

# Tuesday Morning

**Tuesday Morning Corporation**  
**Insider Trading Policy**  
*Effective as of September 27, 2018*

## **Purpose**

This Insider Trading Policy (the “Policy”) provides guidelines with respect to transactions in the securities of Tuesday Morning Corporation (the “Company”) and the handling of confidential information about the Company and the companies with which the Company does business. The Company’s Board of Directors has adopted this Policy to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

## **Persons Subject to the Policy**

This Policy applies to all directors, officers and other employees of the Company and its subsidiaries. The Company also may determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by this Policy, as described below.

## **Transactions Subject to the Policy**

This Policy applies to transactions in the Company’s securities (collectively referred to in this Policy as “Company Securities”), including the Company’s common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as put or call options or swaps relating to Company Securities.

## **Individual Responsibility**

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. Each individual is responsible for making sure that he or she complies with this Policy, and that any family member, household member or entity whose transactions are subject to this Policy, as discussed below, also complies with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the General Counsel or any other employee pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading “Consequences of Violations.”

## **Administration of the Policy**

The Company's General Counsel shall administer this Policy, and in his or her absence, the Chief Financial Officer or another employee designated by the Chief Executive Officer shall be responsible for administration of this Policy.

## **Statement of Policy**

It is the policy of the Company that no director, officer or other employee of the Company and its subsidiaries (or any other person designated by this Policy or by the General Counsel as subject to this Policy) who are aware of material nonpublic information relating to the Company, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings "Transactions Under Company Plans," "Transactions Not Involving a Purchase or Sale" and "Rule 10b5-1 Plans;"
2. Recommend the purchase or sale of any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. Assist anyone engaged in the above activities.

In addition, it is the policy of the Company that no director, officer or other employee of the Company and its subsidiaries (or any other person designated as subject to this Policy) who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until the information becomes public or is no longer material.

There are no exceptions to this Policy, except as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

## **Definition of Material Nonpublic Information**

**Material Information** Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define

all categories of material information, some examples of information that are reasonably likely to be found material in particular situations:

- financial results, including earnings, sales and results of operations;
- financial projections, including earnings guidance;
- significant changes to previously announced financial projections or earnings guidance;
- significant changes to the Company's prospects;
- significant new contracts or products;
- information regarding sales events that have not been publicly announced;
- material pending legal actions, settlements or government investigations;
- the establishment, or modification or execution of a repurchase program for Company securities;
- stock splits, or stock or cash dividends;
- the issuance of securities by the Company;
- significant write-downs in assets or increases in reserves;
- liquidity problems or inadequacy of capital resources;
- extraordinary borrowings;
- changes in debt ratings;
- significant licensing arrangements, mergers, acquisitions, divestitures, recapitalizations or strategic alliances;
- cybersecurity risks and incidents; and
- purchases or sales of substantial assets.

### **When Information is Considered Public**

Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through the Dow Jones "broad tape," newswire services or disclosure in documents filed with the SEC that are available on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until 48 hours (which must include one full business day) following the date on which the information is publicly released. If, for example, the Company were to make an announcement on a Monday, you should not trade in Company Securities until Wednesday. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

### **Transactions by Family Members and Others**

This Policy applies to your immediate family members who reside with you (including a spouse, a child (including stepchildren), a child away at college, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household (whether or not related

to you), and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control (collectively referred to as “Family Members”). You are responsible to notify such individuals of the need to confer with you before they trade in Company Securities, and that such transactions for the purposes of this Policy and applicable securities laws restricting trading, should be treated as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

### **Transactions by Entities that You Influence or Control**

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “Controlled Entities”), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws restricting trading as if they were for your own account.

### **Transactions Under Company Plans**

This Policy does not apply in the case of the following transactions, except as specifically noted:

**Stock Option Exercises** This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company’s plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

**Restricted Stock Awards** This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.

**Other Similar Transactions** Any other purchase of Company Securities from the Company or sales of Company Securities to the Company are not subject to this Policy.

### **Transactions Not Involving a Purchase or Sale**

Bona fide gifts are not transactions subject to this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company Securities while the officer, employee or director is aware of material nonpublic information, or the person making the gift is subject to the trading restrictions specified below under the heading “Additional Procedures” and the sales by the recipient of the Company Securities occur during a blackout period. Further, transactions in mutual funds that are invested in Company Securities are not transactions subject to this Policy.

### **Special and Prohibited Transactions**

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. It therefore is the Company’s policy that any persons covered by this Policy may not engage in any

of the following transactions, or should otherwise consider the Company's preferences as described below:

**Short-Term Trading** Short-term trading of Company Securities may be distracting to the person and may unduly focus the person on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director or Section 16 officer of the Company who purchases Company Securities in the open market or in private transactions with third parties may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

**Short Sales** Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company Securities are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in certain short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "Hedging Transactions.")

**Publicly-Traded Options** Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer or employee is trading based on material nonpublic information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

### **Hedging Transactions**

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer or employee to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

### **Margin Accounts and Pledged Securities**

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, directors, officers and other employees are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "Hedging Transactions.")

## **Standing and Limit Orders**

Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities. If a person subject to this Policy determines that they must use a standing order or limit order, the order should be limited to short duration and should otherwise comply with the restrictions and procedures outlined below under the heading “Additional Procedures.”

## **Additional Procedures**

The Company has established additional procedures in order to assist the Company in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety. These additional procedures are applicable only to those individuals described below.

## **Pre-Clearance Procedures**

The persons designated by the General Counsel as being subject to these procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the General Counsel. A request for pre-clearance (utilizing the attached pre-clearance form) should be submitted to the General Counsel at least two business days in advance of the proposed transaction. The General Counsel is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company Securities.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company, and should describe fully those circumstances to the General Counsel. The requestor should also indicate to the General Counsel whether he or she has effected any non-exempt “opposite-way” transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5, if applicable. In addition, if applicable, the requestor should also be prepared to comply with SEC Rule 144 and file Form 144, if necessary, at the time of any sale.

*Trading Restrictions.* The persons designated by the General Counsel as subject to this restriction, as well as their Family Members or Controlled Entities, may not conduct any transactions involving Company Securities (other than as specified by this Policy), during a “blackout period” beginning 21 calendar days prior to the end of each fiscal quarter (other than the second fiscal quarter when the blackout period shall begin on Thanksgiving Day) and ending 48 hours (which must include one full business day) following the date of the public release of the Company’s earnings results for that quarter. In other words, these persons may only conduct transactions in Company Securities during

the “Window Period” beginning when the market opens 48 hours (which must include one business day) following the public release of the Company’s earnings and ending 21 calendar days prior to the close of the next fiscal quarter (or Thanksgiving Day, as the case may be).

If any person subject to this Policy is in possession of material non-public information regarding the Company or its securities during a “Window Period”, such person must refrain from trading in the Company’s securities during such period.

### **Event-Specific Trading Restriction Periods**

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the General Counsel may not trade Company Securities. In addition, the Company’s financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the General Counsel, designated persons should refrain from trading in Company Securities even sooner than the typical Blackout Period described above. In that situation, the General Counsel may notify these persons that they should not trade in Company Securities, without disclosing the reason for the restriction. In addition, an event (such as a cybersecurity incident) may occur that is being analyzed by the Company as to whether it is material and requires disclosures. Prior to any public disclosure of the event (or a determination that it is not material to the Company or its securities), persons designated by the General Counsel may not trade in Company Securities.

The existence of an event-specific trading restriction period or extension of a Blackout Period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the General Counsel has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading restriction period.

### **Exceptions**

The quarterly trading restrictions and event-driven trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the headings “Transactions Under Company Plans” and “Transactions Not Involving a Purchase or Sale.” Further, the requirement for pre-clearance, the quarterly trading restrictions and event-driven trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading “Rule 10b5-1 Plans.”

### **Rule 10b5-1 Plans**

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in Rule 10b5-1 (a “Rule 10b5-1 Plan”). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the General Counsel. A Rule 10b5-1 Plan may be entered into only at a time when the person otherwise could purchase or sell securities under this policy. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must

either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval five days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

### **Tipping of Material Non-Public Information**

Improper disclosure of material non-public information to another person who trades in Company Securities (so-called “tipping”) is also a serious legal offense by the tipper and a violation of the terms of this Policy. If a person subject to this Policy discloses material non-public information about the Company, or material non-public information about any other public company which is acquired in connection with such person's employment or affiliation with the Company, or if the person advises anyone to purchase or sell securities based upon such information, the person may be fully responsible legally for the trading of the person receiving the information (the “tippee”) and even persons who receive the information directly or indirectly from the tippee, whether or not the person subject to this Policy is aware of any trading by such persons. Consequently, persons subject to this Policy may not disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company’s policies regarding the protection of authorized external disclosure of information regarding the Company.

### **Post-Termination Transactions**

This Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material. The pre-clearance procedures specified under the heading “Additional Procedures” above, however, will cease to apply to transactions in Company Securities upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of service.

### **Consequences of Violations**

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in Company Securities, is prohibited by federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as under the laws of foreign jurisdictions. Punishment for insider trading violations is severe and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel. In addition, an individual’s failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause.

### **Company Assistance**

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Tuesday Morning Legal Department, which can be reached by telephone at 972-387-3562 or by e-mail at [legal@tuesdaymorning.com](mailto:legal@tuesdaymorning.com).

**Tuesday Morning Corporation  
Stock Transaction Pre-Clearance Form**

Date \_\_\_\_\_

I have reviewed and understand Tuesday Morning's Insider Trading Policy. I wish to execute the following stock transaction that requires your pre-clearance prior to execution based on the policy. Please approve the following transaction:

1. Name: \_\_\_\_\_

2. Type of Transaction (check one):

\_\_\_ Exercise of stock options and holding of shares

\_\_\_ Exercise of stock options and sale of all or part of the underlying shares

\_\_\_ Purchase of stock

\_\_\_ Sale of stock (including stock acquired from prior exercise of options)

3. Share activity (number of shares):

a. Purchase \_\_\_\_\_

b. Exercise \_\_\_\_\_

c. Sale \_\_\_\_\_

d. Hold \_\_\_\_\_

4. Latest expected date of transaction. No longer than 5 business days: \_\_\_\_\_

**I UNDERSTAND THAT EXECUTING ANY OF THE TRANSACTIONS LISTED ABOVE AT ANY TIME WHEN I HAVE MATERIAL NON-PUBLIC INFORMATION IS STRICTLY PROHIBITED BOTH BY THE COMPANY'S POLICIES AND THE LAW.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Phone Number

**Please provide your request to the Tuesday Morning Legal Department by email to [legal@tuesdaymorning.com](mailto:legal@tuesdaymorning.com).**

**FOR LEGAL REVIEW/APPROVAL:**

Approved By: \_\_\_\_\_ Date \_\_\_\_\_ Form 4 required?\_