



## Sleep Number Corporation 2018 Fact Sheet

Sleep Number Corporation (NASDAQ: SNBR) is a sleep innovation leader that delivers unparalleled sleep experiences. Thirty years ago, Sleep Number transformed the mattress industry with the idea that ‘one size does not fit all’ when it comes to sleep. Today, we provide consumers with high quality, individualized sleep solutions through our complete line of Sleep Number® beds and bedding. Based in Minneapolis, Minn., with more than 4,000 team members and more than 560 U.S. stores, our revenues in fiscal 2017 were \$1.4 billion.

### Our business

We are the exclusive designer, manufacturer, marketer, retailer and servicer of a complete line of Sleep Number® beds and bedding. This vertically integrated business model enables us to provide a seamless end-to-end customer experience. Unlike traditional mattress manufacturers that primarily sell through third-party retailers, 99 percent of our net sales are directly to consumers.

Our innovative products deliver higher quality sleep, validated by third-party consumer satisfaction awards – and our own research. The benefits of our proprietary Sleep Number® bed have been validated through clinical sleep research, which has shown that participants who slept on a Sleep Number® bed generally fell asleep faster, experienced deeper sleep with fewer disturbances and experienced greater relief from back pain than those sleeping on a traditional innerspring mattress. In addition, only the Sleep Number® bed offers [SleepIQ® technology](#) — proprietary sensor technology that works directly with the bed’s DualAir™ system to track and monitor each individual’s sleep. SleepIQ® technology communicates how you slept and what adjustments you can make to optimize your sleep and improve your daily life.

The company’s presence has evolved from a small kiosk in a mall in Roseville, Minn. in 1992 to a retailer with a national store footprint and products exclusively sold through Sleep Number® stores and [sleepnumber.com](#). Our average sales-per-square foot is in the top 10 among U.S. specialty retailers and is driven by a differentiated store experience and modern store design.

As we have transformed our company to stay ahead of consumer trends, technology and the competitive landscape, we have held onto our longstanding tradition of acting with integrity and keeping the customer at the heart of our decision making. In 2015 and 2016, the company was named to Forbes’ annual list of the [100 Most Trustworthy Companies In America](#). Forbes’ researchers screened more than 2,500 publicly traded non-financial American companies with market caps of \$250 million or more to identify the 100 that most “consistently demonstrated transparent accounting practices and solid corporate governance.”

### Our products

Our complete line of Sleep Number® products includes:

- **Mattresses** – We offer a range of mattresses, all with adjustable firmness:

- **Sleep Number 360® smart bed**, powered by SleepIQ® technology, intuitively senses and automatically adjusts comfort to keep both partners sleeping soundly all night. Additional features include a smart alarm to awaken the user at the optimal moment and a foot warmer for faster sleep onset. Currently available in the:
  - **Performance Series** balances softness and pressure-relieving support. Mattresses include the [p5](#) and [p6](#).
  - **Innovation Series** provides individualized comfort and temperature-balancing innovation. Mattresses include the [i7](#), [i8](#) and [i10](#).
- **The Classic Series** provides adjustability on each side of the bed featuring regular and plush style mattresses. Mattresses include the [c2](#) and [c4](#).
- **The SleepIQ Kids™ bed** features our core adjustability and SleepIQ® technology for the children’s mattress market and is the only bed that adjusts with children as they grow.
- **Adjustable Bases** – Our FlexFit™ adjustable bases offer consumers the ability to raise and lower the head and foot of their beds to relieve pressure, help reduce snoring and provide comfort and relaxation for reading or watching TV.
- **Pillows** – Our selection of pillows improves comfort and support with the proper firmness, fill and fit to improve each person’s sleep experience.
- **Bedding** – From temperature balancing sheets to dual-warmth comforters, our bedding also helps people individualize their environment to know better sleep.

### **Our technology**

SleepIQ® technology integrated into the mattress tracks a person’s sleep, offers insights and makes suggestions to help people achieve their best sleep. Touch-free, biometric sensors track the sleeper’s entire body hundreds of times per second through heart and breathing rates, motion and restfulness.

Based on individual SleepIQ® data, the technology learns the person’s routine and uses adaptive algorithms and predictive modeling to recommend adjustments to daily habits and environment. The SleepIQ® API (Application Program Interface) can connect to an individual’s other cloud services and track items important to them – including exercise, bedroom temperature and individualized comfort – each day and night so people can be smarter about their sleep.

Research shows that customers who adjust the firmness of their bed – their Sleep Number® setting – are [58 percent more likely](#) to have improved sleep quality as measured by restful time in bed using SleepIQ® technology to track and optimize their sleep.

[In September 2015](#), we completed the acquisition of BAM Labs, Inc., the Silicon Valley pioneer of biometric sensor and sleep monitoring. The acquisition strengthened our leadership in sleep technology with unprecedented data and connected product capabilities. We had partnered with BAM since 2012 to develop and commercialize SleepIQ® technology. BAM now operates as SleepIQ® Labs. The deeper

collaboration of our teams has resulted in acceleration of our innovation pipeline, efficiencies in our product development cycle and our ability to deliver meaningful consumer benefits.

SleepIQ® technology generates more than six billion biometric data points a night and facilitates daily interactions with customer data and insights to inform decision making and product development. This biometric data advances smart, connected products that empower our customers with the knowledge to adjust for their best sleep.

### **Our stores**

At our more than 550 Sleep Number® stores in 50 U.S. states, we offer an interactive, educational experience that is distinctly different from other retailers. In 2015 and 2016, Sleep Number was recognized with the Silver Outstanding International Store Design Award from the Association of Retail Environments.

Our modern store design features the complete line of Sleep Number® beds and SleepIQ® technology. With the help of a Sleep Professional, customers experience IndividualFit® 3-D Imaging, a digital map that displays the body's pressure points. Starting with a firm mattress, customers watch the pressure dissipate as the bed adjusts to their body to alleviate discomfort and find their Sleep Number – the ideal setting for a better night's sleep. Sleep Professionals listen and guide shoppers to the right solutions that help them know better sleep, including bedding solutions to address common sleep problems like allergies and temperature swings, and the PillowFit® experience that helps customers find a pillow that perfectly fits their needs.

Our retail strategy integrates our physical and digital Sleep Number experience. Within our physical stores, our average sales per full-time employee are 50 percent higher than other top U.S. specialty retail brands. The digital Sleep Number® experience focuses on engagement with new customers and deepening relationships with existing customers. Elements of our store sales process are built into the digital experience to improve consumer research and conversion. We continue to advance the productivity of [sleepnumber.com](http://sleepnumber.com), where customers learn about our products, find their nearest store location and purchase online.

### **Our leadership team**

Sleep Number's leadership team is committed to creating long-term shareholder value and ensuring that our innovation strategy is aligned with the changing consumer, technology and competitive landscape. Our leadership team includes:

- Shelly R. Ibach, President and Chief Executive Officer
- Melissa Barra, Senior Vice President, Chief Strategy and Customer Relationship Officer
- Annie L. Bloomquist, Senior Vice President and Chief Product Officer
- Kevin K. Brown, Senior Vice President and Chief Marketing Officer
- David R. Callen, Senior Vice President and Chief Financial Officer
- Andy P. Carlin, Executive Vice President and Chief Sales and Service Officer
- Patricia A. Dirks, Senior Vice President and Chief Human Capital Officer
- Mark A. Kimball, Senior Vice President and Chief Legal and Risk Officer and Secretary
- Suresh Krishna, Senior Vice President and Chief Operations, Supply Chain and Lean Officer

- Hunter Saklad, Senior Vice President, Chief Information Officer

## Our history

Sleep Number has evolved from a 1-800 direct marketing mattress company aimed at helping people with back pain, to a national consumer lifestyle brand with technology as our differentiator.

Key milestones in our history:

- 1987 – Select Comfort founded
- 1992 – First store opens in Rosedale Mall, Roseville, Minn.
- 1997 – Manufacturing plant opens in Irmo, S.C.
- 1998 – Select Comfort becomes a publicly traded company listed on The Nasdaq Stock Market (NASDAQ Global Select Market) under the symbol “AIRB”
- 1999 – Manufacturing plant opens in Salt Lake City, U.T.
- 2000 – Select Comfort’s Stock Market symbol changes from “AIRB” to “SCSS”
- 2000 – Launched [sleepnumber.com](http://sleepnumber.com)
- 2000 – First sale of a Sleep Number® bed on QVC
- 2000 – First Sleep Number® bed home delivery
- 2007 – U.S. housing bubble burst
- 2008 – U.S. banking crisis
- 2009 – First Sleep Number® non-mall store opening
- 2009 – Company survives the resulting market downturn and near bankruptcy
- 2010 – Began operating in non-mall locations to help build store and brand awareness
- 2010 – Discontinued distribution through non-company-owned mattress retailers in the contiguous U.S.
- 2012 – Shelly Ibach appointed President and CEO
- 2014 – Introduced SleepIQ® technology and The SleepIQ Kids™ bed
- 2014 – Launched the Know Better Sleep® campaign, featuring the consumer benefits of our latest sleep innovations
- 2015 – Acquired BAM Labs
- 2015 – J.D. Power announces Sleep Number® ranks highest in customer satisfaction with mattresses
- 2015 – Introduced It™ bed at Consumer Electronics Show
- 2016 – Introduced the Sleep Number 360™ smart bed at Consumer Electronics Show
- 2016 – J.D. Power announces Sleep Number® ranks highest in customer satisfaction with mattresses, two years in a row
- 2017 – Customer relationship center opens in New Orleans
- 2017 – Changed name to Sleep Number Corporation and Stock Market symbol to “SNBR”
- 2018 – Sleep Number entered into a multi-year partnership with the National Football League as the Official Sleep + Wellness partner

## Manufacturing, distribution and service

- **Manufacturing** – We manufacture all Sleep Number® beds at our U.S. production facilities. We have manufacturing plants located in Irmo, S.C., and Salt Lake City, Utah. At these two facilities,

employees perform the quilting and sewing of the fabric covers for our beds and final assembly and packaging of mattresses and bases. Our electrical Firmness Control™ systems also are assembled in our Utah plant. We have one manufacturing plant in Greenville, S.C. that assembles, packages and distributes Comfortaire® mattresses and bases.

- **Delivery** – We offer Comfort Service<sup>SM</sup> home delivery and setup, which includes assembly and mattress removal. In selected markets, we provide home delivery, assembly and mattress removal services through third-party providers.
- **Service** – We maintain an in-house customer service department staffed by teams of specialists that provide service and support via phone, email, “live chat” and social media. Our customer service team is central to an ongoing relationship with our customers. Direct access to our customers also provides insights and identifies emerging trends as we work to continuously improve our product and service quality and advance product innovation. To help continue to better our ongoing relationships with customers, we opened up a second customer service department in New Orleans in 2017.

### **Awards and recognition**

Sleep Number has received the following recent awards and recognition for our company and our Sleep Number® products:

- 2018 Loyalty360 Silver Award for Customer Analytics & Data
- 2018 Loyalty360 Top-10 Award for InnerCircle program
- 2018 Metro Transit Commuter Benefits Coordinator of the Year award
- 2017 Women in Corporate Leadership Honor Roll award
- Sleep Number 360™ smart bed named Edison Awards Silver Winner
- Sleep Number 360™ smart bed named IoT Breakthrough Awards winner for Health and Wellness
- Sleep Number 360™ smart bed selected as a 2017 The Knot Registry Awards winner
- Sleep Number 360™ smart bed named 2017 Internet of Things Tekne Award winner
- 2017 Utah Manufacturer of the Year Award
- Sleep Number 360™ smart bed selected as CES 2017 Women’s Health Editor’s Choice
- Sleep Number 360™ smart bed received 2017 CES Top Pick Award by Techlicious
- Sleep Number 360™ smart bed received 2017 CES Editors’ Choice Award by Reviewed.com
- Sleep Number 360™ smart bed named The Best of CES 2017 by PCMag
- Sleep Number 360™ smart bed selected as a Finalist for Best Digital Health and Fitness Product by Engadget
- Sleep Number 360™ smart bed named Best of CES 2017 in the Best Smart Home Tech category by Expert Reviews
- Sleep Number 360™ smart bed named Best of CES by EFTM
- Sleep Number 360™ smart bed named Top Tech of CES 2017 in the Smart Home category by Digital Trends
- Sleep Number 360™ smart bed named Top Pick of CES 2017 by Chip Chick
- Sleep Number 360™ smart bed named Best of CES 2017 by BGR
- Sleep Number 360™ smart bed named 2017 CES Innovation Awards honoree, Embedded Technologies
- Sleep Number 360™ smart bed named 2017 CES Innovation Awards honoree, Smart Home
- Sleep Number 360™ smart bed named 2017 CES Best of Innovation honoree, Home Appliances
- J.D. Power ranked Sleep Number “Highest in Customer Satisfaction with Mattresses” in 2016

- Sleep Number c2 and i8 beds rated Best for Back and Side Support by a leading consumer magazine, 2016
- Sleep Number i8 bed received Highest Overall Rating by a leading consumer magazine, 2016
- Sleep Number received the Gold Award for the Outlet Category from the Association Retail Environments in 2016
- Sleep Number received the Silver Award for the Hardline Specialty Store Category from the Association of Retail Environments in 2016
- Select Comfort received the Silver Outstanding International Store Design Award from the Association of Retail Environments in 2016
- Select Comfort named to Forbes' annual list of the [100 Most Trustworthy Companies In America](#) in 2016
- J.D. Power ranked Sleep Number "Highest in Customer Satisfaction with Mattresses" in 2015; the report measured satisfaction with mattress purchases based on comfort, price, support, durability, warranty, features and customer service
- Select Comfort recognized by Twin Cities Business Magazine in 2016 and 2017 for achieving "Special Distinction" status in the 2015 and 2016 Minnesota Census of Women in Corporate Leadership Honor Roll; this "special distinction" honor recognizes companies with at least 30 percent gender diversity in corporate director and executive officer roles
- SleepIQ Kids™ bed 2015 CES Innovations Award honoree, Home Appliances, International Consumer Electronics Show
- Sleep Number i8 bed rated #1 by a leading consumer magazine since 2014
- A leading consumer magazine has rated Sleep Number i8 bed No. 1 since 2014 and the c2 bed a "Best Buy" since 2015
- Sleep Number received Very Innovative Product Award for DualTemp™ layer from *Good Housekeeping* in 2014

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