

EXHIBIT C

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

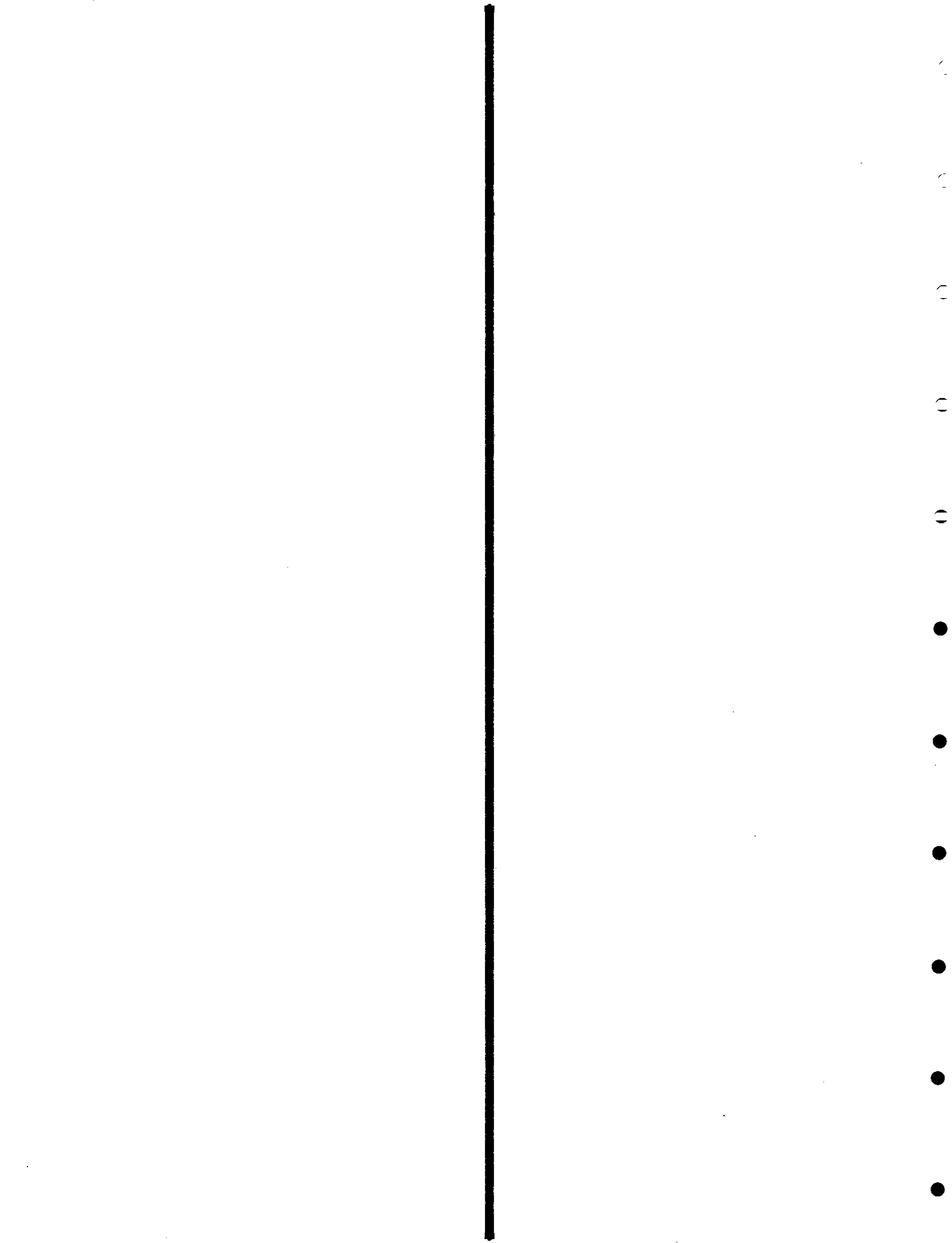


EXHIBIT C

1-800 MATTRESS CORPORATION

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

TO BE EXECUTED BY ALL PERSONS AFFILIATED WITH LICENSEE.

NAME: _____

LICENSEE: _____

HOME ADDRESS: _____

HOME TELEPHONE: _____

CLASSIFICATION: _____
**(Owner, Shareholder, Officer, Director,
Attorney, Employee, Etc.)**

_____ ("Licensee") is a licensee of 1-800 MATTRESS Corporation ("Licensor") pursuant to a License Agreement entered into by Licensee and Licensor dated _____ (the "License Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the License Agreement.

I hereby agree that during the term of my employment by, ownership participation in, association with or service to Licensee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Licensee and/or Licensor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Licensee and/or Licensor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others, but in no event through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute Confidential Information of Licensor: all services, equipment, technologies and procedures employed by Licensor in the course of carrying out its telemarketing, electronic or catalog marketing activities; all bedding delivery paradigms established by Licensor; all pricing paradigms established by Licensor; all of Licensor's sources (or prospective sources) of supply, and all information pertaining to same (including, without limitation, wholesale pricing structures); the methods employed by Licensor's telemarketing call center and its Sleep Consultants®; the computer hardware and software utilized by Licensor's call centers and its Sleep Consultants®; methods and procedures for the provision of bedding delivery services; the design of Mobile Showrooms; all systems of operation, products, services, programs, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the 1-800-MATTRES7® System; Licensor's Manual; Supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of marketing, advertising and promotion; instructional

materials; quality assurance programs; recommended services; 1-800-MATTRES7® recordkeeping or bookkeeping systems and materials; business forms; general operations materials; revenue reports; advertising, promotional and public relations materials, campaigns, guidelines and philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the 1-800-MATTRES7® System; additions to, deletions from, and modifications and variations of the components constituting the 1-800-MATTRES7® System or the systems and methods of operations which are now, or may in the future, be employed by Licensor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Licensor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Licensor or Licensee (as the case may be) all materials, books, records, and manuals considered confidential under this Agreement which are in my possession.

I further agree that during the term of my employment/service/association/ownership participation, and for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business that offers or sells mattresses, bedding or bedding-related products other than the licensed Business and the Existing Retail Bedding Business (if any), or affiliate or associate with any other bedding business that offers and sells bedding and/or related products via telemarketing, computer-based marketing or catalogs. I am prohibited from engaging in any competitive business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any competitive business, if the other business is located within Licensee's Territory, within 100 miles of the perimeter of Licensee's Territory, or within 50 miles of the perimeter (or within) any other 1-800 MATTRES® Business Territory, whether Company-owned, licensed or otherwise established and operated.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Licensor and Licensee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Licensor or Licensee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Licensor's Confidential Information, know-how, methods and procedures. Further, I expressly agree that any claims I may have against Licensor will not constitute a defense to Licensor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Licensor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Licensee and/or Licensor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Licensee or Licensor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the licensed Business is located outside of New York and the provision would be enforceable under the laws of the state in which the licensed Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any license, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply. I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Licensee or Licensor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in New York, New York. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Witnessed By:

(Print Name)

(Signature)

(Date)

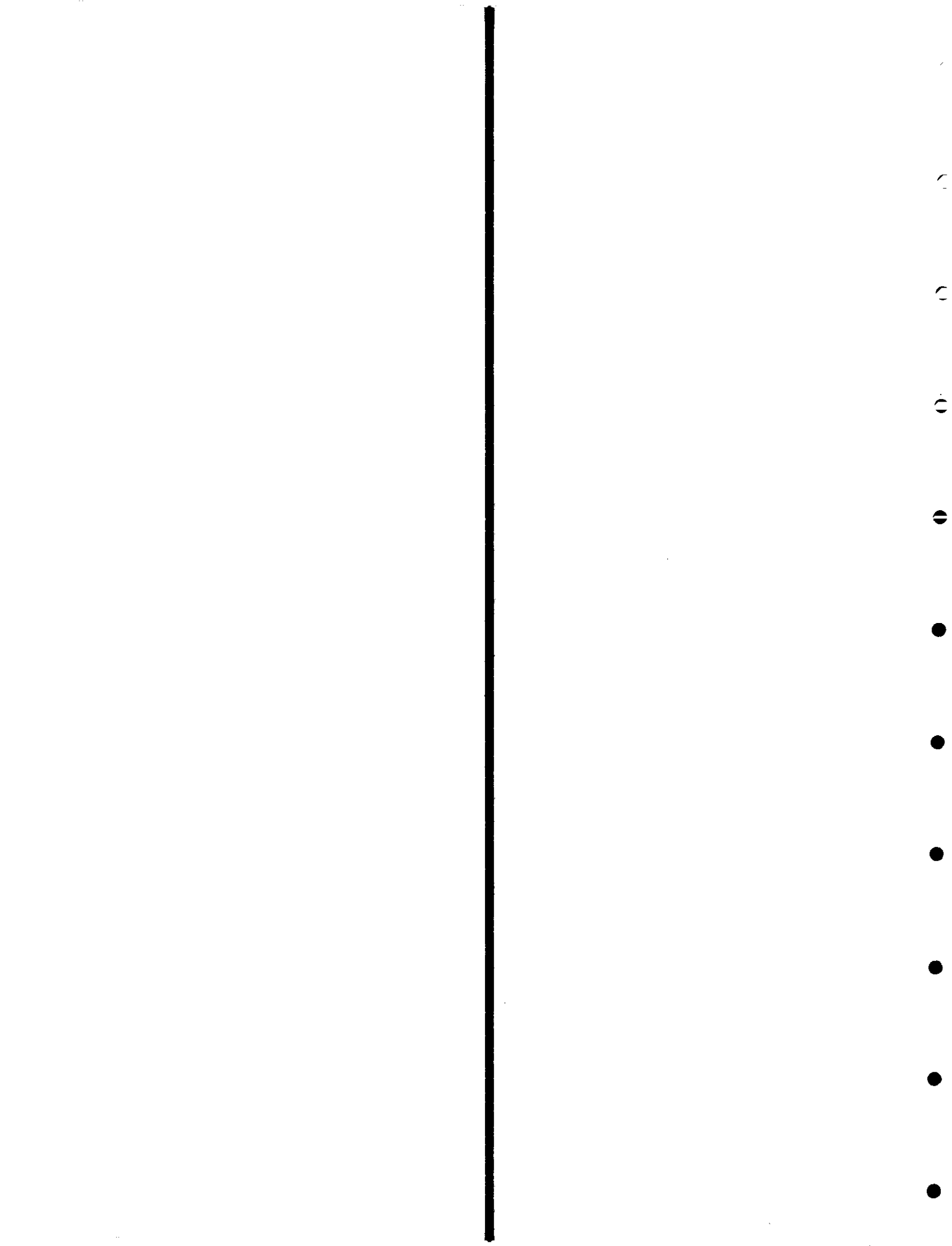


EXHIBIT D
GUARANTEE OF
1-800 MATTRESS CORPORATION
LICENSE AGREEMENT

