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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 29, 2018

 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No. 0-25121

SLEEP NUMBER CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA

(State or other jurisdiction of incorporation or organization)

41-1597886

(I.R.S. Employer Identification No.)

1001 Third Avenue South

Minneapolis, Minnesota

(Address of principal executive offices)

55404

(Zip Code)

Registrant's telephone number, including area code: (763) 551-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: **None**Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. YES NO Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the common stock held by non-affiliates of the Registrant as of June 30, 2018, was \$604,888,000 (based on the last reported sale price of the Registrant's common stock on that date as reported by NASDAQ).

As of January 26, 2019, there were 30,522,000 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be furnished to shareholders in connection with its 2019 Annual Meeting of Shareholders are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

As used in this Form 10-K, the terms "we," "us," "our," the "Company," and "Sleep Number" mean Sleep Number Corporation and its subsidiaries and the term "common stock" means our common stock, par value \$0.01 per share.

Sleep Number®, *SleepIQ®*, *Sleep Number 360®*, *360®*, *SleepIQ Kids®*, *the Double Arrow logo*, *Select Comfort®*, *AirFit®*, *BAM Labs®*, *the "B" logo*, *Comfortaire®*, *ComfortFit®*, *Comfort.Individualized.®*, *Does Your Bed Do That?®*, *the DualTemp logo*, *the DualAir Technology Inside logo*, *FlexTop®*, *IndividualFit®*, *Individualized Sleep Experiences®*, *It®*, *Know Better Sleep®*, *Pillow[ology]®*, *PillowFit®*, *Probably the Best Bed in the World®*, *Responsive Air®*, *Sleep Number Inner Circle®*, *Sleep30®*, *Smart Bed For Smart Kids®*, *Smart Bed Technology®*, *Tech-e®*, *The Only Bed That Grows With Them®*, *The Only Bed That Knows You®*, *Tonight Bedtime. Tomorrow The World®*, *We Make Beds Smart®*, *What's Your Sleep Number?®*, *SleepIQ LABS™*, *Auto Snore™*, *HealthIQ™*, *HeartIQ™*, *RespiratoryIQ™*, *Sleep For The Future™*, *Sleep Is Training™*, *This Is Not A Bed™*, *WellnessIQ™*, *ActiveComfort™*, *Comfortable. Adjustable. Affordable.™*, *CoolFit™*, *DualAir™*, *DualTemp™*, *Firmness Control™*, *FlexFit™*, *In Balance™*, *Partner Snore™*, *the SleepIQ LABS logo*, *The Bed Reborn™*, *The Bed That Moves You™*, *The Best Bed For Couples™*, our bed model names, and our other marks and stylized logos are trademarks and/or service marks of Sleep Number. This Form 10-K may also contain trademarks, trade names and service marks that are owned by other persons or entities.

Our fiscal year ends on the Saturday closest to December 31, and, unless the context otherwise requires, all references to years in this Form 10-K refer to our fiscal years. Our fiscal year is based on a 52- or 53-week year. All years presented in this Form 10-K are 52 weeks, except for the 2014 fiscal year ended January 3, 2015, which was a 53-week year.

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PART I

This Annual Report on Form 10-K contains or incorporates by reference certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in or incorporated by reference into this Annual Report on Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements, including but not limited to projections of revenues, results of operations, financial condition or other financial items; any statements of plans, strategies and objectives of management for future operations; any statements regarding proposed new products, services or developments; any statements regarding future economic conditions, prospects or performance; statements of belief and any statement or assumptions underlying any of the foregoing. In addition, we or others on our behalf may make forward-looking statements from time to time in oral presentations, including telephone conferences and/or Webcasts open to the public, in press releases or reports, on our website or otherwise. We try to identify forward-looking statements in this report and elsewhere by using words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “predict,” “intend,” “potential,” “continue” or the negative of these or similar terms.

Our forward-looking statements speak only as of the date made and by their nature involve substantial risks and uncertainties. Our actual results may differ materially depending on a variety of factors, including the items discussed in greater detail below under the caption “Risk Factors.” These risks and uncertainties are not exclusive and further information concerning the Company and our business, including factors that potentially could materially affect our financial results or condition, may emerge from time to time, including factors that we may consider immaterial or do not anticipate at this time.

We wish to caution readers not to place undue reliance on any forward-looking statement and to recognize that forward-looking statements are predictions of future results, which may not occur as anticipated. We assume no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. We advise you, however, to review and consider any further disclosures we make on related subjects in our quarterly reports on Form 10-Q and current reports on Form 8-K that we file with or furnish to the Securities and Exchange Commission.

ITEM 1. BUSINESS

Overview

Sleep Number Corporation, based in Minneapolis, Minnesota, was founded in 1987 and became publicly traded in 1998. We are listed on the NASDAQ Stock Market LLC (NASDAQ Global Select Market) under the symbol “SNBR.” When used herein, the terms “Sleep Number,” “Company,” “we,” “us” and “our” refer to Sleep Number Corporation, including consolidated subsidiaries.

Our mission is to improve lives by individualizing sleep experiences. Our vision is to become one of the world's most beloved brands by delivering an unparalleled sleep experience. We expect to achieve our goals by executing our consumer innovation strategy with three significant competitive advantages: proprietary sleep innovations, exclusive retail distribution and lifelong customer relationships.

As a purpose-driven brand and the leader in sleep innovation, Sleep Number delivers proven quality sleep through effortless, adjustable comfort and biometric sleep tracking. We are visionary leaders in sleep and wellness and are redefining what consumers should expect from their bed. Our vertically integrated business model and role as the exclusive designer, manufacturer, marketer, retailer and servicer of Sleep Number® beds allows us to offer consumers high-quality, individualized sleep solutions and services. As a direct-to-consumer brand, we offer a cohesive experience across our Sleep Number® stores, online at SleepNumber.com and via phone at (800)753-3768. We also offer mattress home-delivery/installation and maintain an in-house customer service department.

In 2018, we revolutionized sleep with our complete line of Sleep Number 360® smart beds. The 360® smart bed, at the forefront of the digital health and wellness revolution, is rapidly becoming the “hub” for a healthy life by delivering proven quality sleep. It is the only bed in the world that offers SleepIQ® technology, a proprietary sensor technology that tracks each sleeper’s individual data, including movement, breathing rate, heartbeat and sleep habits. The SleepIQ technology platform captures over 8.5 billion biometric data points every night, building one of the most comprehensive databases of biometric sleep data in the world. Today, the 360 smart bed uses this data to automatically adjust the comfort of the bed for proven quality sleep. In the future, this high-quality data will likely enable customers to use their smart bed to manage their health and wellness. Through daily digital interactions that build lifelong relationships, SleepIQ technology also communicates how you slept and provides insight into what adjustments you can make, including adjusting your Sleep Number® setting, to optimize your sleep and improve your daily life.

Our commitment to quality, value and service has been widely recognized, including being ranked #1 in Customer Satisfaction with Mattresses by J.D. Power in 2018 and the best in six out of seven categories (support, durability, comfort, variety of features, value and warranty). Sleep Number has received the highest score in the 2015, 2016 and 2018 Mattress Satisfaction Report. Sleep Number ranked 27 points above the industry average in 2018.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.