

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) **February 19, 2010**

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 9.01 Financial Statements and Exhibits

Tempur-Pedic International Inc. (the “Company” or “Tempur-Pedic”) is filing this Current Report on Form 8-K to file its form of Performance Restricted Stock Unit Award Agreement, Restricted Stock Award Agreement and Stock Option Agreement for awards that may be made pursuant to its Amended and Restated 2003 Equity Incentive Plan, as amended (the “2003 EIP”). Tempur-Pedic is also providing information about its Tempur-Pedic International Inc. Long-Term Incentive Plan (the “Long-Term Plan”) established under the 2003 EIP in order to facilitate the grant of equity or equity-based awards based on Tempur-Pedic’s achievement of certain pre-determined performance goals during certain designated periods.

The purpose of the Long-Term Plan is to attract and retain the best possible executive talent, motivate executive officers and employees, attain long-term objectives and strategic initiatives and to further align the interests of executive officers and employees with those of the Tempur-Pedic stockholders. Amounts paid under the Long-Term Plan are generally intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986. The maximum number of shares of stock that may be granted pursuant to or the subject of outstanding awards under the Long-Term Plan is limited to the number of shares of stock available under the 2003 EIP, and new awards may not be made after expiration of the 2003 EIP.

The Compensation Committee will administer the Long-Term Plan, including identifying participating executive officers and employees, establishing Tempur-Pedic performance goals and determining the applicable period of performance. The performance period is the length of time during which the achievement of Tempur-Pedic performance goals are measured as designated by the Compensation Committee.

(d) Exhibits

Exhibit	Description
10.1	<u>Tempur-Pedic International Inc. Long-Term Incentive Plan</u>
10.2	<u>Form of Performance Restricted Stock Unit Award Agreement</u>
10.3	<u>Form of Restricted Stock Unit Award Agreement</u>
10.4	<u>Form of Stock Option Agreement</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused the report to be signed on its behalf by the undersigned hereunto duly authorized.

Tempur-Pedic International Inc.

Date: February 19, 2010

By: /s/ Dale E. Williams

Name: Dale E. Williams

Title: Executive Vice President, Chief Financial
Officer & Secretary

EXHIBIT INDEX

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TEMPUR-PEDIC INTERNATIONAL INC.
LONG-TERM INCENTIVE PLAN

Terms and Conditions

Adopted: January 13, 2010

I. Purpose and Plan Overview

The purpose of this Long-Term Incentive Plan (the "LTI Plan") of Tempur-Pedic International Inc. ("Tempur-Pedic" or the "Company") is to attract and retain the best possible executive talent, to motivate the executive officers and employees of the Company and its Affiliates to attain long-term objectives and strategic initiatives of the Company, and to further align their interests with those of the stockholders of the Company. This LTI Plan is established under the Company's Amended and Restated 2003 Equity Incentive Plan, as amended from time to time (the "2003 EIP"), and amounts paid under this LTI Plan are generally intended to qualify as performance-based compensation under Section 162(m) of the Code.

This LTI Plan is an important variable component of the total compensation package for the executive officers and certain employees of the Company and its Affiliates who may be designated from time to time for participation in this LTI Plan. Awards under this LTI Plan may be made contingent upon the achievement of certain financial objectives of the Company over a designated period, as established by the Committee.

The primary concept of this LTI Plan is to establish Performance Metrics for each Designated Period and provide for the payment of a target Award based on the achievement of those Performance Metrics. The actual Award paid may be higher or lower than the target Award, based on actual performance against the Performance Metrics. The Designated Periods with respect to successive Awards may be overlapping.

II. Definitions

Capitalized terms used but not defined herein shall have the meaning assigned under the 2003 EIP. As used in this LTI Plan, the following terms shall have the following meanings:

"Designated Period" means, with respect to any Award, the period during which the achievement of the Performance Metrics are measured.

"Determination Date" means, with respect to any Award, the earliest of (i) the 90th day after the beginning of the Designated Period applicable to such Award, (ii) the date on which 25% or more of the Designated Period applicable to such Award will have been completed and (iii) the last date in the Designated Period applicable to such Award on which achievement of the applicable Performance Metrics for such Award remains substantially uncertain to be met.

"Final Award" means a bonus awarded and paid to a Participant for services to the Company during a Designated Period that is based upon achievement of pre-established Performance Metrics by the Company, a Subsidiary, a division or business unit of the Company or the Participant.

"Performance" means the level of achievement by the Company, its Subsidiaries, divisions and business units or the Participant of the Performance Metrics established by the Committee pursuant to Section 5.2.

"Performance Metrics" means with respect to any Award, the performance metrics established by the Committee with respect to such Award pursuant to Section 5.2.

"Settlement Date" means the date on which the Committee or the Board shall make the final determination and certification of the Participant's achievement of the Performance Metrics for the applicable Designated Period and the amounts payable under the Award.

"Shares" means shares of the Stock issued pursuant to a Target Award.

"Subsidiary" means any corporation or other entity of which 50% or more of the outstanding voting stock or voting ownership interest is directly or indirectly owned or controlled by the Company or by one or more Subsidiaries of the Company.

"Target Award" means the target award, expressed as a number of shares, established by the Committee or the Board for each Participant under Section 5.1.

III. Administration

This LTI Plan shall be administered by the Committee; *provided, however*, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under this LTI Plan and when so acting shall have the benefit of all of the provisions of this LTI Plan pertaining to the Committee's exercise of its authorities hereunder. Subject to the provisions of this LTI Plan, the Committee shall also have complete authority to interpret this LTI Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Award Agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of this LTI Plan. The Committee's determinations made in good faith on matters referred to in this LTI Plan shall be final, binding and conclusive on all persons having or claiming any interest under this LTI Plan or an Award made pursuant to this LTI Plan.

The Committee may grant from time to time and at any time prior to the termination of this LTI Plan one or more Awards, either alone or in combination with any other Awards, to the chief executive officer, executive officers and any employee of Company and its Affiliates.

The Committee shall have the authority under Section 7.8 of the 2003 EIP with respect to this Plan and Participants outside the United States.

IV. Participation

For each Designated Period, the Committee shall select the Participants for the Designated Period. The Committee may limit the number of executive officers and employees who will be Participants for a Designated Period. Executive officers and employees shall be designated as Participants by the Determination Date; *provided, that* an executive officer or employee who is first employed by the Company during any Designated Period or who is assigned new duties during any Designated Period may be designated as a Participant for a Designated Period commencing on the date the executive officer or employee assumes his new duties through the end of the Designated Period.

Selection as a Participant for a Designated Period or part thereof by the Committee is limited to that Designated Period and does not guarantee or assure any person of selection as a Participant for any other Designated Period. An eligible executive officer and employee will be a Participant for a Designated Period only if designated as a Participant by the Committee for such Designated Period.

V. Designation of Terms of Target Awards and Performance Metrics

5.1 *Designation of Terms.* The Committee shall establish goals for each Participant or group of Participants for the Designated Period in the manner and within the time limits specified in this Section V. For each Participant or group of Participants for each Designated Period or part thereof, the Committee shall specify:

- (a) The Participants for such Designated Period.
 - (b) The length of the Designated Period.
 - (c) The Performance Metrics for such Designated Period (which may be different for different Participants for such Designated Period).
 - (d) Whether the Final Award will be earned solely based on the Performance measured at the end of the Designated Period, or will be earned in increments based on Performance during periods within the Designated Period.
 - (e) A Target Award, expressed as a number of Shares, with actual Shares earned based on the achievement of the Performance Metrics for the applicable Designated Period.
 - (f) The Final Award levels, expressed as a percentage of the Target Award, that shall be paid to the Participant at specified levels of Performance based on the Performance Metrics established by the Committee pursuant to paragraph (c) above.
 - (g) Any specific conditions under which a Final Award specified under (f) above may be reduced or forfeited (but not increased).
 - (h) Any adjustments that may be applied in the event of change of control, extraordinary events, death, total disability, and other termination of employment with the Company or its Affiliates.
 - (i) The Participant's obligation to pay all federal, state, local or other taxes attributable to Awards under this LTI Plan, and the Participant's ability to satisfy such obligations pursuant to a Share withholding, deduction from payroll or otherwise.
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The Final Award levels specified under paragraph (f) above may be expressed either as (i) a matrix of percentages of the Target Award that will be paid at specified levels of Performance or (ii) a mathematical formula that determines the percentage of the Target Award that will be paid at varying levels of Performance.

5.2 *Performance Metrics; Measurement of Performance.* The Performance Metrics shall be the metrics selected by the Committee by the Determination Date, *provided that* in selecting Performance Metrics for Qualified Performance Based Awards, the Committee shall select the Performance Metrics as specified in the 2003 EIP, from one or more of the following: pre- or after-tax net earnings, sales growth, operating earnings, operating cash flow, return on net assets, return on stockholders' equity, return on assets, return on capital, Stock price growth, stockholder returns, gross or net profit margin, earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. These metrics may be measured against pre-determined levels or the Company's relative performance when compared to a pre-established peer group. The Committee has full discretion to select the length and kind of any applicable Performance Metrics and whether the Performance Metrics are to apply to the Company, a Subsidiary or any division or business unit or to the individual.

5.3 *Final Award Conditioned on Performance.* Payment of a Final Award to a Participant for a Designated Period or part thereof under this LTI Plan shall be entirely contingent upon the Performance Metrics established by the Committee pursuant to this Section V as they may be adjusted pursuant to Section 6.2. Except as provided in the first paragraph of Section V, the Performance Metrics and Target Award shall be established not later than the Determination Date.

5.4 *Stock Subject to this LTI Plan.* At no time shall the maximum number of shares of Stock granted pursuant to or subject to outstanding Awards granted under this LTI Plan exceed the number of shares of Stock set forth in Section 4 of the 2003 EIP; *subject, however,* to the provisions of Section 8 of the 2003 EIP. The maximum payment to any one person for a Designated Period is the number of shares of Stock set forth in Section 4 of the 2003 EIP, or if the Award is settled in cash, that number of shares multiplied by the Market Value of the Stock as the date the Qualified Performance Based Award is granted.

VI. Determination and Payment of Final Awards

6.1 *Committee Certification.* The Final Award for each eligible Participant for a Designated Period or part thereof shall be determined on the basis of the Target Award and the Performance Metrics established by the Committee pursuant to Section V. The Committee shall determine on the Settlement Date, and shall certify in writing prior to payment of any Final Award, the extent to which the Performance for the Designated Period or part thereof satisfied the Performance Metrics established by the Committee for the period. Approved minutes or a written consent of the Committee shall constitute sufficient written certification for this purpose.

6.2 *Extraordinary Events.* During the applicable Designated Period, pursuant to Section 8 of the 2003 EIP, the Committee in its discretion may adjust the Performance Metrics and Target Award for extraordinary events or accounting adjustments resulting from significant asset purchases or dispositions, a Change of Control, or other events not contemplated or otherwise considered by the Committee or the Board when the Performance Metrics and Target Awards were established; *provided however,* that the Performance Metrics and Target Awards for a Qualified Performance Based Award shall not be adjusted if the effect would be to increase the amount of any Final Award other than for events specifically identified in the Award Agreement at the time of grant.

6.3 *Manner of and Time Payment.* If set forth in the Award Agreement, the Committee may, in its sole discretion, determine to pay all or part of a Participant's Final Award in the form of a cash payment equivalent to the Shares calculated as set forth in the Award Agreement. Otherwise each Participant will receive the applicable Final Award in Shares. In the event of settlement in Shares, the Shares will be granted under the 2003 EIP. The Company will make the payment of Shares or (where relevant) cash as soon as feasible following the Settlement Date; *provided, however,* in no event will the Final Award be paid later than the fifteenth day of the third month following the end of the last fiscal year in the Designated Period, or following the end of any earlier fiscal year in the Designated Period in which any pro rata portion of a Final Award may have been earned based on the terms of the Award Agreement.

VII. General Provisions

7.1 *Benefits Not Guaranteed.* Neither the establishment nor maintenance of this LTI Plan nor participation in this LTI Plan shall provide any guarantee or other assurance that any Final Award will be payable under the 2003 EIP.

7.2 *No Employment Right.* Participation in this LTI Plan shall not be construed as constituting a commitment, guarantee, agreement or understanding of any kind that the Company or any Subsidiary will continue to employ any individual and this LTI Plan shall not be construed or applied as an employment contract or obligation. Nothing in this LTI Plan shall abridge or diminish the rights of the Company or any Subsidiary to determine the terms and conditions of employment of any Participant, officer or other employee or to terminate the employment of any Participant, officer or other employee with or without reason at any time.

7.3 *No Assignment or Transfer.* Neither a Participant nor any other representative of a Participant shall have any right to assign, transfer, attach or hypothecate any amount or credit, potential payment or right to future payments of any amount or credit or any other benefit provided under this LTI Plan but any Participant may designate a beneficiary or beneficiaries to receive such shares as the Participant may designate of any Final Award earned but unpaid at the time of his or her death by written notice to the Committee. Payment of any amount due or to become due under this LTI Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

7.4 *No Limit on Other Compensation Arrangements.* Nothing contained in this LTI Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements. A Participant may have other targets under other plans of the Company or any Subsidiary. However, no payment under any other plan or arrangement shall be contingent upon failure to attain the Performance Metrics for payment of a Final Award under this LTI Plan.

7.5 *Withholding and Payroll Taxes.* The Company shall be entitled to deduct from any payment made under this LTI Plan or from any other compensation then or thereafter due any Participant all amounts required by federal, state, local and foreign tax laws to be withheld and shall subject any payments made under this LTI Plan to all applicable payroll taxes and assessments.

7.6 *Governing Law.* The validity, construction and effect of this LTI Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

7.7 *Severability.* In the event any provision of this LTI Plan shall be held illegal or invalid for any reason, the remaining provisions of this LTI Plan shall not be affected and this LTI Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

VIII. Termination and Amendment

The Board may terminate this LTI Plan at any time or may from time to time amend this LTI Plan as it deems proper and in the best interests of the Company. Except as set forth in Section 6.2, no amendment adopted after the Determination Date of a Designated Period may directly or indirectly increase the amount of any Target Award, or alter the objective criteria in a manner which will increase any Target Award, for that Designated Period or part thereof. Unless the Board otherwise expressly provides, the termination or amendment of this LTI Plan shall not affect the terms of any Award outstanding on the date of such termination or amendment. In any case, no termination or amendment of this LTI Plan may, without the consent of any recipient of an Award granted hereunder, adversely affect the rights of the recipient under such Award.

IX. Duration of this LTI Plan

Unless this LTI Plan shall have been earlier terminated by the Board, and subject to the term and duration of the 2003 EIP, Awards may be granted under this LTI Plan at any time in the period commencing on the date of approval of this LTI Plan by the Board and ending upon the expiration of the 2003 EIP. Awards granted pursuant to this LTI Plan within that period shall not expire solely by reason of the termination of this LTI Plan. However, no Award may be made pursuant to this LTI Plan after the expiration of the 2003 EIP.

TEMPUR-PEDIC INTERNATIONAL INC.
AMENDED AND RESTATED 2003 EQUITY INCENTIVE PLAN
LONG-TERM INCENTIVE PLAN

Performance Restricted Stock Unit Award Agreement
[Name]

This Performance Restricted Stock Unit Award Agreement (this "Agreement"), dated as of [DATE], is between Tempur-Pedic International Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified below (the "Grantee").

Grantee:

Number of Target Shares in Award:

Date of Award:

Designated Period:

1. Award of Performance Restricted Stock Units. Pursuant and subject to the Company's Amended and Restated 2003 Equity Incentive Plan, as amended (as the same may be amended from time to time, the "2003 EIP") and the Company's Long-Term Incentive Plan (the "LTI Plan"), the Company grants the Grantee an award (the "Award") for [NUMBER] of performance restricted stock units (the "PRSUs"), each constituting the right on the terms and conditions set forth herein to a share of the Company's common stock, par value \$0.01 per share (the "Target Shares"), subject to upward or downward adjustment upon the determination of a Final Award (as defined in Section 3 below) (such Target Shares, as so adjusted, the "Shares"). This Award is granted as of [DATE] (the "Grant Date") and is intended to qualify as a Qualified Performance-Based Award.

2. Rights of the PRSUs and Target Shares. The Grantee will receive no dividend equivalent payments on the PRSUs or with respect to the Target Shares. Unless and until a Final Award has been determined and the Grantee has received the Shares in accordance with the terms and conditions described herein, the Grantee shall have none of the attributes of ownership with respect to any Shares.

3. Determination of Final Award.

(a) The Target Shares ultimately issued by the Company pursuant to the Award shall be subject to adjustment according to the Company's achievement ("Performance") of the Performance Metrics for the Award and compliance with the provisions and rules set forth on Appendix A attached hereto (the "Performance Metrics") and incorporated herein by this reference (the Award as so adjusted, "Final Award").

(b) As provided in the LTI Plan, within sixty (60) days after the end of the Designated Period, the Committee shall determine and certify in writing (y) whether and to what extent the Performance Metrics have been achieved and (z) based on such Performance, the number of Shares to be issued to Grantee as the Final Award (with the date of such determination referred to as the "Determination Date").

(c) Not later than the fifteen (15th) day of the third month following the end of the Designated Period, the Company shall issue the Shares, if any, to Grantee, subject to Section 7 of this Agreement relating to tax withholding (the date of such issuance or the date of such earlier issuance pursuant to Section 4(c)(i) or 5(e) being referred to herein as the "Settlement Date").

4. Termination of Employment. If the Grantee's employment with the Company and its Affiliates terminates prior to the end of the Designated Period, including because the Grantee's employer ceases to be an Affiliate, the Grantee's rights to the Shares and the Final Award shall be as follows:

(a) By the Company For Cause or By the Grantee Without Good Reason. If the Grantee's employment with the Company or its Affiliates is terminated by the Company or such Affiliate For Cause or the Grantee resigns without Good Reason, including by Retirement that is not an Approved Retirement or the Grantee's voluntary departure, the Award will terminate immediately, no Shares shall be issued to Grantee and all of the Grantee's rights to the Shares and Final Award hereunder shall be forfeited. The terms "For Cause", "Good Reason", "Retirement" and "Approved Retirement" are defined below.

(b) By the Company Other Than for Cause or By the Grantee for Good Reason. If the Grantee's employment with the Company or its Affiliates is terminated by the Company or an Affiliate other than For Cause, by the Grantee's resignation for Good Reason or by reason of Grantee's employer ceasing to be an Affiliate (in the absence of a Change of Control), then this Award shall remain outstanding, and the Grantee shall be entitled to receive a number of Shares he would have been entitled to receive in a Final Award at the end of the Designated Period had his employment not been so terminated based on the extent, if any, to which the Performance Metrics for the Designated Period are achieved, except that in the event the Grantee's employment is terminated prior to the end of the first year of the Designated Period, the number of such Shares, if any, shall be pro-rated downward based on the actual number of calendar days that elapsed from the beginning of such Designated Period to such termination of employment as compared to the total number of days in the first year of the Designated Period (with no such pro-ration occurring if such termination of employment occurs any time after the first year of the Designated Period). For example, if Grantee's employment is terminated during the 300th day of the first year of the Designated Period (and such year is not a leap year), the Final Award will be based on the extent, if any, to which the Performance Metrics for the Designated Period are achieved, and the Grantee would receive 300/365ths of the Shares he would have been entitled to receive in the Final Award for the Designated Period had his employment not been terminated. These Shares will be issued at the same time as set forth in Section 3(c) above. Notwithstanding anything herein to the contrary, no Shares shall be issued and all of the Grantee's rights to the Final Award and any Shares otherwise due shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from Grantee in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordance with its terms) prior to the end of the Designated Period (or, if earlier, the deadline established in the form of release delivered by the Company to the Grantee for execution) and (ii) the Grantee shall have complied with the covenants set forth in Section 12 of this Agreement.

(c) Death or Long-Term Disability.

(i) Death. If the Grantee dies at any time during the Designated Period, then the Grantee shall be entitled to receive Shares equal to the number of Target Shares granted to him pursuant to this Award in lieu of any claim to the Final Shares (if any). These Shares will be issued within sixty (60) days after the date of death or termination of employment.

(ii) Long-Term Disability. If Grantee's employment ends due to Grantee's long-term disability (within the meaning of Section 409A of the Code) at any time during the Designated Period, then the Award shall remain outstanding through the end of the Designated Period and the Grantee shall be entitled to receive a Final Award based on the extent, if any, to which the Performance Metrics for the Designated Period are achieved. These Shares will be issued at the same time as set forth in Section 3(c) above.

(d) Approved Retirement. In the event of Grantee's Retirement, the Committee may in its sole discretion consent to the partial acceleration of vesting of the Award so that the Award shall remain outstanding through the end of the Designated Period and the Grantee shall be entitled to receive a pro-rata Final Award based on the extent, if any, to which the Performance Metrics for the Designated Period are achieved, pro-rated using the same methodology as set forth in paragraph (b) above, substituting for the date of termination of employment therein the date of Grantee's Retirement (an "Approved Retirement"); provided, however, that no Shares shall be issued and all of the Grantee's rights to the Final Award and any Shares otherwise due shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from Grantee in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordance with its terms) prior to the end of the Designated Period (or, if earlier, the deadline established in the form of release delivered by the Company to the Grantee for execution) and (ii) the Grantee shall have complied with the covenants set forth in Section 12 of this Agreement. These Shares will be issued at the same time as set forth in Section 3(c) above.

(e) **Definitions.** For the purposes of this Agreement:

(i) “**Employee**”, “**employment**”, “**termination of employment**” and “**cease to be employed**,” and other words or phrases of similar import, shall mean the continued provision of substantial services to the Company or any of its Affiliates (or the cessation or termination of such services) whether as an employee, consultant or director;

(ii) “**Change of Control**” shall have the meaning set forth in the Plan, provided, that no event or transaction shall constitute a Change of Control for purposes of this Agreement unless it also qualifies as a change of control for purposes of Section 409A of the Code;

(iii) “**For Cause**” shall mean any of the following: (A) Grantee’s willful and continued failure to substantially perform the reasonably assigned duties with the Company or any Affiliate of the Company which are consistent with Grantee’s position and job description, other than any such failure resulting from incapacity due to physical or mental illness, after a written notice is delivered to Grantee by the Chief Executive Officer or Global Vice President of Human Resources of the Company, which specifically identifies the manner in which Grantee has not substantially performed the assigned duties, (B) Grantee’s willful engagement in illegal conduct which is materially and demonstrably injurious to the Company or any Affiliate of the Company, (C) Grantee’s conviction by a court of competent jurisdiction of, or pleading guilty or nolo contendere to, any felony, or (D) Grantee’s commission of an act of fraud, embezzlement, or misappropriation against the Company or any Affiliate of the Company, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the business of the Company or any Affiliate of the Company;¹

(iv) “**Good Reason**” shall mean the relocation of Grantee’s principal workplace over sixty (60) miles from the existing workplaces of the Company or any Affiliate of the Company without the consent of Grantee (which consent shall not be unreasonably withheld, delayed or conditioned);² and

(v) “**Retirement**” shall have the meaning assigned to such term in the applicable retirement policy of the Company or its Affiliates as in effect at such time.

5. Change of Control Provisions. In lieu of Section 9 of the 2003 EIP, immediately upon the occurrence of a Change of Control, all of the PRSUs subject to this Award shall convert to time-based vesting restricted stock units (“**RSUs**”, with the shares of the Company’s common stock issuable thereunder referred to as “**RSU Shares**”), without any pro-rata, as follows:

(a) If the Change of Control occurs at any time during the Designated Period, the Grantee shall be entitled to receive RSUs equal to the number of Target Shares in lieu of any claim to a Final Award.

(b) None of the RSUs issued to Grantee in connection with a Change of Control pursuant to this Section 5 shall be immediately vested as of the date of such Change of Control (unless otherwise provided below). All of such RSUs shall vest on December 31, 2012 (for purposes of this Section 5, the “**Vesting Date**”), regardless of whether the Company has then achieved any of the Performance Metrics if the Grantee’s employment with the Company and its Affiliates continues through the period commencing on the date of the Change of Control and ending on the Vesting Date (the “**Vesting Period**”).

¹ Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

² Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

(c) If the Grantee's employment with the Company and its Affiliates terminates during the Vesting Period, the right to the RSUs shall be as follows:

(i) If the Grantee's employment with the Company or its Affiliates is terminated by the Company For Cause or the Grantee resigns without Good Reason, including by Retirement that is not an Approved Retirement or the Grantee's voluntary departure, the RSUs will terminate immediately, no RSU Shares shall be issued to Grantee and all of the Grantee's rights to the RSUs and the RSU Shares hereunder shall be forfeited.

(ii) If the Grantee's employment with the Company or its Affiliates is terminated by the Company or an Affiliate other than For Cause, by the Grantee's resignation for Good Reason or by reason of Grantee's employer ceasing to be an Affiliate following a Change of Control at any time following the Change of Control, then all of the RSUs shall vest immediately, and the Grantee shall be entitled to receive all of the RSU Shares he would have been entitled to receive on the Vesting Date with respect thereto.

(iii) If the Grantee dies or the Company or an Affiliate of the Company terminates Grantee's employment due to Grantee's long-term disability (within the meaning of Section 409A of the Code), then all of the RSUs shall vest and the Grantee shall be entitled to receive all of the RSU Shares with respect thereto.

(iv) In the event of Grantee's Approved Retirement, then the number of RSUs that will vest and Shares issued in connection therewith shall be pro-rated downward based on the actual number of calendar days that elapsed from the date the Award was initially granted under this Agreement to the date of such Approved Retirement, versus the total number of calendar days in the Designated Period; provided, however, that no RSU Shares shall be issued and all of the Grantee's rights to the RSUs and any Shares otherwise due shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from Grantee in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordance with its terms) prior to the 50th day following Grantee's termination of employment and (ii) the Grantee shall have complied with the covenants set forth in Section 12 of this Agreement.

(v) In the event that, immediately following a Change of Control, a successor organization does not convert, replace or assume the RSUs, all of the RSUs shall immediately vest and the Grantee shall be entitled to receive all of the RSU Shares represented thereby.

(d) In all cases, any issuance of RSU Shares upon vesting of the RSUs in accordance with this Section 5 shall be made promptly and, in any event, within twenty (20) days following the date such RSUs shall become vested. For this purpose, RSUs vesting on account of (w) a termination by the Company other than For Cause, (x) resignation by the Grantee for Good Reason, (y) Grantee's employer ceasing to be an Affiliate following a Change of Control at any time following the Change of Control, or (z) an Approved Retirement, shall be treated as vesting on the Company's receipt of the required release of claims but delivery of the RSU Shares at that time shall not obviate the need to comply with the covenants contained in Section 12 until the Covenant Termination Date (as defined in Section 12) in order to retain the RSU Shares then delivered.

(e) The Company (or any successor organization) may require the Grantee to enter into a restricted stock unit award agreement that replaces this Agreement and reflects the terms described above.

6. Settlement. The Final Award shall be settled by the issuance of Shares and not by payment of any cash, notwithstanding Section 6.3 of the LTI Plan or Section 7.7(e) of the 2003 EIP.

7. Withholding. Pursuant to the 2003 EIP, the Company shall have the right to require the recipient to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Company an otherwise available tax deduction or otherwise) attributable to the Final Award awarded under this Agreement, including without limitation, the award or lapsing of stock restrictions on the Final Award. The obligations of the Company under this Agreement shall be conditional on satisfaction of all such withholding obligations and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Grantee. However, in such cases Grantee may elect, subject to any reasonable administrative procedures for timely compliance established by the Committee, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold a portion of the Shares or RSU Shares to be issued under this Award to satisfy the Grantee's tax obligations. The Grantee may only elect to have Shares or RSU Shares withheld having a Market Value on the date the tax is to be determined equal to the minimum statutory total withholding taxes arising upon the vesting of any Shares or RSU Shares. All elections shall be irrevocable, made in writing, signed by the Grantee, and shall be subject to any restrictions or limitations that the Committee deems appropriate.

8. Other Provisions.

(a) This Award does not give the Grantee any right to continue to be employed by the Company or any of its Affiliates, or limit, in any way, the right of the Company or any of its Affiliates to terminate the Grantee's employment, at any time, for any reason not specifically prohibited by law.

(b) The Company is not liable for the non-issuance or non-transfer, nor for any delay in the issuance or transfer of any Shares or RSU Shares due to the Grantee upon the Settlement Date with respect to Final Award which results from the inability of the Company to obtain, from each regulatory body having jurisdiction, all requisite authority to issue or transfer shares of common stock of the Company if counsel for the Company deems such authority necessary for the lawful issuance or transfer of any such Shares or RSU Shares. Acceptance of this Award constitutes the Grantee's agreement that the Shares or RSU Shares subsequently acquired hereunder, if any, will not be sold or otherwise disposed of by the Grantee in violation of any applicable securities laws or regulations.

(c) The Final Award and entitlement to the Shares or RSU Shares are subject to this Agreement and Grantee's acceptance hereof shall constitute the Grantee's agreement to any administrative regulations of the Committee.

(d) All decisions of the Committee upon any questions arising under the 2003 EIP and LTI Plan or under these terms and conditions shall be conclusive and binding, including, without limitation, those decisions and determinations to adjust the Award made by the Committee pursuant to the authority granted under Section 8.5 of the 2003 EIP.

(e) No rights hereunder related to this Award or the Final Award shall be transferable, voluntarily or otherwise and no rights hereunder related to the underlying Target Shares or RSU Shares shall be transferable until such time, if ever, the Shares or RSU Shares are earned and delivered.

9. Incorporation of 2003 EIP and LTI Plan Terms. This Award is granted subject to all of the applicable terms and provisions of the 2003 EIP and the LTI Plan, including without limitation, the provisions of Section 7.7(f) and Section 8 of the 2003 EIP. Capitalized terms used but not defined herein shall have the meaning assigned under the 2003 EIP and the LTI Plan. In the event of any conflict between the terms of this Agreement and the terms of the 2003 EIP and LTI Plan, the provisions of the 2003 EIP and LTI Plan shall control.

10. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of the Grantee. This Agreement may be executed in one or more counterparts all of which together shall constitute one instrument.

11. Tax Consequences.

(a) The Company makes no representation or warranty as to the tax treatment of this Award or the Final Award, including upon the issuance of the Shares or RSU Shares or upon the Grantee's sale or other disposition of the Shares or RSU Shares. The Grantee should rely on his own tax advisors for such advice.

(b) All amounts earned and paid pursuant to this Agreement are intended to be paid in compliance with, or on a basis exempt from, Section 409A of the Code. This Agreement, and all terms and conditions used herein, shall be interpreted and construed consistent with that intent. However, the Company does not warrant all such payments will be exempt from, or paid in compliance with, Section 409A. The Grantee bears the entire risk of any adverse federal, state or local tax consequences and penalty taxes which may result from payments made on a basis contrary to the provisions of Section 409A or comparable provisions of any applicable state or local income tax laws.

12. Certain Remedies.

(a) If at any time prior to the later of (y) the last day of the two (2) year period after termination of the Grantee's employment with the Company and its Affiliates, and (z) as and if applicable, the expiration of the Designated Period or the Vesting Date, in either case, that occurs after the date of termination of Grantee's employment with the Company and its Affiliates, pursuant to Section 4(b), 4(d) or 5(c)(iv) (the later of such days being the "Covenant Termination Date"), any of the following occur :

(i) the Grantee unreasonably refuses to comply with lawful requests for cooperation made by the Company, its Board, or its Affiliates;

(ii) the Grantee accepts employment or a consulting or advisory engagement with any Competitive Enterprise of the Company or its Affiliates or the Grantee otherwise engages in competition with the Company or its Affiliates;

(iii) the Grantee acts against the interests of the Company and its Affiliates, including recruiting or employing, or encouraging or assisting the Grantee's new employer to recruit or employ an employee of the Company or any Affiliate without the Company's written consent;

(iv) the Grantee fails to protect and safeguard while in his possession or control, or surrender to the Company upon termination of the Grantee's employment with the Company or any Affiliate or such earlier time or times as the Company or its board of directors or any Affiliate may specify, all documents, records, tapes, disks and other media of every kind and description relating to the business, present or otherwise, of the Company and its Affiliates and any copies, in whole or in part thereof, whether or not prepared by the Grantee;

(v) the Grantee solicits or encourages any person or enterprise with which the Grantee has had business-related contact, who has been a customer of the Company or any of its Affiliates, to terminate its relationship with any of them;

(vi) the Grantee takes any action or makes any statement, written or oral, that disparages the business, products, services or management of Company or its Affiliates, or any of their respective directors, officers, agents, or employees, or the Grantee takes any action that is intended to, or that does in fact, damage the business or reputation of the Company or its Affiliates, or the personal or business reputations of any of their respective directors, officers, agents, or employees, or that interferes with, impairs or disrupts the normal operations of the Company or its Affiliates; or

(vii) the Grantee breaches any confidentiality obligations the Grantee has to the Company or an Affiliate, the Grantee fails to comply with the policies and procedures of the Company or its Affiliates for protecting confidential information, the Grantee uses confidential information of the Company or its Affiliates for his own benefit or gain, or the Grantee discloses or otherwise misuses confidential information or materials of the Company or its Affiliates (except as required by applicable law); then

(1) this Award shall terminate and be cancelled effective as of the date on which the Grantee entered into such activity, unless terminated or cancelled sooner by operation of another term or condition of this Agreement, the 2003 EIP or the LTI Plan;

(2) any Shares or RSU Shares acquired and held by the Grantee pursuant to the Award during the Applicable Period (as defined below) may be repurchased by the Company at a purchase price of \$0.01 per share; and

(3) any after-tax proceeds realized by the Grantee from the sale of Shares or RSU Shares acquired through the Award during the Applicable Period shall be paid by the Grantee to the Company.

(b) The term “Applicable Period” shall mean the period commencing on the later of the date of this Agreement or the date which is one (1) year prior to the Grantee’s termination of employment with the Company or any Affiliate and ending on the Covenant Termination Date.

(c) The term “Competitive Enterprise” shall mean a business enterprise that engages in, or owns or controls a significant interest in, any entity that engages in, the manufacture, sale or distribution of mattresses or pillows or other bedding products or other products competitive with the Company’s products. Competitive Enterprise shall include, but not be limited to, the entities set forth on Appendix B hereto, which may be amended by the Company from time to time upon notice to the Grantee. At any time the Grantee may request in writing that the Company make a determination whether a particular enterprise is a Competitive Enterprise. Such determination will be made within fourteen (14) days after the receipt of sufficient information from the Grantee about the enterprise, and the determination will be valid for a period of ninety (90) days commencing on the date of determination.

13. Right of Set Off. By executing this Agreement, the Grantee consents to a deduction from any amounts the Company or any Affiliate owes the Grantee from time to time, to the extent of the amounts the Grantee owes the Company under Section 12 above, provided that this set-off right may not be applied against wages, salary or other amounts payable to the Grantee to the extent that the exercise of such set-off right would violate any applicable law. If the Company does not recover by means of set-off the full amount the Grantee owes the Company, calculated as set forth above, the Grantee agrees to pay immediately the unpaid balance to the Company upon the Company's demand.

14. Nature of Remedies.

(a) The remedies set forth in Sections 12 and 13 above are in addition to any remedies available to the Company and its Affiliates in any non-competition, employment, confidentiality or other agreement, and all such rights are cumulative. The exercise of any rights hereunder or under any such other agreement shall not constitute an election of remedies.

(b) The Company shall be entitled to place a legend on any certificate evidencing any Shares acquired upon vesting of this Award referring to the repurchase right set forth in Section 12(a) above. The Company shall also be entitled to issue stop transfer instructions to the Company's stock transfer agent in the event the Company believes that any event referred to in Section 12(a) has occurred or is reasonably likely to occur.

[Remainder of page intentionally left blank]

In Witness Whereof, the parties have executed this Performance Restricted Stock Unit Award Agreement as a sealed instrument as of the date first above written.

TEMPUR-PEDIC INTERNATIONAL INC.

By: _____
Title: _____

GRANTEE

Grantee signature

Name of Grantee

TEMPUR-PEDIC INTERNATIONAL INC.
AMENDED AND RESTATED 2003 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement
[Insert Employee Name]

This Restricted Stock Unit Award Agreement (this "Agreement"), dated as of _____, 20--, is between Tempur-Pedic International Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified below, residing at the address there set out (the "Recipient").

1. Award of Restricted Stock Units. Pursuant and subject to the Company's Amended and Restated 2003 Equity Incentive Plan, as amended (as the same may be amended from time to time, the "Plan"), the Company grants the Recipient an award (the "Award") for _____ restricted stock units ("Restricted Stock Units"), each representing the right to a share of the common stock, par value \$0.01 per share, of the Company (the "Stock") on and subject to the terms and conditions of this Agreement. This Award is granted as of _____, 20-- (the "Grant Date").

2. Rights of Restricted Stock Units. The Recipient will receive no dividend equivalent payments on the Restricted Stock Units or with respect to the Stock. Unless and until the vesting conditions of the Award have been satisfied and the Recipient has received the shares of Stock in accordance with the terms and conditions described herein, the Recipient shall have none of the attributes of ownership with respect to such shares of Stock.

3. Vesting Period and Rights; Taxes; and Filings.

(a) Vesting Period and Rights. The Award will vest in full on _____, 20__ (i.e., the date that is the three (3) year anniversary of the date of grant) (the "Vesting Date"), unless the Award terminates or vests earlier in accordance with Section 4 or 5 hereof. Subject to the provisions of Sections 4 and 5 below, any vesting is subject to the Recipient continuing to be employed by the Company or an Affiliate of the Company on the Vesting Date.

(b) Taxes. The Recipient is required to provide sufficient funds to pay all withholding taxes. Pursuant to the 2003 EIP, the Company shall have the right to require the Recipient to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Company an otherwise available tax deduction or otherwise) attributable to the Award awarded under this Agreement, including without limitation, the award or lapsing of stock restrictions on the Award. The obligations of the Company under this Agreement shall be conditional on satisfaction of all such withholding obligations and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Recipient. However, in such cases Recipient may elect, subject to any reasonable administrative procedures for timely compliance established by the Committee, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold a portion of the shares of Stock to be issued under the Award to satisfy the Recipient's tax obligations. The Recipient may only elect to have shares of Stock withheld having a Market Value on the date the tax is to be determined equal to the minimum statutory total withholding taxes arising upon the vesting of the Award. All elections shall be irrevocable, made in writing, signed by the Recipient, and shall be subject to any restrictions or limitations that the Committee deems appropriate.

(c) Filings. The Recipient is responsible for any filings required under Section 16 of the Securities Exchange Act of 1934 and the rules thereunder.

4. Termination of Employment. If the Recipient's employment with the Company or an Affiliate of the Company terminates prior to the Vesting Date, including because the Recipient's employer ceases to be an Affiliate, the right to the Restricted Stock Units and the Stock shall be as follows:

(a) Death. If the Recipient dies, the Restricted Stock Units granted hereunder will vest immediately and the person or persons to whom the Recipient's rights shall pass by will or the laws of descent and distribution shall be entitled to receive all of the Stock with respect thereto.

(b) Long-Term Disability. If the Company or an Affiliate of the Company terminates the Recipient's employment for long-term disability (within the meaning of Section 409A of the Code), the Restricted Stock Units granted hereunder will vest immediately and Recipient shall be entitled to receive all of the Stock with respect thereto.

(c) By the Company For Cause or By the Recipient Without Good Reason. If the Recipient ceases to be an employee of the Company or an Affiliate of the Company due to the Recipient's termination by the Company or such Affiliate For Cause or if the Recipient resigns or otherwise terminates his employment without Good Reason, including by any Retirement that is not an Approved Retirement or the Recipient's voluntary departure, the Recipient's right to such Restricted Stock Units and the Stock granted hereunder shall be forfeited, no Stock shall be issued and the Restricted Stock Units shall be cancelled. The terms "For Cause", "Good Reason", "Retirement" and "Approved Retirement" are defined below.

(d) By the Company Other Than For Cause or By the Recipient for Good Reason. If the Recipient ceases to be an employee of the Company or an Affiliate of the Company due to the Recipient's termination by the Company or such Affiliate other than For Cause, by his resignation for Good Reason, or due to Recipient's employer ceasing to be an Affiliate (in the absence of a Change of Control), only a pro-rata portion of the Restricted Stock Units granted hereunder shall continue to vest on the Vesting Date and the balance shall be cancelled and no Stock issued therefor. For this purpose, "pro-rata portion" means the number of Restricted Stock Units subject to the Award immediately prior to termination multiplied by the actual number of calendar months that elapsed from the Grant Date and prior to such termination of employment and then divided by 36 (representing the number of months the Restricted Stock Units were to be unvested prior to the Vesting Date). Notwithstanding the foregoing, no Stock shall be issued and all of Recipient's rights to the Restricted Stock Units and Stock hereunder shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from the Recipient in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordances with its terms) prior to the Vesting Date (or if earlier, the deadline established in the form of release delivered by the Company to Recipient for execution) and (ii) the Recipient shall have complied with the covenants set forth in Section 10 of this Agreement.

(e) Approved Retirement. In the event of the Recipient's Retirement, the Committee may consent to the continued vesting of a pro-rata portion of the Restricted Stock Units on the Vesting Date (an "Approved Retirement") and the balance shall be cancelled and no Stock issued therefor. For this purpose, "pro-rata portion" means the number of Restricted Stock Units multiplied by the actual number of calendar months that elapsed from the Grant Date and prior to such Approved Retirement and then divided by 36 (representing the number of months the Restricted Stock Units were to be unvested prior to the Vesting Date). Notwithstanding the foregoing, no Stock shall be issued and all of Recipient's rights to the Restricted Stock Units and Stock hereunder shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from the Recipient in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordances with its terms) prior to the Vesting Date (or if earlier, the deadline established in the form of release delivered by the Company to Recipient for execution) and (ii) the Recipient shall have complied with the covenants set forth in Section 10 of this Agreement. If the Committee shall for any reason decline to consent to continued vesting on the Recipient's Retirement, then the provisions of subsection (c) above shall instead apply.

(f) **Definitions.** As used in this Agreement:

(i) “**Change of Control**” shall have the meaning set forth in the Plan, provided, that no event or transaction shall constitute a Change of Control for purposes of this Agreement unless it also qualifies as a change of control for purposes of Section 409A of the Code;

(ii) “**Employee**”, “**employment**”, “**termination of employment**” and “**cease to be employed**,” and other words or phrases of similar import, shall mean the continued provision of substantial services to the Company or any of its Affiliates (or the cessation or termination of such services) whether as an employee, consultant or director.

(iii) “**For Cause**” shall mean any of the following: (A) Recipient’s willful and continued failure to substantially perform the reasonably assigned duties with the Company or any Affiliate of the Company which are consistent with Recipient’s position and job description, other than any such failure resulting from incapacity due to physical or mental illness, after a written notice is delivered to Recipient by the Chief Executive Officer or Global Vice President of Human Resources of the Company, which specifically identifies the manner in which Recipient has not substantially performed the assigned duties, (B) Recipient’s willful engagement in illegal conduct which is materially and demonstrably injurious to the Company or any Affiliate of the Company, (C) Recipient’s conviction by a court of competent jurisdiction of, or pleading guilty or nolo contendere to, any felony, or (D) Recipient’s commission of an act of fraud, embezzlement, or misappropriation against the Company or any Affiliate of the Company, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the business of the Company or any Affiliate of the Company;¹

(iv) “**Good Reason**” shall mean the relocation of Recipient’s principal workplace over 60 miles from the existing workplaces of the Company or any Affiliate of the Company without the consent of Recipient (which consent shall not be unreasonably withheld, delayed or conditioned);² and

(v) “**Retirement**” shall have the meaning assigned to such term in the applicable retirement policy of the Company or its Affiliates as in effect at such time.

(g) **Payment.** In all cases, payment (i.e., issuance of the Stock) with respect to any vested Restricted Stock Units shall be made promptly and, in any event, within twenty (20) days following the earlier of (y) the Vesting Date, and (z) the date of any accelerated vesting as described in Section 4(a) or Section 4(b) above. For this purpose, Restricted Stock Units vesting on account of (i) a termination of employment by the Company or its Affiliates other than For Cause, (ii) Recipient’s resignation for Good Reason, (iii) Recipient’s employer ceasing to be an Affiliate (in the absence of a Change of Control) or (iv) an Approved Retirement, shall be treated as vesting on the Company’s receipt of the required release of claims but delivery of the Stock on or after the Vesting Date pursuant to this paragraph (g) shall not obviate the need to comply with the covenants contained in Section 10 until the Covenant Termination Date in order to retain the Stock then delivered.

5. Change of Control Provisions. In lieu of the Change of Control provisions of Section 9(b) of the Plan and notwithstanding anything herein to the contrary if a Change of Control occurs, this Agreement shall remain in full force and effect in accordance with its terms subject to the following. In the event of such Change of Control:

(a) if the Recipient’s employment is terminated by the Company or an Affiliate of the Company other than For Cause or if the Recipient resigns for Good Reason within twelve (12) months after the occurrence of a Change of Control, all of the Recipient’s Restricted Stock Units shall immediately vest as of such date and Recipient shall be entitled to receive all of the Stock promptly and, in any event, within twenty (20) days after the date of such termination of employment; and

(b) if the Restricted Stock Units are not assumed, converted or replaced by a successor organization following such Change of Control, all of the Recipient’s Restricted Stock Units shall immediately vest as of such date and Recipient shall be entitled to receive all of the Stock promptly and, in any event, within twenty (20) days after the date of the Change of Control.

¹ Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

² Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

6. Other Provisions.

(a) This Award of Restricted Stock Units does not give the Recipient any right to continue to be employed by the Company or any of its Affiliates, or limit, in any way, the right of the Company or its Affiliates to terminate the Recipient's employment, at any time, for any reason not specifically prohibited by law.

(b) The Company is not liable for the non-issuance or non-transfer, nor for any delay in the issuance or transfer of any shares of Stock due to the Recipient upon the Vesting Date (or, if vesting of the Restricted Stock Units is accelerated pursuant to Section 4 or 5, such earlier date) with respect to vested Restricted Stock Units which results from the inability of the Company to obtain, from each regulatory body having jurisdiction, all requisite authority to issue or transfer shares of common stock of the Company if counsel for the Company deems such authority necessary for the lawful issuance or transfer of any such shares. Acceptance of this Award constitutes the Recipient's agreement that the shares of Stock subsequently acquired hereunder, if any, will not be sold or otherwise disposed of by the Recipient in violation of any applicable securities laws or regulations.

(c) The Award, the Restricted Stock Units and entitlement to the Stock are subject to this Agreement and Recipient's acceptance hereof shall constitute the Recipient's agreement to any administrative regulations of the Committee of the Board. In the event of any inconsistency between this Agreement and the provisions of the Plan, the provisions of the Plan shall prevail.

(d) All decisions of the Committee upon any questions arising under the Plan or under these terms and conditions shall be conclusive and binding, including, without limitation, those decisions and determinations to adjust the Restricted Stock Units made by the Committee pursuant to the authority granted under Section 8.5 of the Plan.

(e) Except as provided in Section 6.4 of the Plan, no right hereunder related to the Award or these Restricted Stock Units and no rights hereunder to the underlying Stock shall be transferable (except by will or the laws of descent and distribution) until such time, if ever, the Stock is earned and delivered.

7. **Incorporation of Plan Terms.** This Award is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to Section 8 of the Plan, "Adjustment Provisions", and the limitations on the Company's obligation to deliver Stock upon vesting set forth in Section 10 of the Plan, "Settlement of Awards". Capitalized terms used but not defined herein shall have the meaning assigned under the Plan.

8. **Miscellaneous.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of the Recipient. This Agreement may be executed in one or more counterparts all of which together shall constitute one instrument.

9. Tax Consequences.

(a) The Company makes no representation or warranty as to the tax treatment of this Award, including upon the issuance of the Stock or upon the Recipient's sale or other disposition of the Stock. The Recipient should rely on his own tax advisors for such advice.

(b) All amounts earned and paid pursuant to this Agreement are intended to be paid in compliance with, or on a basis exempt from, Section 409A of the Code. This Agreement, and all terms and conditions used herein, shall be interpreted and construed consistent with that intent. However, the Company does not warrant all such payments will be exempt from, or paid in compliance with, Section 409A. The Recipient bears the entire risk of any adverse federal, state or local tax consequences and penalty taxes which may result from payments made on a basis contrary to the provisions of Section 409A or comparable provisions of any applicable state or local income tax laws.

10. Certain Remedies.

(a) If at any time prior to the later of (y) the last day of the two (2) year period beginning on the termination of the Recipient's employment with the Company and its Affiliates and (z) the Vesting Date (the later of such days being the "Covenant Termination Date"), any of the following occur:

(i) the Recipient unreasonably refuses to comply with lawful requests for cooperation made by the Company, its board of directors, or its Affiliates;

(ii) the Recipient accepts employment or a consulting or advisory engagement with any Competitive Enterprise (as defined in Section 10(c)) of the Company or its Affiliates or the Recipient otherwise engages in competition with the Company or its Affiliates;

(iii) the Recipient acts against the interests of the Company and its Affiliates, including recruiting or employing, or encouraging or assisting the Recipient's new employer to recruit or employ an employee of the Company or any Affiliate without the Company's written consent;

(iv) the Recipient fails to protect and safeguard while in his possession or control, or surrender to the Company upon termination of the Recipient's employment with the Company or any Affiliate or such earlier time or times as the Company or its board of directors or any Affiliate may specify, all documents, records, tapes, disks and other media of every kind and description relating to the business, present or otherwise, of the Company and its Affiliates and any copies, in whole or in part thereof, whether or not prepared by the Recipient;

(v) the Recipient solicits or encourages any person or enterprise with which the Recipient has had business-related contact, who has been a customer of the Company or any of its Affiliates, to terminate its relationship with any of them;

(vi) the Recipient takes any action or makes any statement, written or oral, that disparages the business, products, services or management of Company or its Affiliates, or any of their respective directors, officers, agents, or employees, or the Recipient takes any action that is intended to, or that does in fact, damage the business or reputation of the Company or its Affiliates, or the personal or business reputations of any of their respective directors, officers, agents, or employees, or that interferes with, impairs or disrupts the normal operations of the Company or its Affiliates; or

(vii) the Recipient breaches any confidentiality obligations the Recipient has to the Company or an Affiliate, the Recipient fails to comply with the policies and procedures of the Company or its Affiliates for protecting confidential information, the Recipient uses confidential information of the Company or its Affiliates for his own benefit or gain, or the Recipient discloses or otherwise misuses confidential information or materials of the Company or its Affiliates (except as required by applicable law); then

(1) this Award shall terminate and be cancelled effective as of the date on which the Recipient entered into such activity, unless terminated or cancelled sooner by operation of another term or condition of this Agreement or the Plan;

(2) any Stock acquired and held by the Recipient pursuant to the Award during the Applicable Period (as defined below) may be repurchased by the Company at a purchase price of \$0.01 per share; and

(3) any gain realized by the Recipient from the sale of Stock acquired through the Award during the Applicable Period shall be paid by the Recipient to the Company.

(b) The term "Applicable Period" shall mean the period commencing on the later of the date of this Agreement or the date which is one (1) year prior to the Recipient's termination of employment with the Company or any Affiliate and ending on the Covenant Termination Date.

(c) The term “Competitive Enterprise” shall mean a business enterprise that engages in, or owns or controls a significant interest in, any entity that engages in, the manufacture, sale or distribution of mattresses or pillows or other bedding products or other products competitive with the Company’s products. Competitive Enterprise shall include, but not be limited to, the entities set forth on Appendix A hereto, which may be amended by the Company from time to time upon notice to the Recipient. At any time the Recipient may request in writing that the Company make a determination whether a particular enterprise is a Competitive Enterprise. Such determination will be made within fourteen (14) days after the receipt of sufficient information from the Recipient about the enterprise, and the determination will be valid for a period of ninety (90) days from the date of determination.

11. Right of Set Off. By executing this Agreement, the Recipient consents to a deduction from any amounts the Company or any Affiliate owes the Recipient from time to time, to the extent of the amounts the Recipient owes the Company under Section 10 above, provided that this set-off right may not be applied against wages, salary or other amounts payable to the Recipient to the extent that the exercise of such set-off right would violate any applicable law. If the Company does not recover by means of set-off the full amount the Recipient owes the Company, calculated as set forth above, the Recipient agrees to pay immediately the unpaid balance to the Company upon the Company’s demand.

12. Nature of Remedies.

(a) The remedies set forth in Sections 10 and 11 above are in addition to any remedies available to the Company and its Affiliates in any non-competition, employment, confidentiality or other agreement, and all such rights are cumulative. The exercise of any rights hereunder or under any such other agreement shall not constitute an election of remedies.

(b) The Company shall be entitled to place a legend on any certificate evidencing any Stock acquired upon vesting of this Award referring to the repurchase right set forth in Section 10(a) above. The Company shall also be entitled to issue stop transfer instructions to the Company’s stock transfer agent in the event the Company believes that any event referred to in Section 10(a) has occurred or is reasonably likely to occur.

[Remainder of page intentionally left blank]

In Witness Whereof, the parties have executed this Restricted Stock Unit Award Agreement as a sealed instrument as of the date first above written.

TEMPUR-PEDIC INTERNATIONAL INC.

By: _____

Title: _____

[Name of Recipient]

Recipient's Address:

TEMPUR-PEDIC INTERNATIONAL INC.

AMENDED AND RESTATED 2003 EQUITY INCENTIVE PLAN

Stock Option Agreement

[Insert Employee Name]

This Stock Option Agreement dated as of _____, 20__ this "Agreement", between Tempur-Pedic International Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified below, residing at the address there set out (the "Optionee").

1. Grant of Option. Pursuant and subject to the Company's Amended and Restated 2003 Equity Incentive Plan (as the same may be amended from time to time, the "Plan"), the Company grants to the Optionee an option (the "Option") to purchase from the Company all or any part of a total of _____ shares (the "Option Shares") of the Company's common stock, par value \$0.01 per share (the "Stock"), at a price of \$_____ per share. The "Grant Date" of this Option is _____, 20__

2. Character of Option. This Option is not to be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

3. Duration of Option. Subject to the next sentence, this Option shall expire at 11:59 p.m. (Lexington, KY local time) on the date immediately preceding the tenth anniversary of the Grant Date. However, this Option is subject to earlier termination as provided in Section 5 below.

4. Exercise of Option. Until the expiration of this Option pursuant to Section 3 or Section 5 of this Agreement, the Optionee may exercise it as to the number of Option Shares identified in the table below, in full or in part, at any time on or after the applicable exercise date or dates identified in the table. However, subject to Section 5 of this Agreement, during any period that this Option remains outstanding after the Optionee's employment with the Company and its Affiliates ends, the Optionee may exercise it only to the extent it was exercisable immediately prior to the end of the Optionee's employment.

Number of Shares in Each Installment	Percentage of Option Shares	Initial Exercise Date for Shares in Installment
_____	_____	_____ → ____
_____	_____	_____ → ____
_____	_____	_____ → ____

Section 7.1(e) of the Plan sets forth the procedure for exercising this Option by paying cash or a check made payable to the order of the Company in an amount equal to the aggregate exercise price of the Stock to be purchased, or by delivering other shares of Stock of equivalent Market Value, provided the Optionee has owned such shares of Stock for at least six (6) months. The Optionee may also exercise this Option pursuant to a formal cashless exercise program as referred to in Section 7.1(e) of the Plan, subject to the terms and conditions referred to in Section 7.1(e) of the Plan.

5. Termination or Acceleration in Certain Cases. The Option shall be subject to early termination prior to the tenth anniversary of the Grant Date and accelerated vesting in certain circumstances, as described below. Notwithstanding anything contained in this Section 5 to the contrary, however, in no event shall the Option become or remain exercisable to any extent after the expiration date set forth in Section 3.

(a) By the Optionee's Voluntary Resignation Without Good Reason. If the Optionee's employment with the Company or its Affiliates is terminated by the Optionee's voluntary resignation without Good Reason, including by any Retirement that is not an Approved Retirement or the Optionee's other voluntary departure, (i) the Option shall remain exercisable for that number of Option Shares for which this Option shall have become exercisable pursuant to Section 4 above (i.e., the "vested" Option Shares) as of the date of such termination of employment through the last day of the three (3) month period commencing on the later of (y) the expiration of any applicable Blackout Period (as defined below) in which such termination of employment occurs and (z) the date of such termination of employment; and (ii) the Option Shares that have not yet become vested Option Shares pursuant to Section 4 above as of the date of such termination of employment shall irrevocably expire, and the Optionee shall have no right to purchase any such unvested Option Shares.

(b) Termination by the Company other than For Cause or By the Optionee for Good Reason. If the Optionee's employment with the Company or its Affiliates is terminated by the Company or an Affiliate, other than For Cause, or by the Optionee for Good Reason or by reason of Optionee's employer ceasing to be an Affiliate (in the absence of a Change of Control), the Option shall remain outstanding and be or become exercisable to the extent otherwise provided in Section 4 for a three (3) year period commencing on the date of such termination of employment; provided, that in the event the Optionee's employment is terminated prior to the end of the twelve (12) month period immediately following the Grant Date, the number of Option Shares otherwise subject to the Option shall be pro-rated downward based on the actual number of calendar months that elapsed during such twelve (12) month period prior to such termination of employment. For example, if the Optionee is granted an Option to purchase 600 Option Shares on March 1, 2010 and Optionee's employment is terminated by the Company or any of its Affiliates other than For Cause on September 1, 2010, the Option Shares subject to the Option will be adjusted downward by 50% to total 300 Option Shares (and the number of Option Shares that become vested Option Shares in each of the three (3) years specified in Section 4 shall be correspondingly reduced by fifty percent (50%)). No pro-rata shall be made to the Option Shares for a termination of employment described in this Section 5(b) that occurs after the twelve (12) month anniversary of the Grant Date, and the Option shall remain outstanding and be or become exercisable to the extent provided in Section 4 for the three (3) year period commencing on the date of such termination of employment. Notwithstanding the foregoing, no Stock shall be issued and all of Optionee's rights to the Option and the Option Shares hereunder shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from the Optionee in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordance with its terms) prior to the date on which all of the Option Shares become vested Option Shares (or if earlier the deadline established in the form of release delivered by the Company to Optionee for execution) and (ii) the Optionee shall have complied with the covenants set forth in Section 10 of this Agreement.

(c) Termination by the Company For Cause. If the Company or any of its Affiliates terminates the Optionee's employment For Cause, the Option and all of the Option Shares (whether or not then vested) shall be forfeited and shall expire and terminate immediately as of the date of such termination of employment.

(d) Death or Long-Term Disability. If the Optionee dies or the Company or any of its Affiliates terminates the Optionee's employment due to the Optionee's long-term disability (within the meaning of Section 409A of the Code), all of the Option Shares that have not become vested Option Shares pursuant to Section 4 as of the date of death or such termination of employment shall immediately become vested Option Shares, and the Option shall remain outstanding and exercisable until the one (1) year anniversary of the date of Optionee's death or such termination of employment.

(e) Approved Retirement. In the event of the Optionee's Retirement, the Committee may consent to the continued vesting of the Option in accordance with the annual vesting schedule specified in Section 4 and the extended exercisability of the vested Option Shares until the earlier of (i) the three (3) year anniversary of the date on which the Option becomes fully vested, and (ii) the three (3) year anniversary of the date of such Retirement (an "Approved Retirement"); provided, that in the event the date of the Optionee's Approved Retirement occurs prior to the end of the twelve (12) month period immediately following the Grant Date, the number of Option Shares otherwise subject to the Option shall be pro-rated downward based on the actual number of calendar months that elapsed during such twelve (12) month period prior to such Approved Retirement (and, for the avoidance of doubt, no pro-ration shall be made in the event of an Approved Retirement to the Option Shares awarded more than twelve (12) months prior to the date of the Approved Retirement). Notwithstanding the foregoing, no Stock shall be issued and all of Optionee's rights to the Option and the Option Shares hereunder shall be forfeited, expire and terminate unless (i) the Company shall have received a release of all claims from the Optionee in a form reasonably acceptable to the Company (and said release shall have become irrevocable in accordance with its terms) prior to the date on which all of the Option Shares become vested Option Shares (or if earlier the deadline established in the form of release delivered by the Company to Optionee for execution) and (ii) the Optionee shall have complied with the covenants set forth in Section 10 of this Agreement. If the Committee shall for any reason decline to consent to continued vesting on the Recipient's Retirement, then the provisions of subsection (a) above shall instead apply.

(f) Change of Control. In lieu of the Change of Control provisions of Section 9 (a) - (c) of the Plan and notwithstanding anything herein to the contrary, if a Change of Control occurs this Agreement shall remain in full force and effect in accordance with its terms subject to the following. In the event of such Change of Control:

(i) if the Optionee's employment is terminated by the Company or any of its Affiliates other than For Cause or if the Optionee resigns for Good Reason within twelve (12) months after the occurrence of a Change of Control, all of the Optionee's Option Shares which have not become vested Option Shares pursuant to Section 4 as of the date of such termination of employment shall immediately become vested Option Shares and the Option Shares shall remain outstanding and exercisable until the date that is the one (1) year anniversary of the date of such termination of employment; and

(ii) if the Option or the Option Shares are not assumed, converted or replaced by a successor organization following such Change of Control, all of the Optionee's Option Shares which have not become vested Option Shares pursuant to Section 4 as of the date of such Change of Control shall immediately become vested Option Shares and the Option Shares shall remain outstanding and exercisable until the date that is the one (1) year anniversary of the date of such Change of Control.

(g) For the purposes of this Agreement:

(i) "Blackout Period" shall mean any period when employees are prohibited from making purchases and sales of the Company's securities.

(ii) "Change of Control" shall have the meaning set forth in the Plan, provided, that no event or transaction shall constitute a Change of Control for purposes of this Agreement unless it also qualifies as a change of control for purposes of Section 409A of the Code.

(iii) "Employee", "employment", "termination of employment" and "cease to be employed," and other words or phrases of similar import, shall mean the continued provision of substantial services to the Company or any of its Affiliates (or the cessation or termination of such services) whether as an employee, consultant or director.

(iv) "For Cause" shall mean any of the following: (A) Optionee's willful and continued failure to substantially perform the reasonably assigned duties with the Company or any Affiliate of the Company which are consistent with Optionee's position and job description, other than any such failure resulting from incapacity due to physical or mental illness, after a written notice is delivered to Optionee by the Chief Executive Officer or Global Vice President of Human Resources of the Company, which specifically identifies the manner in which Optionee has not substantially performed the assigned duties, (B) Optionee's willful engagement in illegal conduct which is materially and demonstrably injurious to the Company or any Affiliate of the Company, (C) Optionee's conviction by a court of competent jurisdiction of, or pleading guilty or nolo contendere to, any felony, or (D) Optionee's commission of an act of fraud, embezzlement, or misappropriation against the Company or any Affiliate of the Company, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the business of the Company or any Affiliate of the Company;¹

¹ Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

(v) “Good Reason” shall mean the relocation of Optionee’s principal workplace over sixty (60) miles from the existing workplaces of the Company or any Affiliate of the Company without the consent of Optionee (which consent shall not be unreasonably withheld, delayed or conditioned);² and

(vi) “Retirement” shall have the meaning assigned to such term in the applicable retirement policy of the Company or its Affiliates as in effect at such time.

6. Transfer of Option. Except as provided in Section 6.4 of the Plan, neither this Option nor any Option Shares nor any rights hereunder to the underlying Stock may be transferred except by will or the laws of descent and distribution, and during the Optionee’s lifetime, only the Optionee may exercise this Option.

7. Incorporation of Plan Terms. Except as otherwise provided herein in Section 5 above, this Option is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to Section 8 of the Plan, “Adjustment Provisions”, and the limitations on the Company’s obligation to deliver Option Shares upon exercise set forth in Section 10 of the Plan, “Settlement of Awards”. Capitalized terms used but not defined herein shall have the meaning assigned under the Plan.

8. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof, and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of the Optionee. This Agreement may be executed in one or more counterparts all of which together shall constitute one instrument.

9. Tax Consequences.

(a) The Company makes no representation or warranty as to the tax treatment of this Option, including upon the exercise of this Option or upon the Optionee’s sale or other disposition of the Option Shares. The Optionee should rely on his/her own tax advisors for such advice.

(b) All amounts earned and paid pursuant to this Agreement are intended to be paid in compliance with, or on a basis exempt from, Section 409A of the Code. This Agreement, and all terms and conditions used herein, shall be interpreted and construed consistent with that intent. However, the Company does not warrant all such payments will be exempt from, or paid in compliance with, Section 409A. The Optionee bears the entire risk of any adverse federal, state or local tax consequences and penalty taxes which may result from payments made on a basis contrary to the provisions of Section 409A or comparable provisions of any applicable state or local income tax laws.

10. Certain Remedies.

(a) If at any time prior to the later of (y) the two (2) year period after termination of the Optionee’s employment with the Company and its Affiliates, and (z) the period that includes the date (after a termination of Optionee’s employment with the Company and its Affiliates) on which all of the Option Shares granted hereunder and capable of becoming vested Option Shares so become vested Option Shares (the last day of such later period being the “Covenant Termination Date”), any of the following occur:

(i) the Optionee unreasonably refuses to comply with lawful requests for cooperation made by the Company, its board of directors, or its Affiliates;

(ii) the Optionee accepts employment or a consulting or advisory engagement with any Competitive Enterprise (as defined in Section 10(c)) of the Company or its Affiliates or the Optionee otherwise engages in competition with the Company or its Affiliates;

² Award agreement for each CEO and EVP will, if applicable, define such term as it is defined in his or her employment agreement.

(iii) the Optionee acts against the interests of the Company and its Affiliates, including recruiting or employing, or encouraging or assisting the Optionee's new employer to recruit or employ an employee of the Company or any Affiliate without the Company's written consent;

(iv) the Optionee fails to protect and safeguard while in his/her possession or control, or surrender to the Company upon termination of the Optionee's employment with the Company or any Affiliate or such earlier time or times as the Company or its board of directors or any Affiliate may specify, all documents, records, tapes, disks and other media of every kind and description relating to the business, present or otherwise, of the Company and its Affiliates and any copies, in whole or in part thereof, whether or not prepared by the Optionee;

(v) the Optionee solicits or encourages any person or enterprise with which the Optionee has had business-related contact, who has been a customer of the Company or any of its Affiliates, to terminate its relationship with any of them;

(vi) the Optionee takes any action or makes any statement, written or oral, that disparages the business, products, services or management of Company or its Affiliates, or any of their respective directors, officers, agents, or employees, or the Optionee takes any action that is intended to, or that does in fact, damage the business or reputation of the Company or its Affiliates, or the personal or business reputations of any of their respective directors, officers, agents, or employees, or that interferes with, impairs or disrupts the normal operations of the Company or its Affiliates; or

(vii) the Optionee breaches any confidentiality obligations the Optionee has to the Company or an Affiliate, the Optionee fails to comply with the policies and procedures of the Company or its Affiliates for protecting confidential information, the Optionee uses confidential information of the Company or its Affiliates for his/her own benefit or gain, or the Optionee discloses or otherwise misuses confidential information or materials of the Company or its Affiliates (except as required by applicable law); then

(1) this Option shall terminate and be cancelled effective as of the date on which the Optionee entered into such activity, unless terminated or cancelled sooner by operation of another term or condition of this Agreement or the Plan;

(2) any stock acquired and held by the Optionee pursuant to the exercise of this Option during the Applicable Period (as defined in Section 10(b) below) may be repurchased by the Company at a purchase price of \$[insert price equal to exercise price] per share; and

(3) any gain realized by the Optionee from the sale of stock acquired through the exercise of this Option during the Applicable Period shall be paid by the Optionee to the Company;

(b) The term "Applicable Period" shall mean the period commencing on the later of the date of this Agreement or the date which is one (1) year prior to the Optionee's termination of employment with the Company or any Affiliate and ending on the Covenant Termination Date.

(c) The term "Competitive Enterprise" shall mean a business enterprise that engages in, or owns or controls a significant interest in, any entity that engages in, the manufacture, sale or distribution of mattresses or pillows or other bedding products or other products competitive with the Company's products. Competitive Enterprise shall include, but not be limited to, the entities set forth on Appendix A hereto, which may be amended by the Company from time to time upon notice to the Optionee. At any time the Optionee may request in writing that the Company make a determination whether a particular enterprise is a Competitive Enterprise. Such determination will be made within fourteen (14) days after the receipt of sufficient information from the Optionee about the enterprise, and the determination will be valid for a period of ninety (90) days from the date of determination.

11. Right of Set Off. By executing this Agreement, the Optionee consents to a deduction from any amounts the Company or any Affiliate owes the Optionee from time to time, to the extent of the amounts the Optionee owes the Company under Section 10 above, provided that this set-off right may not be applied against wages, salary or other amounts payable to the Optionee to the extent that the exercise of such set-off right would violate any applicable law. If the Company does not recover by means of set-off the full amount the Optionee owes the Company, calculated as set forth above, the Optionee agrees to pay immediately the unpaid balance to the Company upon the Company's demand.

12. Nature of Remedies.

(a) The remedies set forth in Sections 10 and 11 above are in addition to any remedies available to the Company and its Affiliates in any non-competition, employment, confidentiality or other agreement, and all such rights are cumulative. The exercise of any rights hereunder or under any such other agreement shall not constitute an election of remedies.

(b) The Company shall be entitled to place a legend on any certificate evidencing any stock acquired upon exercise of this Option referring to the repurchase right set forth in Section 10(a) above. The Company shall also be entitled to issue stop transfer instructions to the Company's stock transfer agent in the event the Company believes that any event referred to in Section 10(a) has occurred or is reasonably likely to occur.

13. No Right to Employment. This Option does not give the Optionee any right to continue to be employed by the Company or any of its Affiliates, or limit, in any way, the right of the Company or any of its Affiliates to terminate the Optionee's employment, at any time, for any reason not specifically prohibited by law.

[Remainder of page intentionally left blank]

In Witness Whereof, the parties have executed this Stock Option Agreement as of the date first above written.

TEMPUR-PEDIC INTERNATIONAL INC.

By:
Title:

Signature of Optionee

[Name of Optionee]

Optionee's Address:
