & Amortization	Approximately $180M
Capital Expenditures	$140M to $150M
Interest Expense	Approximately $62M
U.S. Federal Tax Rate	25%
Diluted Share Count	204M shares

Recent Sales Growth Drivers[4]

- Estimating 2021 sales to grow about 60% over 2019 sales
- Our sales and earnings growth has significantly outpaced the overall industry and can be clearly linked to our company initiatives
  - We estimate that our new retail partnerships drove approximately 50% of our two-year growth. These are new customers, not balance of share changes.
  - Another approximately 35% of our growth is from M&A and share gains from previously untapped addressable market segments. This includes projects like expanding our direct to consumer and OEM businesses.
  - That leaves approximately 15% of our 2-year growth from the industry overall.



Industry-Leading Balance Sheet & Cash Flow

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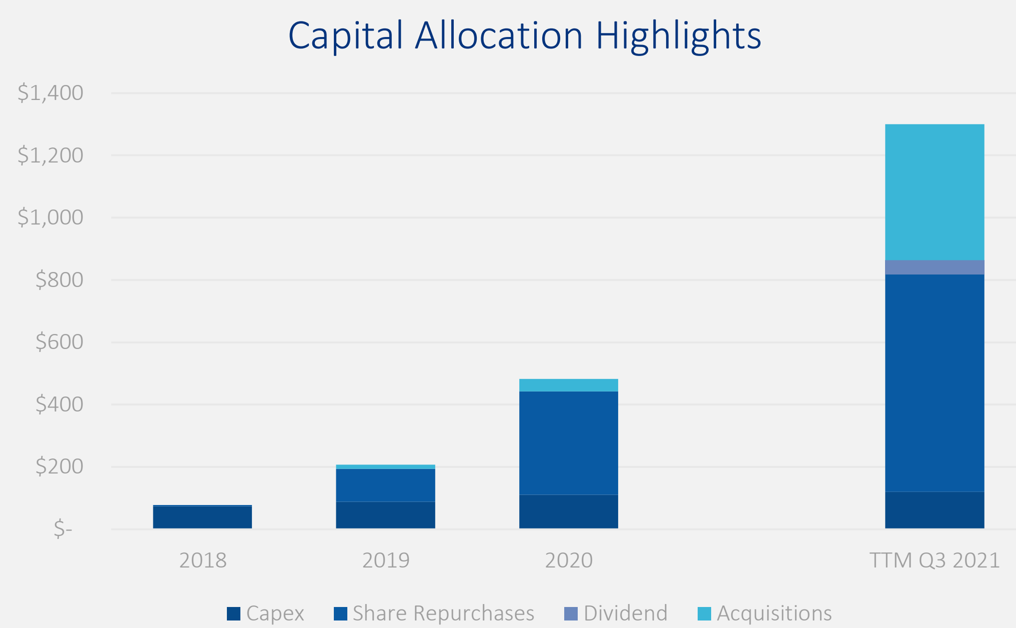
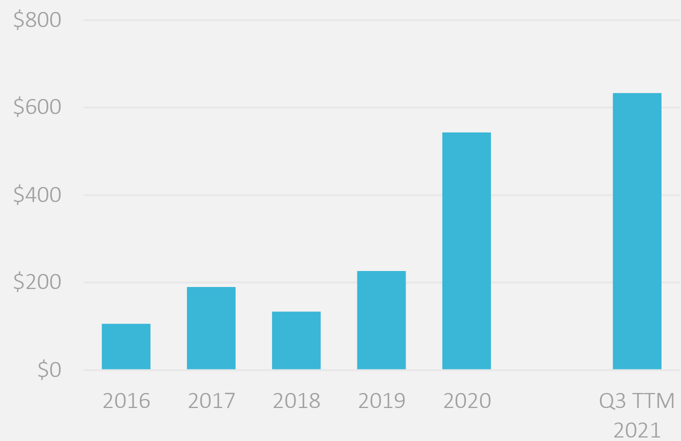
Balanced Capital Allocation Strategy

- Long-term target leverage ratio of 2.0 – 3.0x(2)
- Continue to invest in the business
- Disciplined approach to shareholder returns includes a quarterly dividend and opportunistic share repurchase
- Maintain capacity for strategic acquisitions

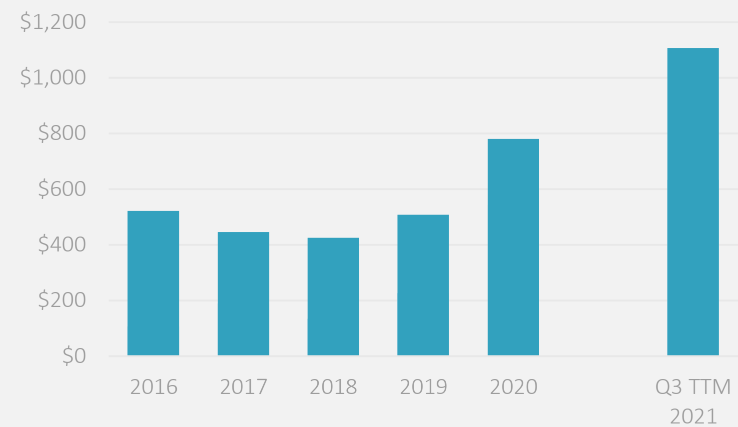


Strong Balance Sheet & Cash Flow

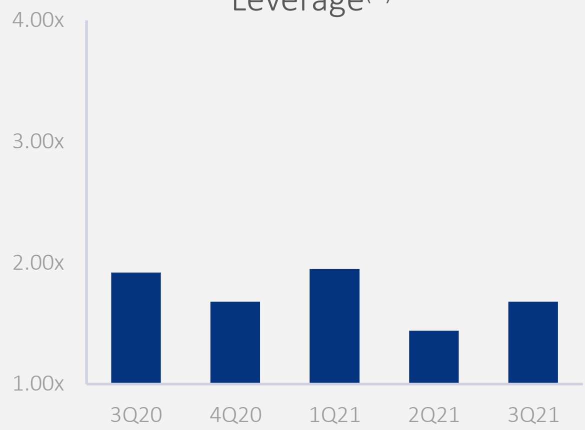
Full Year Free Cash Flow[2]



Full Year Adjusted EBITDA[2]

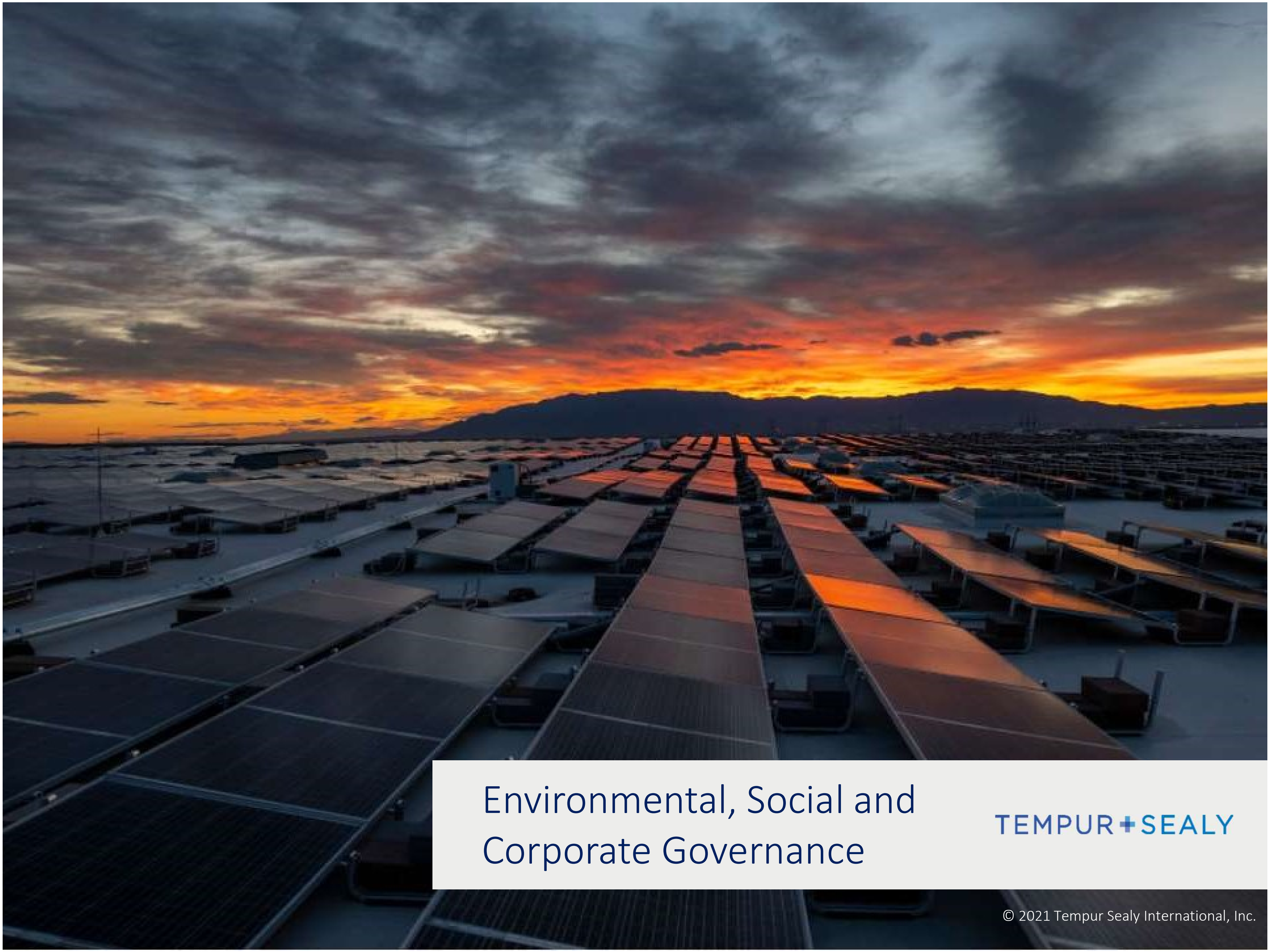


Leverage[2]



Credit ratings:

Fitch – BB+ (August 2021)
Moody's – Ba1 (September 2021)
S&P – BB+ (September 2021)



Environmental, Social and Corporate Governance

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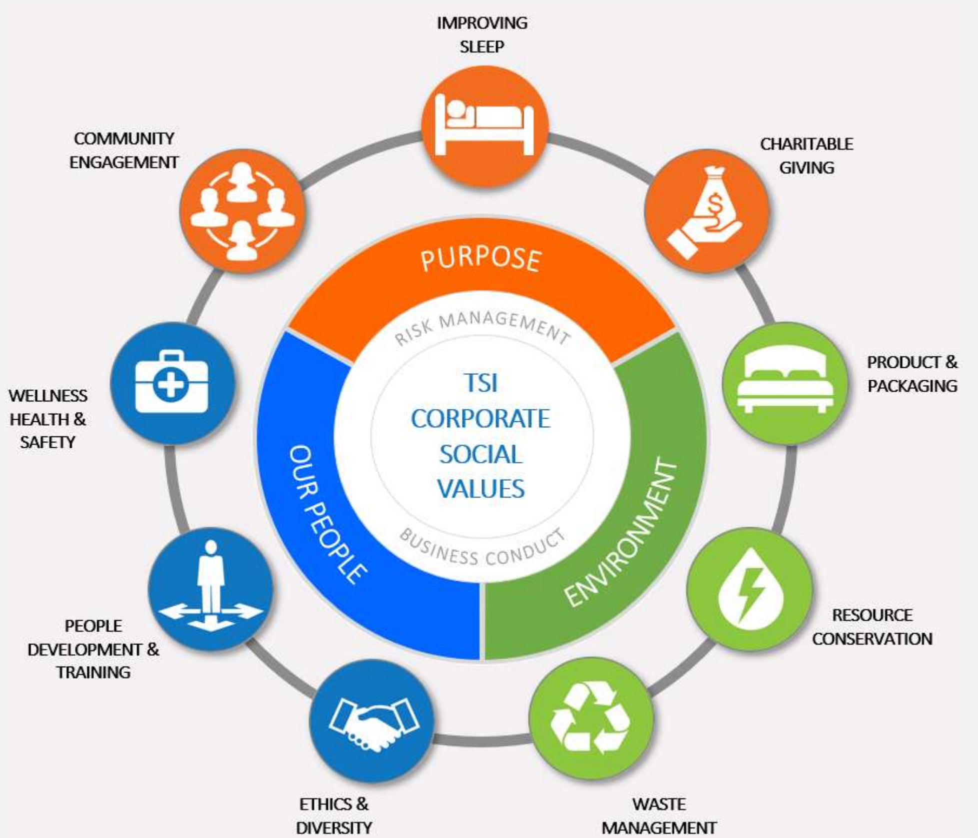
Environmental, Social and Governance

TEMPUR SEALY IS COMMITTED TO PROTECTING AND IMPROVING OUR COMMUNITIES AND ENVIRONMENT



Environmental, Social and Governance

TEMPUR SEALY IS COMMITTED TO PROTECTING AND IMPROVING OUR COMMUNITIES AND ENVIRONMENT

Environmental

- Committed to achieving carbon neutrality for our wholly-owned global operations by 2040
- Achieved a 28% reduction in greenhouse gas emissions per unit produced at our wholly-owned manufacturing and logistics operations in 2020
- Improved the percent of waste recycled from our North American wholly-owned manufacturing operations to 91% in 2020, compared to 85% in 2019
- Completed the installation of solar panel technology at our largest manufacturing facility in Albuquerque, New Mexico in 2021
- In 2022, we expect to launch a Sealy branded eco-friendly mattress collection made with responsibly sourced materials.

Social

- Expanded global workforce by 21% over the last twelve months and increased the wages of U.S. salaried employees at our wholly-owned operations by 4% in 2020
- Committed to upholding employee diversity
- Contributed over $100 million in product, stock and cash to charity organizations since 2010
- Pledged $2 million to support a pediatric sleep center

Corporate Governance

- Global Code of Business Conduct and Ethics
- Internal Enterprise Risk Management
- Zero tolerance policy towards improper payments and bribes

Corporate Social Value Highlights

Tempur Sealy has donated

~$100M
in product over the last 10 years

$11.5M
in cash and stock value over the last 5 years

17,500+
products to aid in the COVID-19 crisis

Ranked a **'Strong Buy with the Best ESG Score'**

by Raymond James

Raymond James ranked Tempur Sealy in the top quartile for ESG out of all companies they consider a **'Strong Buy'**

Source: 'Raymond James Strategy for ESG Investing' published February 10, 2020

Thank You for Your Interest in Tempur Sealy International

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

TEMPUR-PEDIC | Sealy | STEARNS & FOSTER
Dreams | BF | SHERWOOD BEDDING
comfort revolution | SOVA | SLEEP OUTFITTERS ESTABLISHED 1983

Appendix

TEMPUR + SEALY

Forward-Looking Statements

This investor presentation contains statements relating to the Company's quarterly cash dividend, the Company's share repurchase targets, the Company's expectations regarding net sales for 2021, adjusted EBITDA for 2021, and adjusted EPS for 2021 and subsequent periods and the Company's expectations for increasing sales growth, product launches, channel growth, acquisitions and commodities outlook, and expectations regarding the Dreams acquisition. Any forward-looking statements contained herein are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations, meet its guidance, 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 any that may be expressed herein as forward-looking statements. These potential risk factors include 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, 2020. 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®, the TEMPUR-PEDIC & Reclining Figure Design®, TEMPUR-Adapt®, TEMPUR-ProAdapt®, TEMPUR-LuxeAdapt®, TEMPUR-PRObreeze™, TEMPUR-LUXEbreeze™, TEMPUR-Cloud®, TEMPUR-Contour™, TEMPUR-Rhapsody™, TEMPUR-Flex®, THE GRANDBED BY TEMPUR-PEDIC®, TEMPUR-Ergo®, TEMPUR-UP™, TEMPUR-Neck™, TEMPUR-Symphony™, TEMPUR-Comfort™, TEMPUR-Traditional™, TEMPUR-Home™, SEALY®, SEALY POSTUREPEDIC®, STEARNS & FOSTER®, COCOON by Sealy™, SealyChill™ and Clean Shop Promise™ 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 and related earnings call on October 28, 2021. 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 above.

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Use of Non-GAAP Financial Measures and Constant Currency Information

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted net income, adjusted EPS, EBITDA, adjusted EBITDA per credit facility, free cash flow, consolidated indebtedness less netted cash, and leverage which are not recognized terms under U.S. Generally Accepted Accounting Principles ("GAAP") and do not purport to be alternatives to net income and earnings per share as a measure of operating performance, an alternative to cash provided by operating activities as a measure of liquidity, or an alternative to total debt. The Company believes these non-GAAP measures provide investors with performance measures that better reflect the Company's underlying operations and trends, including trends in changes in margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments management makes to derive the non-GAAP measures include adjustments to exclude items that may cause short-term fluctuations in the nearest GAAP measure, but which management does not consider to be the fundamental attributes or primary drivers of the Company's business.

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 consolidated and business segment performance compared to prior periods and the marketplace, to establish operational goals and management incentive goals, and to provide continuity to investors for comparability purposes. Limitations associated with the use of these non-GAAP measures include that these measures do not present all of the amounts associated with the Company's results as determined in accordance with GAAP. These non-GAAP measures should be considered supplemental in nature and should not be construed as more significant than comparable measures defined by GAAP. 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 reconciliations on the following pages and the Company's SEC filings.

Constant Currency Information

In this presentation the Company refers to, and in other communications with investors the Company may refer to, net sales or earnings or other historical financial information on a "constant currency basis," which is a non-GAAP financial measure. These references to constant currency basis do not include operational impacts that could result from fluctuations in foreign currency rates. To provide information on a constant currency basis, the applicable financial results are adjusted based on a simple mathematical model that translates current period results in local currency using the comparable prior corresponding period's currency conversion rate. This approach is used for countries where the functional currency is the local country currency. This information is provided so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby facilitating period-to-period comparisons of business performance.

EBITDA and Adjusted EBITDA per Credit Facility

A reconciliation of the Company's GAAP net income to EBITDA and adjusted EBITDA per credit facility (which we refer to in this investor presentation as adjusted EBITDA) is provided on the subsequent slides. Management believes that the use of EBITDA and adjusted EBITDA per credit facility provides investors with useful information with respect to the Company's operating performance and comparisons from period to period as well as the Company's compliance with requirements under its credit agreement.

Adjusted Net Income

A reconciliation of the Company's GAAP net income to adjusted net income and a calculation of adjusted EPS are provided on subsequent slides. 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.

Leverage

Consolidated indebtedness less netted cash to adjusted EBITDA per credit facility, which the Company may refer to as leverage, is provided on a subsequent slide and is calculated by dividing consolidated indebtedness less netted cash, as defined by the Company's senior secured credit facility, by adjusted EBITDA per credit facility. 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.

Free Cash Flow

The Company defines free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. Management believes that free cash flow may be useful for investors in assessing the Company's operating performance, ability to generate cash and ability to fund the Company's capital expenditures and meet the Company's debt service requirements.

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Adjusted EBITDA Reconciliation

(in millions)	Three Months Ended September 30, 2021		Three Months Ended September 30, 2020	
Net income	$	177.4	$	121.4
Interest expense, net		13.5		20.1
Loss on extinguishment of debt (1)		–		0.9
Income taxes		58.7		40.3
Depreciation and amortization		45.6		52.0
Aspirational plan amoritization		–		45.2
EBITDA		295.2		279.9
Adjustments				
Loss (income) from discontinued operations, net of tax (3)		0.1		(2.4)
Acquisition-related costs (4)		2.3		-
Accounting standard adoption		-		0.8
Facility expansion costs		-		0.6
Restructuring costs		-		0.4
Adjusted EBITDA per credit facility	$	297.6	$	279.3

Notes

(1) In the second quarter of 2021, the Company incurred $5.2 million of overlapping interest expense during the period between the issuance of the 2029 Senior Notes and the redemption of the 2026 Senior Notes.

(2) In the second quarter of 2021, the Company recognized $18.0 million of loss on extinguishment of debt associated with the redemption of the 2026 Senior Notes.

(3) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2019 Credit Agreement. Therefore, these subsidiaries are excluded from the Company's adjusted financial measures for covenant compliance purposes.

(4) In the second quarter of 2021, the Company recorded $3.9 million of acquisition-related costs, primarily related to legal and professional fees associated with the acquisition of Dreams.

(5) In the second quarter of 2020, the Company recorded $7.9 million of COVID-19 charges associated with temporarily closed company-owned retail stores and sales force retention costs.

(6) In the second quarter of 2020, the Company recorded $7.0 million of asset impairment charges related to the write-off of certain sales and marketing assets.

(7) In the second quarter of 2020, the Company recorded $4.9 million of incremental operating costs associated with the global pandemic. Cost of sales included $4.5 million of costs for relief efforts, increased sanitation supplies and services and other items. Operating expenses included $0.4 million of charges related to increased sanitation supplies and services.

(8) In the second quarter of 2020, the Company incurred $3.4 million of restructuring costs associated with International headcount reductions driven by the macro-economic environment.

(9) In the second quarter of 2020, the Company recorded $1.3 million of charges related to the adoption of ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)". As permitted by the 2019 Credit Agreement, the Company elected to eliminate the effect of this accounting change within its covenant compliance calculation.

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

TEMPUR + SEALY

TTM Adjusted EBITDA Reconciliation

(in millions)	Trailing Twelve Months Ended September 30, 2021
Net income	$ 593.4
Interest expense, net	56.6
Overlapping interest expense (1)	5.2
Loss on extinguishment of debt (2)	27.2
Income tax provision	173.3
Depreciation and amortization	169.7
Aspirational plan amortization (3)	4.2
EBITDA	1,029.6
Adjustments	
Loss from discontinued operations, net of tax (4)	1.9
Earnings from Dreams prior to acquisition (5)	69.4
Acquisition-related costs (6)	6.2
Aspirational plan employer costs (7)	2.3
Other income (8)	(2.3)
Adjusted EBITDA	$ 1,107.1

Notes

(1) In the second quarter of 2021, the Company incurred $5.2 million of overlapping interest expense during the period between the issuance of the 2029 Senior Notes and the redemption of the 2026 Senior Notes.

(2) In the trailing twelve months ended September 30, 2021, the Company recognized $27.2 million of loss on extinguishment of debt associated with the redemption of the 2026 and 2023 Senior Notes.

(3) In the trailing twelve months ended September 30, 2021, the Company recognized $4.2 million of amortization related to the aspirational awards.

(4) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2019 Credit Agreement. Therefore, these subsidiaries are excluded from the Company's adjusted financial measures for covenant compliance purposes.

(5) The Company completed the acquisition of Dreams on August 2, 2021 and designated this subsidiary as restricted under the 2019 Credit Agreement. For covenant compliance purposes, the Company included $69.4 million of EBITDA from this subsidiary for the ten months prior to acquisition in the Company's calculation of adjusted EBITDA for the trailing twelve months ended September 30, 2021.

(6) In the trailing twelve months ended September 30, 2021, the Company recognized $6.2 million of acquisition-related costs, primarily related to legal and professional fees and stamp taxes associated with the acquisition of Dreams.

(7) In the fourth quarter of 2020, the Company recognized $2.3 million of employer-related tax costs related to the aspirational plan compensation.

(8) In the fourth quarter of 2020, the Company recorded $2.3 million of other income related to the sale of a manufacturing facility.

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

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Adjusted Net Income and Adjusted EPS

(in millions, except per share amounts)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
Net income	$ 177.4	$ 121.4
Loss (income) from discontinued operations, net of tax (1)	0.1	(2.4)
Acquisition-related costs (2)	2.3	-
Aspirational plan amoritization (3)	-	45.2
Loss on extinguishment of debt (4)	-	0.9
Accounting standard adoption (5)	-	0.8
Facility expansion costs (6)	-	0.6
Restructuring costs (7)	-	0.4
Tax adjustments (8)	(0.2)	(11.5)
Adjusted net income	$ 179.6	$ 155.4
Adjusted earnings per common share, diluted	$ 0.88	$ 0.74
Diluted shares outstanding	203.4	211.6

Notes

(1) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2019 Credit Agreement. Therefore, these subsidiaries are excluded from the Company's adjusted financial measures for covenant compliance purposes.

(2) In the third quarter of 2021, the Company recorded $2.3 million of acquisition-related taxes.

(3) In the third quarter of 2020, the Company recognized $45.2 million of performance-based stock compensation amortization related to the Company's long-term aspirational awards.

(4) In the third quarter of 2020, the Company recognized $0.9 million of loss on extinguishment of debt associated with the early repayment of the 364-day term loan.

(5) In the third quarter of 2020, the Company recorded $0.8 million of charges related to the adoption of ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)". As permitted by the 2019 Credit Agreement, the Company elected to eliminate the effect of this accounting change within its covenant compliance calculation.

(6) In the third quarter of 2020, the Company recorded $0.6 million of costs related to the opening of a Sealy manufacturing facility.

(7) In the third quarter of 2020, the Company incurred $0.4 million of restructuring costs associated with International headcount reductions driven by the macro-economic environment.

(8) Adjusted income tax provision represents the tax effects associated with the aforementioned items.

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

Leverage Reconciliation

(in millions, except ratio)		September 30, 2021
Total debt, net	$	2,338.8
Plus: Deferred financing costs(1)	$	22.9
Consolidated indebtedness		2,361.7
Less: Netted cash (2)		502.0
Consolidated indebtedness less netted cash	$	1,859.7
Adjusted EBITDA per credit facility(3)	$	1,107.1
Leverage		**1.68x**

Notes

(1) The Company presents deferred financing costs as a direct reduction from the carrying amount of the related debt in the Condensed Consolidated Balance Sheets. For purposes of determining total debt for financial covenant purposes, the Company has added these costs back to total debt, net as calculated per the Condensed Consolidated Balance Sheets.

(2) Netted cash includes cash and cash equivalents for domestic and foreign subsidiaries designated as restricted subsidiaries in the 2019 Credit Agreement.

(3) Represents adjusted EBITDA per credit facility for the trailing twelve-month period ended with the referenced quarter. A reconciliation of net income to adjusted EBITDA per credit facility with respect to the twelve-month period ended with the referenced quarter is on a preceding slide.

*For a reconciliation of leverage to total debt, net for reporting periods in the years 2016-2021, please refer to the Company's SEC filings.

Footnotes

1. Management estimates
2. Adjusted Net Income, EBITDA, adjusted EBITDA per credit facility, adjusted EPS, leverage, free cash flow and constant currency are non-GAAP financial measures. Please refer to the "Use of Non-GAAP Financial Measures and Constant Currency Information" on a previous slide for more information regarding the definitions of adjusted Net Income, EBITDA, adjusted EBITDA per credit facility, adjusted EPS, leverage, free cash flow and constant currency, including the adjustments (as applicable) from the corresponding GAAP information. Please refer to “Forward-Looking Statements” and “Limitations on Guidance” on a previous slide.
3. Sealy was ranked number one on Furniture Today's list of the Top 20 U.S. Bedding Producers in June 2021. See Furniture Today's Top 20 U.S. Bedding Producers methodology that includes SEALY® and STEARNS & FOSTER® products in Sealy ranking. Tempur-Pedic was ranked number two on Furniture Today's list of the Top 20 U.S. Bedding Producers in June 2021.
4. Based on the Company’s 2021 financial targets provided in the press release dated October 28, 2021 and the related earnings call on October 28, 2021. Please refer to “Forward-Looking Statements” and “Limitations on Guidance”.