
**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) March 3, 2015

TEMPUR SEALY INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31922
(Commission
File Number)

33-1022198
(I.R.S. Employer
Identification No.)

1000 Tempur Way
Lexington, Kentucky 40511
(Address of principal executive offices) (Zip Code)

(800) 878-8889
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

On March 3, 2015 and March 4, 2015, respectively, Tempur Sealy International, Inc. (the “Company”) will present at the Raymond James Institutional Investors Conference and the Bank of America Merrill Lynch 2015 Consumer & Retail Conference (the “Conferences”). Attached as Exhibit 99.1 to this report and furnished under this Item 7.01 are copies of slides to be used by the Company at the Conferences.

The information in this report (including Exhibit 99.1) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Tempur Sealy International, Inc. Investor Presentation

SIGNATURES

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

Date: March 3, 2015

Tempur Sealy International, Inc.

By: /s/ DALE E WILLIAMS

Name: Dale E. Williams

Title: Executive Vice President and Chief
Financial Officer

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Tempur Sealy International, Inc. Investor Presentation

Tempur Sealy International, Inc.

March 3-4, 2015

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

TEMPUR+SEALY



Forward-Looking Statements

This investor presentation contains "forward-looking statements," within the meaning of the federal securities laws, which include information concerning one or more of the Company's plans, objectives, goals, strategies, and other information that is not historical information. When used in this presentation, the words "assumes," "estimates," "expects," "guidance," "anticipates," "projects," "plans," "proposed," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company's expectations regarding its key strategic growth initiatives and strategic priorities, expectations regarding the Company's net sales, revenue performance, adjusted EBITDA, adjusted EPS, operating cash flow, free cash flow, synergies and pricing increases and related assumptions for 2015 and subsequent years, expectations regarding net sales growth rates, sales growth opportunities for Sealy in international markets and for the TEMPUR-Flex line of products, margin improvements, expansion of distribution, A USP growth, the impact of foreign exchange, the Company's leverage ratio, and expectations regarding growth opportunities relating to acquisitions and returning value to stockholders. All forward looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct.

Numerous factors, many of which are beyond the Company's control, could cause actual results to differ materially from those expressed as forward-looking statements in this investor presentation. These risk factors include risks associated with the Company's capital structure and increased debt level; the ability to successfully integrate Sealy into the Company's operations and realize cost and revenue synergies and other benefits from the transaction; whether the Company will realize the anticipated benefits from its asset dispositions in 2014 and the acquisition of brand rights in certain international markets in 2014; general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing; changes in product and channel mix and the impact on the Company's gross margin; changes in interest rates; the impact of the macroeconomic environment in both the U.S. and internationally on the Company's business segments; uncertainties arising from global events; the effects of changes in foreign exchange rates on the Company's reported net sales and earnings; consumer acceptance of the Company's products; industry competition; the efficiency and effectiveness of the Company's advertising campaigns and other marketing programs; the Company's ability to increase sales productivity within existing retail accounts and to further penetrate the Company's retail channel, including the timing of opening or expanding within large retail accounts and the timing and success of product launches; the effects of consolidation of retailers on revenues and costs; the Company's ability to expand brand awareness, distribution and new products; the Company's ability to continuously improve and expand its product line, maintain and improve efficient, timely and cost-effective production and delivery of its products, and manage its growth; the effects of strategic investments on the Company's operations; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carry forwards; the outcome of various pending tax audits or other tax, regulatory or litigation proceedings; changing commodity costs; and the effect of future legislative or regulatory changes.

Additional information concerning these and other risks and uncertainties are discussed in the Company's filings with the Securities and Exchange Commission, including without limitation the Company's 2014 Annual Report on Form 10-K filed on February 13, 2015 with the SEC, under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors." Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statements for any reason, including to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

Note Regarding Historical Financial Information:

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

Note Regarding Trademarks, Trade Names and Service Marks:

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

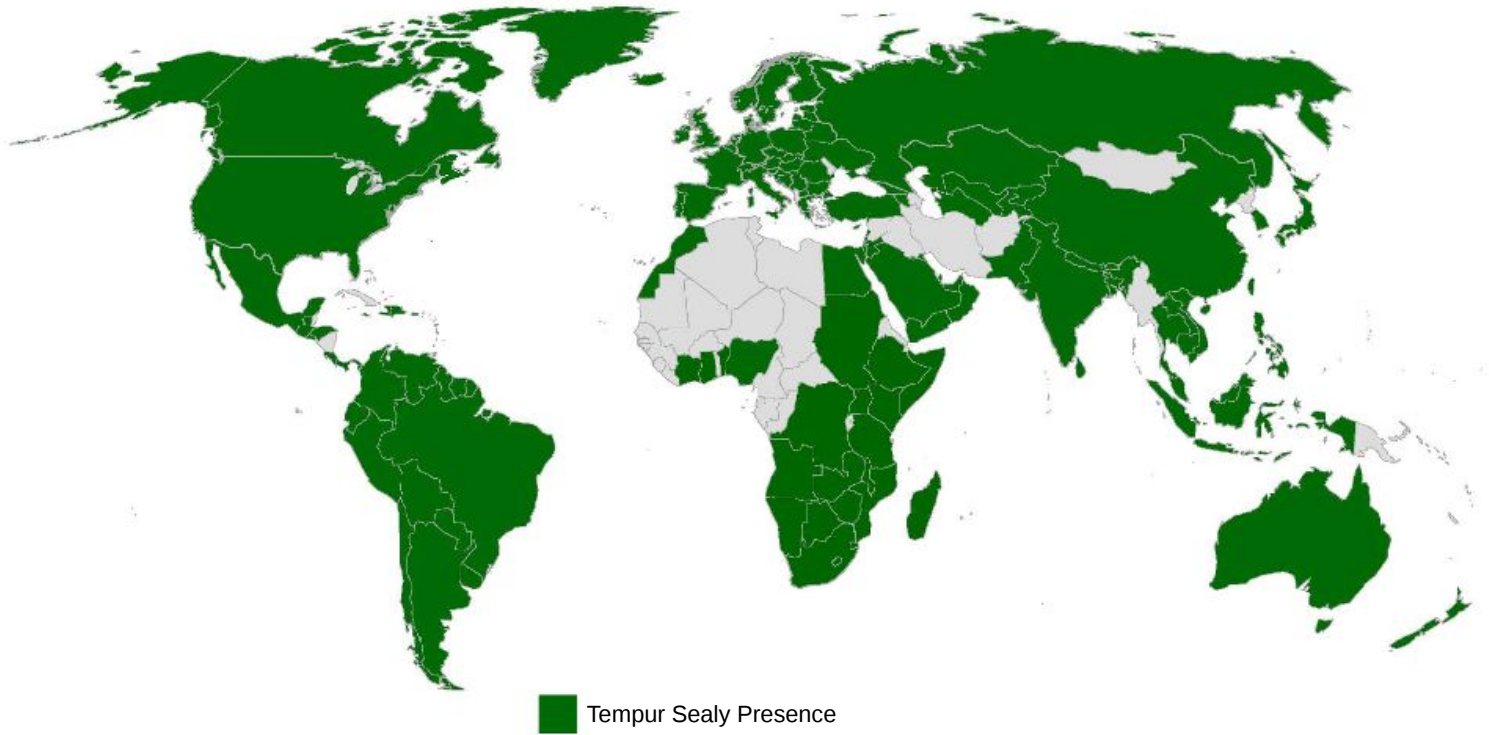
Mark Sarvary
President & Chief Executive Officer

TEMPUR+SEALY

- ✓ Largest And Only Truly Global Bedding Company
- ✓ Comprehensive Portfolio of Iconic Brands
- ✓ Complete and Complementary Product Offering
- ✓ Strong Management Team, Executing A Compelling Strategy
- ✓ Significant Sales, Margin and Earnings Growth Opportunity
- ✓ Strong Cash Flow

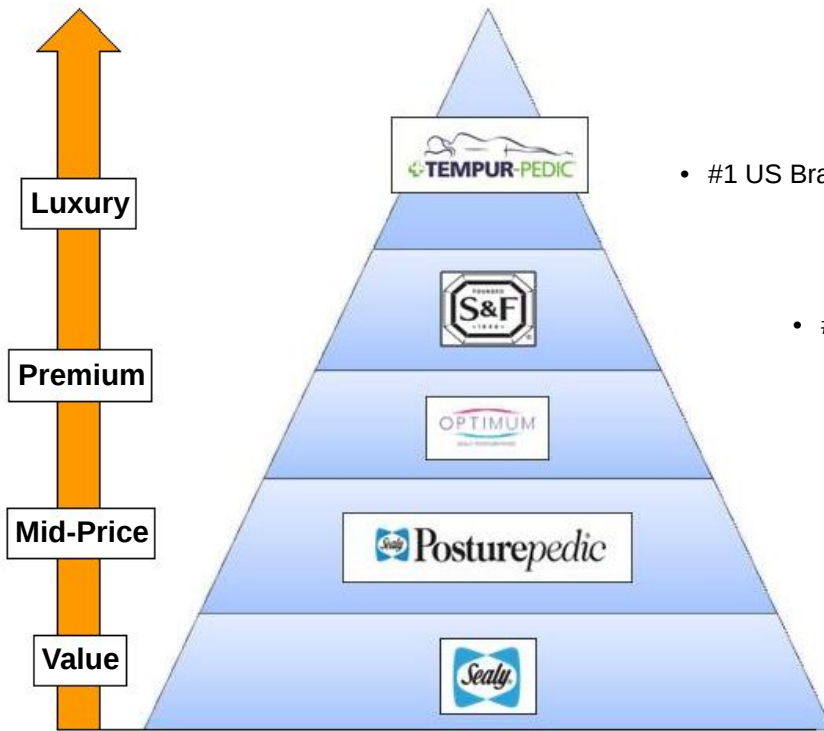


The Industry's Only Truly Global Company



Note: Presence includes subsidiaries, joint ventures, third party, and licensee markets.

Complete and Complementary Portfolio of Brands



Tempur-Pedic

- #1 US Brand People Are Most Interested In Purchasing

Stearns & Foster

- #1 US Brand In Luxury Innerspring Sales

Sealy

- #1 US Brand In Total Awareness
- #1 US Brand People Are Most Likely To Buy

Note 1: 2014 Mattress Industry Consumer Research – U.S. Market
Note 2: Stearns & Foster #1 US Brand in Luxury Innerspring Sales based on management estimates.

Complete Range Of Products

Tempur Material



TEMPUR-Cloud



Hybrid



TEMPUR-Flex



Innerspring



Stearns & Foster



Other Specialty



Memory Foam, Gel Visco, Latex



Adjustable Comfort



Adjustable Bases



TEMPUR-Ergo Plus



Pillows



TEMPUR Pillows



Strong, Established Management Team

Name	Position	Prior Experience	Prior Experience		Years with Tempur Sealy
			Consumer Products	Inter'l	
Mark Sarvary	President and CEO	President, Campbell Soup North America CEO, J. Crew Group President, Stouffer's Frozen Food Division at Nestle	√	√	6
Tim Yaggi	COO	Group President, Masco Corporation EVP, Whirlpool Corporation Norelco (Philips)	√	√	2
Dale Williams	EVP and CFO	CFO, Honeywell Control Products CFO, Saga Systems CFO, GE Information Systems	√	√	11
Rick Anderson	EVP and President, North America	VP, Gillette Gillette / Procter & Gamble	√	√	8
David Montgomery	EVP and President, International	President, Rubbermaid Europe VP, Black & Decker Europe, Middle East, Africa	√	√	12
Jay Spenchian	EVP and Chief Marketing Officer	EVP and CMO, Olive Garden and Red Lobster Executive Director, Marketing, General Motors	√	√	Joined in 2014

Experienced Management Team With Proven Track Record Of Execution

Key Priorities 2012 – 2014

- ◆ Return Tempur North America to growth and improve operating margins
 - Revamped entire product offering (2012-2014) and improved retailer economics (August 2012)
 - Sales growth resumed and margins expanded significantly in 2H-2014 and expected to further expand in 2015
- ◆ Maintain Sealy sales growth momentum and margins
 - Sales growth had just begun prior to the acquisition in 2013, and growth continued in 2013 and accelerated in 2014
 - Margins, however, declined in 2014 and are a primary area of focus in 2015 and beyond
- ◆ Integrate Sealy
 - Organizational integration with Sealy essentially complete in North America
 - Cost synergies realized from the acquisition are ahead of our projections
 - Capitalizing on strategic growth initiatives of complementary brand and product portfolio
- ◆ Position International business for future growth
 - Acquired Sealy brand rights in Europe (ex. UK) and Japan, and commenced roll-out in 3Q 2014
 - (Weakness in Central Europe affected overall International performance)

*Reinvested A Significant Portion Of Cost Synergies Realized
From Sealy Acquisition To Support These Key Priorities*

Tempur Sealy Strategic Priorities

Leverage and Strengthen Our Comprehensive Portfolio Of Iconic Brands & Products

Expand Distribution And Seek Highest Dealer Advocacy

Expand Margins With Focus On Driving Significant Cost Improvement

Leverage Global Scale For Competitive Advantage

Accretive Acquisitions Of Licensees And Joint Ventures

- **Base Annual Targets: Sales Growth Of 6% And Adjusted EPS Growth Of 15%**
- **Strong Cash Flow To Reduce Debt And Return Value to Stockholders**

Delivering Value For Stockholders

Note 1: Management estimates. Please refer to "Forward Looking Statements".

Note 2: Targets are based on constant currency. For information on the methodology used to present constant currency information please refer to slide 31.

Note 3: Adjusted EPS (which is a non-GAAP measure) is EPS adjusted for Sealy transaction and integration costs, loss on disposal of business related to the disposition of the three U.S. innerspring component facilities and related equipment, interest and fees incurred in connection with debt refinancings, normalized tax rate adjustments and to exclude certain non-recurring items. Please refer to the reconciliations on slide 23 and the Company's SEC filings for more information regarding the definition of adjusted EPS.

Growth Drivers By Geography

	Product Innovation	Marketing	Leveraging Distribution Synergies	Opening Own Stores	Leverage JV
US	✓✓✓	✓✓✓	✓✓	✓	✓ (CR)
Canada	✓✓✓	✓✓✓	✓✓✓		
Europe	✓✓	✓✓	✓✓✓	✓✓	
Asia Pacific	✓✓	✓	✓✓	✓✓✓	✓✓✓
Latin America	✓✓	✓	✓	✓✓	

Expand Margins With Focus On Driving Significant Cost Improvement

<u>Initiative</u>	<u>2014</u>	<u>2015 -2018 Objective</u>	<u>Annual Incremental Operating Income¹</u>
Sealy US Gross Margin Improvement ²	30%	33%	\$45 million
Adjusted Operating Expense Leverage ³	29%	28%	\$30 million
Cost Synergies ⁴	\$45 million	\$70 million	\$25 million
2015 Pricing	–	\$25 million	\$25 million
			\$125 million

These Initiatives Alone Provide More Than 300bps Of Operating Margin Improvement

Note 1: Represents initiatives to be achieved by 2018. Our expectation is that they will ramp through the period. Approximately 30% of the total \$125 million is incorporated into our full year 2015 adjusted EPS guidance. See "Forward Looking Statements".

Note 2: Refers to Sealy gross margin in the U.S. of 30% in 2014. Sealy US gross margin improvement excludes the benefit from cost synergies.

Note 3: Adjusted operating expense leverage is a non-GAAP measure. For information on the methodology used to present adjusted operating expense leverage and a reconciliation to GAAP operating expense leverage please refer to slide 26.

Note 4: Cost synergies reflect annualized cost synergies realized from the Sealy transaction.

Product Development



- Procurement
- R&D
- Engineering and design

Distribution



- Cloud and Breeze Beds
- Stearns & Foster
- Posturepedic Hybrid

Brand



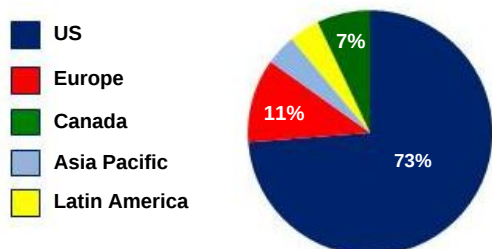
Tempur Sealy Is Uniquely Positioned To Capitalize On Its Integrated Product And Brand Portfolio On A Global Basis

Dale Williams
Executive Vice President & Chief Financial Officer

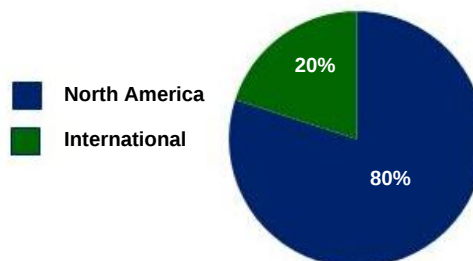
Globally Diverse Bedding Provider Largely Sold In The Retail Channel

2014 Net Sales

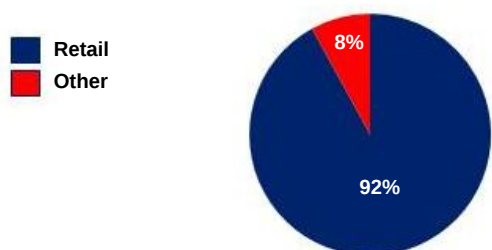
By Geographic Region



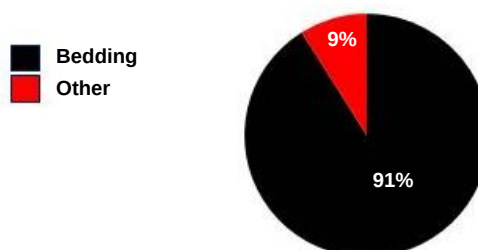
By Segment



By Channel

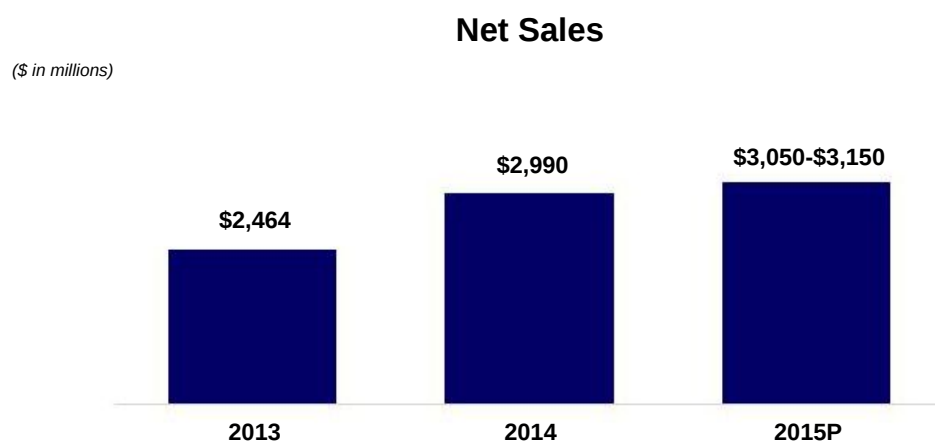


By Product



Net Sales

- ◆ 2014 Net Sales increased 21%
 - Estimated net sales growth would have been +8% had we owned Sealy for all of 2013
- ◆ 2015 Net Sales growth guidance of 2% to 5%, and includes unfavorable FX of 3.5%



Note 1: Please refer to "Forward Looking Statements".

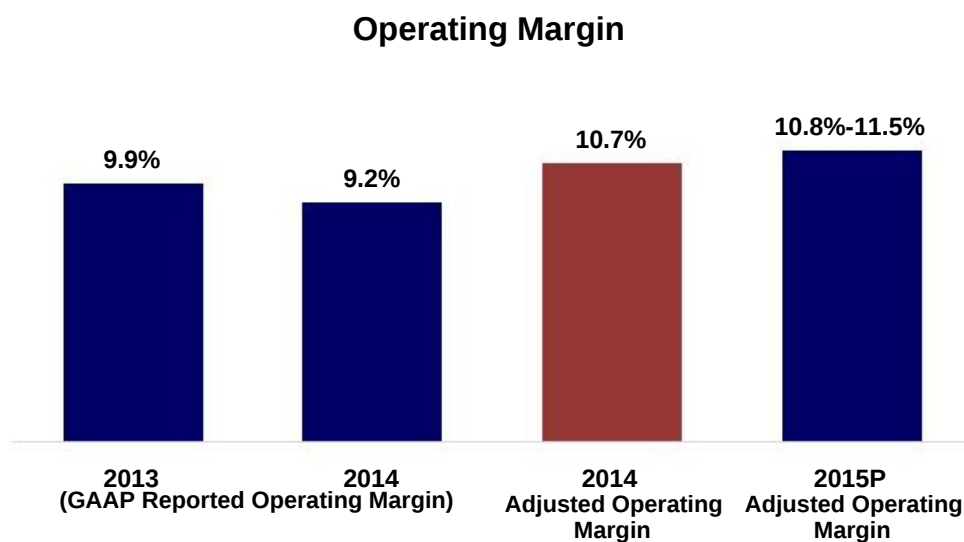
Note 2: Estimated net sales growth of 8% for 2014 is based on Tempur Sealy International consolidated net sales for 2013 plus management's estimates for Sealy sales for the period of January 1, 2013 to March 17, 2013. The Sealy acquisition was completed on March 18, 2013.

Note 3: 2015P is the Company's Net Sales guidance issued on February 5, 2015, which consisted of full year 2015 Net Sales of \$3.050 billion to \$3.150 billion.

Note 4: For information on the methodology used to present constant currency information please refer to slide 31.

Operating Margin

- ◆ 2014 GAAP operating margin includes \$43.8 million of integration costs (1.5% of net sales)
- ◆ Adjusted operating margin is expected to be up 10bps to 80bps in 2015
- ◆ On a constant currency basis, adjusted operating margin is expected to be up 75bps to 150bps in 2015



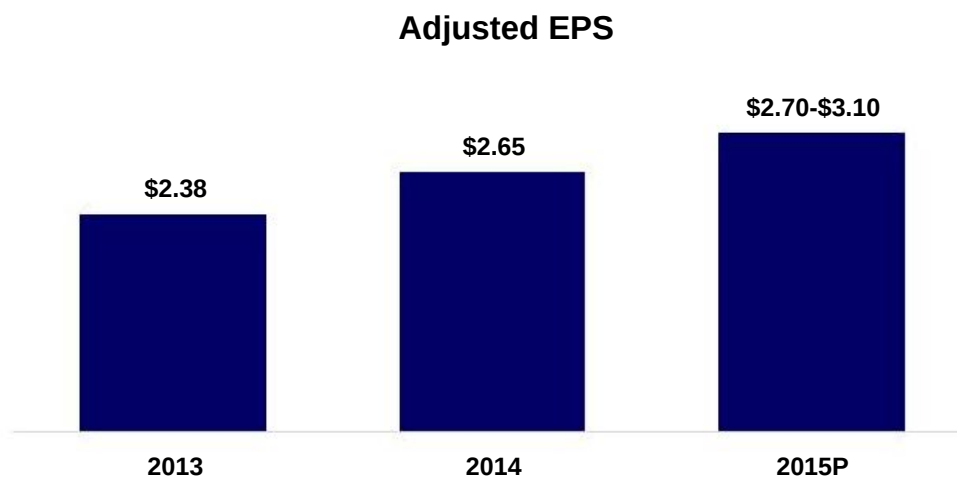
Note 1: 2015 operating margin improvement based on management estimates. Please refer to "Forward Looking Statements".

Note 2: Adjusted operating margin is a non-GAAP measure. For information on the methodology used to present Adjusted operating margin and a reconciliation to GAAP operating margin please refer to slide 27.

Note 3: For information on the methodology used to present constant currency information please refer to slide 31.

Adjusted EPS

- ◆ 2014 Adjusted EPS increased 11%; on a constant currency basis would have increased 18%
- ◆ 2015 Adjusted EPS is expected to grow 12% to 27% on a constant currency basis



Note 1: Adjusted EPS amounts for 2015 based on management estimates. On February 5, 2015, the Company issued guidance for Adjusted EPS for full year 2015 of \$2.70 to \$3.10. Please refer to "Forward Looking Statements".

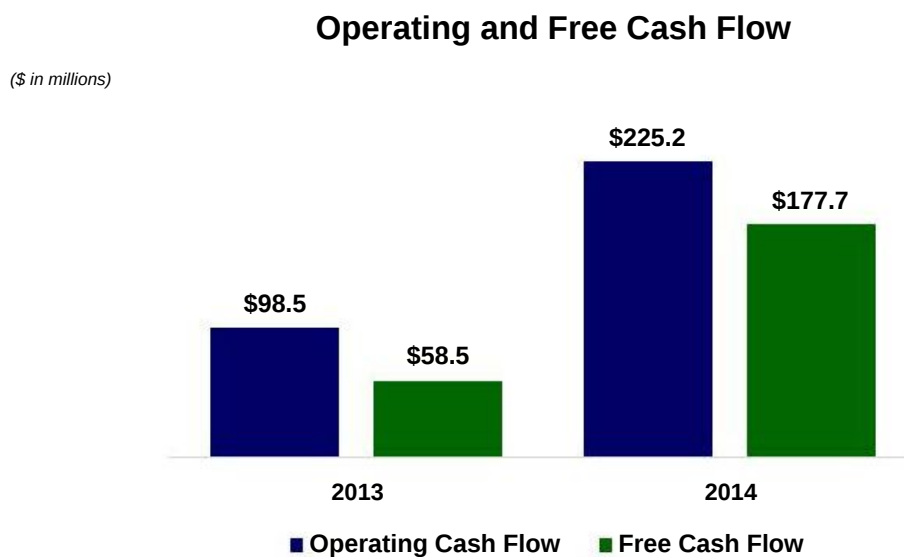
Note 2: GAAP EPS for 2013 was \$1.28 and GAAP EPS for 2014 was \$1.75.

Note 3: Base Annual Adjusted EPS Growth Target is based on constant currency. For information on the methodology used to present constant currency information please refer to slide 31.

Note 4: Adjusted EPS (which is a non-GAAP measure) is EPS adjusted for Sealy transaction and integration costs, loss on disposal of business related to the disposition of the three U.S. innerspring component facilities and related equipment, interest and fees incurred in connection with debt refinancings, normalized tax rate adjustments and to exclude certain non-recurring items. Please refer to the reconciliations on slide 23 and the Company's SEC filings for more information regarding the definition of adjusted EPS.

Strong Cash Flow Characteristics

- ◆ Multi-year add back to net income as D&A should continue to exceed annual Capex by \$30M+
- ◆ Expect continued growth in operating and free cash flow in 2015



Note 1: Operating and free cash flow for 2013 only include Sealy from March 18, 2013 to December 31, 2013.

Note 2: Free cash flow is a non-GAAP measure. For information on the methodology used to present free cash flow information and a reconciliation to operating cash flow please refer to slide 30.

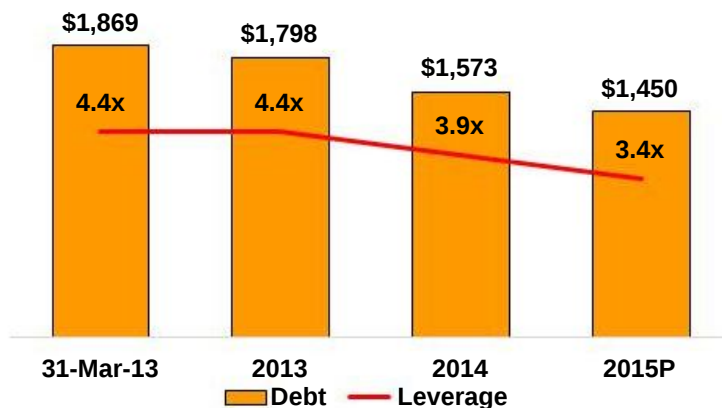
Note 3: For information on the methodology used to present constant currency information please refer to slide 31.

Improving Capital Structure

- ◆ As a larger more stable company, our optimal capital structure is 3x
- ◆ 2014 credit agreement amendment allows cash utilization flexibility below 3.5x
- ◆ Value creation generated through deleverage and/or returning value to shareholders

Consolidated Funded Debt Less Qualified Cash to Adjusted EBITDA

(\$ in millions)



Note 1: Information for 2015 based on management estimates. Please refer to "Forward Looking Statements".

Note 2: Adjusted EBITDA (which is a non-GAAP measure) represents EBITDA adjusted for the loss on disposal of business, Sealy transaction and integration costs, and purchase price allocation ("PPA") inventory adjustments related to the Sealy acquisition, financing and refinancing costs, non-cash compensation, restructuring and other. Please refer to the reconciliation included on slides 24-25 of this presentation and the Company's SEC filings for more information regarding the definition of adjusted EBITDA and the calculation of consolidated funded debt less qualified cash (which are non-GAAP measures) and the calculation of the leverage ratio for purposes of the Company's senior secured facility.

Use of Non-GAAP Financial Measures

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted net income, adjusted earnings per share, earnings before interest, taxes, depreciation, and amortization ("EBITDA"), adjusted EBITDA, and consolidated funded debt and consolidated funded debt less qualified cash, Sealy Corporation and Sealy segment adjusted operating income and operating margin, adjusted operating expenses, adjusted operating income and operating margin and free cash flow, which are not recognized terms under U.S. Generally Accepted Accounting Principles ("GAAP") and do not purport to be alternatives to net income as a measure of operating performance or total debt. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

Adjusted Net Income/Adjusted EPS

A reconciliation of adjusted net income and adjusted earnings per share is provided on slide 23. Management believes that the use of these non-GAAP financial measures provides investors with additional useful information with respect to the impact of various costs associated with the Sealy acquisition and the disposal of the three U.S. innerspring component facilities and the accelerated amortization of deferred financing charges for voluntary prepayment of Term A and Term B loans, other income related to certain other non-recurring items, including income from a partial settlement of a legal dispute, and adjustment of taxes to a normalized rate related to the aforementioned items and other discrete income tax events.

EBITDA/Adjusted EBITDA

A reconciliation of EBITDA and adjusted EBITDA to the Company's net income and a reconciliation of total debt to consolidated funded debt and consolidated funded debt less qualified cash are provided on slides 24 and 25. Management believes that the use of EBITDA and adjusted EBITDA also provides investors with useful information with respect to the terms of the Company's senior secured credit facility and the Company's compliance with key financial covenants.

For more information regarding adjusted EPS, adjusted EBITDA and other terms used in the Company's senior secured facility, please refer to the Company's SEC filings.

Adjusted Operating Expenses

A reconciliation of GAAP operating expenses to adjusted operating expenses, which is GAAP operating expenses less integration and financing costs, is provided on slide 26. Management believes that the use of this non-GAAP financial measure provides investors with additional useful information with respect to the Company's operating performance and initiative to deleverage operating expenses during 2015-2018. The reconciliation provides information on the methodology used to present operating expenses, including the exclusion of integration and financing costs related to the Sealy acquisition.

Adjusted Operating Income and Margin

A reconciliation of GAAP operating income and operating margin to adjusted operating income and operating margin, which are GAAP operating income and GAAP operating margin less integration and financing costs, is provided on slide 27. Management believes that the use of these non-GAAP financial measures provides investors with additional useful information with respect to the Company's operating income and margin performance excluding the impact of integration and financing costs related to the Sealy acquisition.

Sealy Corporation 2012 Adjusted Operating Income and Margin and Sealy Segment 2014 Adjusted Operating Income and Margin

A reconciliation of GAAP operating income and operating margin to adjusted operating income and operating margin, which are GAAP operating income and GAAP operating margin less integration and financing costs, acquisition and merger costs, restructuring and impairment related charges, and conforming the accounting of equity in earnings of unconsolidated affiliates is provided on slides 28 and 29. Management believes that the use of these non-GAAP financial measures provides investors with additional useful information with respect to the Sealy business operating income and margin performance excluding the impact of integration and financing costs related to the Sealy acquisition.

Free Cash Flow

A reconciliation of cash provided by operating activities to free cash flow, which is cash provided by operating activities less purchases of property, plant and equipment, is presented on slide 30. Management believes that the use of this non-GAAP financial measure provides investors with additional useful information with respect to the Company's cash generation and financial strength.

2014 Adjusted EPS Reconciliation

2013 and 2014 Adjusted EPS

<i>(in millions, except per share amounts)</i>	Year Ended December 31, 2013	Year Ended December 31, 2014
Net income	\$ 78.6	\$ 108.9
Plus:		
Loss on disposal of business, net of tax ⁽¹⁾	--	16.7
Transaction costs, net of tax ⁽²⁾	13.2	--
Integration costs, net of tax ⁽²⁾	37.2	30.6
Financing costs, net of tax ⁽³⁾	6.5	3.4
Other income, net of tax ⁽⁴⁾	--	(11.3)
Adjustment of taxes to normalized rate ⁽⁵⁾	10.9	16.3
Adjusted net income	<u>\$ 146.4</u>	<u>\$ 164.6</u>
Earnings per share, diluted	\$ 1.28	\$ 1.75
Loss on disposal of business, net of tax ⁽¹⁾	--	0.27
Transaction costs, net of tax ⁽²⁾	0.21	--
Integration costs, net of tax ⁽²⁾	0.60	0.49
Financing costs, net of tax ⁽³⁾	0.11	0.05
Other income, net of tax ⁽⁴⁾	--	(0.18)
Adjustment of taxes to normalized rate ⁽⁵⁾	0.18	0.27
Adjusted earnings per share, diluted	<u>\$ 2.38</u>	<u>\$ 2.65</u>
Diluted shares outstanding	<u>61.6</u>	<u>62.1</u>

(1) Loss on disposal of business represents costs associated with the disposition of the three U.S. innerspring component facilities and related equipment.

(2) Transaction and integration represents costs, including legal fees, professional fees and other charges to align the businesses related to the Sealy acquisition.

(3) Financing costs represent costs incurred in connection with the amendment and refinancing of our senior secured credit facility in 2014 and 2013, respectively.

(4) Other income includes certain other non-recurring items, including income from a partial settlement of a legal dispute.

(5) Adjustment of taxes to normalized rate represents adjustments associated with the aforementioned items and other discrete income tax events.

Note: 2013 includes Sealy from March 18 to December 31, 2013.

Adjusted EBITDA Reconciliation

2013 and 2014 Adjusted EBITDA

<i>(in millions)</i>	Year Ended December 31, 2013 ⁽¹⁾	Year Ended December 31, 2014
Net income attributable to Tempur Sealy International, Inc.	\$ 75.6	\$ 108.9
Interest expense	133.2	91.9
Income taxes	39.0	64.9
Depreciation & amortization	98.6	89.7
EBITDA	<u>\$ 346.4</u>	<u>\$ 355.4</u>
Adjustments for financial covenant purposes:		
Transaction costs ⁽²⁾	25.2	—
Integration costs ⁽²⁾	15.3	40.3
Financing and Refinancing charges ⁽³⁾	2.4	1.3
Non-cash compensation ⁽⁴⁾	5.8	—
Restructuring and impairment related charges ⁽⁵⁾	7.8	—
Loss on disposal of business and discontinued operations ⁽⁶⁾	0.6	23.2
Other ⁽⁷⁾	7.6	(15.6)
Adjusted EBITDA	<u>\$ 411.1</u>	<u>\$ 404.6</u>

(1) 2013 is presented according to the methodology used for the Company's senior secured facilities and is based on the mathematical combination of the Company's historical financial results for the twelve months ended December 31, 2013 and Sealy's historical financial results for the pre-acquisition period from December 3, 2012 through March 3, 2013.

(2) Transaction and integration represent costs related to the Sealy acquisition, including legal fees, professional fees and other charges to align the businesses.

(3) Financing costs represent costs incurred in connection with the amendment of our senior secured credit facility and refinancing charges represent costs associated with debt refinanced by Sealy prior to the Sealy acquisition.

(4) Non-cash compensation represent costs associated with various share-based awards.

(5) Restructuring and impairment represent costs related to restructuring the Tempur Sealy business and asset impairment costs recognized by Sealy prior to the Sealy acquisition.

(6) Loss on disposal of business represents costs associated with the disposition of the three U.S. innerspring component production facilities and related equipment and discontinued operations represent losses from Sealy's divested operation prior to the Sealy acquisition.

(7) Other income in 2014 includes certain other non-recurring items, including income from a partial settlement of a legal dispute.

Debt Reconciliation and Leverage Ratio Calculation

Reconciliation of Total Debt to Consolidated Funded Debt Less Qualified Cash

<i>(in millions, except ratio)</i>	As of December 31, 2014
Total debt	\$ 1,602.3
Plus:	
Letters of credit outstanding	18.2
Consolidated funded debt	<u>1,620.5</u>
Less:	
Domestic qualified cash ⁽¹⁾	25.9
Foreign qualified cash ⁽¹⁾	21.9
Consolidated funded debt less qualified cash	<u>\$ 1,572.7</u>
Adjusted EBITDA	<u>\$ 404.6</u>
Consolidated funded debt less qualified cash to Adjusted EBITDA ⁽²⁾	<u>3.89 times</u>

(1) Qualified cash as defined in the Company's senior secured credit facility equals 100.0% of unrestricted domestic cash plus 60.0% of unrestricted foreign cash. For purposes of calculating leverage ratios, qualified cash is capped at \$150.0 million.

(2) The ratio of consolidated debt less qualified cash to adjusted EBITDA was 3.89 times, within the Company's covenant, which requires this ratio to be less than 4.75 times at December 31, 2014.

Note: For more details regarding consolidated funded debt, consolidated funded debt less qualified cash and Adjusted EBITDA, please refer to the Company's SEC filings.

Adjusted Operating Expenses

2014 Adjusted Operating Expenses

Tempur Sealy International, Inc. <i>(in millions, except percentage amounts)</i>	Year Ended December 31, 2014
Consolidated net sales	\$2,989.8
Selling and marketing expenses	619.9
General, administrative and other expenses	280.6
<u>Operating Expenses</u>	<u>900.5</u>
<u>Operating Expenses as a % of Consolidated Net Sales</u>	<u>30%</u>
Operating Expenses	\$900.5
Less: Integration and financing costs	43.8
<u>Operating Expenses less Integration and financing costs</u>	<u>\$856.7</u>
<u>Adjusted Operating Expenses as a % of Consolidated Net Sales</u>	<u>29%</u>

Note 1: Integration costs represents costs, including legal fees, professional fees and other charges to align the businesses related to the Sealy acquisition.
Note 2: Financing costs represent costs incurred in connection with the amendment of our senior secured credit facility.

Adjusted Operating Margin

2014 Adjusted Operating Income and Margin

Tempur Sealy International, Inc.

(in millions, except percentage amounts)

	Year Ended December 31, 2014
Operating Income, Tempur Sealy International, Inc.	\$276.3
Consolidated net sales	2,989.8
Operating Margin (GAAP)	9.2%
Operating Income, Tempur Sealy International, Inc.	\$276.3
Plus: Integration and financing costs	43.8
Adjusted Operating Income	\$320.1
Consolidated net sales	2,989.8
Adjusted Operating Margin (Non-GAAP)	10.7%

Note 1: Integration costs represents costs, including legal fees, professional fees and other charges to align the businesses related to the Sealy acquisition.
Note 2: Financing costs represent costs incurred in connection with the amendment of our senior secured credit facility.

Sealy Corporation 2012 Adjusted Operating Margin

2012 Adjusted Operating Income and Margin

Sealy Corporation <i>(in millions, except percentage amounts)</i>	Year Ended December 2, 2012
Operating Income, Sealy Corporation	\$100.6
Consolidated net sales	1,347.9
Operating Margin (GAAP)	7.5%
Operating Income, Sealy Corporation	\$100.6
Plus:	
Comfort Revolution acquisition costs	1.2
Merger costs	2.5
Restructuring and impairment related charges	2.4
Equity in earnings of unconsolidated affiliates	5.2
Other (various)	1.9
Total adjustments	13.2
Adjusted Operating Income	\$113.8
Consolidated net sales	1,347.9
Adjusted Operating Margin (Non-GAAP)	8.4%

Note 1: Information based on data provided in Sealy 10-K for fiscal year ended December 2, 2012.

Note 2: Adjustments to GAAP operating margin include costs associated with the acquisition of 45% interest in the Comfort Revolution joint venture, merger costs associated with the Tempur-Pedic International Inc. transaction, restructuring and impairment related charges related to certain of Sealy manufacturing facilities, other (various) charges and conforming the accounting of equity in earnings of unconsolidated affiliates.

2014 Adjusted Operating Income and Margin

Sealy Segment

(in millions, except percentage amounts)

Year Ended
December 31,
2014

Operating Income, Sealy Segment	\$99.8
Consolidated net sales	1,524.6
Operating Margin (GAAP)	6.5%
Operating Income, Sealy Segment	\$99.8
Plus:	
Integration costs	19.8
Adjusted Operating Income	\$119.6
Consolidated net sales	1,524.6
Adjusted Operating Margin (Non-GAAP)	7.8%

Note: Integration costs represents charges to align the businesses related to the Sealy acquisition.

Free Cash Flow

2014 Free Cash Flow

Tempur Sealy International, Inc.
(in millions)

	Year Ended December 31, 2013	Year Ended December 31, 2014
Net cash provided by operating activities	\$98.5	\$225.2
Less: Purchases of property, plant and equipment	40.0	47.5
Free Cash Flow	\$58.5	\$177.7

Constant Currency Information

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