

TEMPUR PEDIC INTERNATIONAL INC  
 Form 4  
 July 27, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**Rao Bhaskar**

2. Issuer Name and Ticker or Trading Symbol  
**TEMPUR PEDIC INTERNATIONAL INC [TPX]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
**07/26/2007**

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
**CAO & VP of Strategic Planning**

**C/O TEMPUR-PEDIC INTERNATIONAL INC., 1713 JAGGIE FOX WAY**

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

**LEXINGTON, KY 40511**

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price (A) or (D)		
Common Stock	07/26/2007		M		5,202 A \$ 19.22	D	
Common Stock	07/26/2007		M		10,937 A \$ 10.66	D	
Common Stock	07/26/2007		M		8,750 A \$ 12.37	D	
Common Stock	07/26/2007		S		300 D \$ 31.3	D	
	07/26/2007		S		12,900 D	D	

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Common Stock					\$ 31.31		
Common Stock	07/26/2007	S	100	D	\$ 31.32	11,589	D
Common Stock	07/26/2007	S	100	D	\$ 31.33	11,489	D
Common Stock	07/26/2007	S	2,000	D	\$ 31.35	9,489	D
Common Stock	07/26/2007	S	1,200	D	\$ 31.36	8,289	D
Common Stock	07/26/2007	S	500	D	\$ 31.37	7,789	D
Common Stock	07/26/2007	S	400	D	\$ 31.38	7,389	D
Common Stock	07/26/2007	S	500	D	\$ 31.4	6,889	D
Common Stock	07/26/2007	S	1,100	D	\$ 31.41	5,789	D
Common Stock	07/26/2007	S	600	D	\$ 31.42	5,189	D
Common Stock	07/26/2007	S	200	D	\$ 31.44	4,989	D
Common Stock	07/26/2007	S	700	D	\$ 31.45	4,289	D
Common Stock	07/26/2007	S	1,400	D	\$ 31.46	2,889	D
Common Stock	07/26/2007	S	400	D	\$ 31.47	2,489	D
Common Stock	07/26/2007	S	400	D	\$ 31.49	2,089	D
Common Stock	07/26/2007	S	1,800	D	\$ 31.5	289	D
Common Stock	07/26/2007	S	289	D	\$ 31.51	0	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock option (option to buy)	\$ 19.22	07/26/2007		M	5,202	<u>(1)</u> 05/02/2015	Common Stock	5,202
Stock option (option to buy)	\$ 10.66	07/26/2007		M	10,937	<u>(2)</u> 10/25/2015	Common Stock	10,937
Stock option (option to buy)	\$ 12.37	07/26/2007		M	8,750	<u>(3)</u> 12/14/2015	Common Stock	8,750

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

Rao Bhaskar  
 C/O TEMPUR-PEDIC INTERNATIONAL INC.  
 1713 JAGGIE FOX WAY  
 LEXINGTON, KY 40511

CAO & VP of Strategic Planning

## Signatures

/s/ William H. Poche,  
 attorney-in-fact

07/27/2007

        \*\*Signature of Reporting Person

        Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

These options became fully vested and exercisable on December 15, 2005, pursuant to a stock sale restriction agreement, dated December 15, 2005 between the reporting person and the issuer. Under the agreement, the shares are subject to certain transfer restrictions, such as

- (1) restrictions to be removed in a series of installments. The first installment, which consisted of 25% of the original aggregate number of options granted, became transferable on May 2, 2006. The remaining shares become transferable in a series of twelve successive equal quarterly installments.
- (2) These options vest and become exercisable in a series of installments. The first installment, which consisted of 25% of the original aggregate number of options granted, vested on October 25, 2006. The remaining options vest and become exercisable in a series of

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twelve successive equal quarterly installments.

- These options vest and become exercisable in a series of installments. The first installment, which consisted of 25% of the original
- (3) aggregate number of options granted, vested on December 15, 2006. The remaining options vest and become exercisable in a series of three equal annual installments. The next of these installments will vest and become exercisable on December 15, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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