

TUESDAY MORNING CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(Unaudited)

GAAP Net Income (Loss) to Non-GAAP Adjusted Net Income (Loss):

The following table sets forth a reconciliation of the Company's GAAP net income (loss) to Non-GAAP adjusted net income (loss) for the periods shown (in thousands):

	<i>Three Months Ended</i>		<i>Twelve Months Ended</i>	
	<i>June 30,</i>		<i>June 30,</i>	
	2013	2012	2013	2012
Net income (loss), less impact of:	(\$15,583)	(\$2,009)	(\$56,376)	\$3,913
Inventory write-down, net of tax ⁽¹⁾	1,205	--	27,469	--
Store reorganization and clean-up, net of tax ⁽¹⁾	595	--	1,307	--
Legal, consulting, recruitment, severance and e-commerce obligations, net of tax ⁽¹⁾	368	1,300	7,033	1,300
Disposals of systems: e-commerce, POS hardware, and inventory allocation system, net of tax ⁽¹⁾	2,514	--	3,504	--
Deferred tax asset valuation allowance	5,457	--	16,222	--
Non-GAAP adjusted net income (loss)	(\$5,444)	(\$709)	(\$841)	\$5,213

(1) The effective tax rate utilized in this non-GAAP adjusted net income reconciliation is 37.9% for the three months ended June 30, 2013 and 37.2% for the twelve months ended June 30, 2013. This rate is inclusive of a deferred tax asset valuation allowance of \$5.5 million for the quarter ended June 30, 2013 and \$16.2 million recorded for the twelve months ended June 30, 2013, respectively.

GAAP Net Income (Loss) Per Share to Non-GAAP Adjusted Net Income (Loss) Per Share:

The following table sets forth a reconciliation of the Company's GAAP net income (loss) per share to Non-GAAP adjusted net income (loss) per share for the periods shown:

	<i>Three Months Ended</i>		<i>Twelve Months Ended</i>	
	<i>June 30,</i>		<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Net income (loss) per common share, less impact of:	<u>(\$0.37)</u>	<u>(\$0.05)</u>	<u>(\$1.33)</u>	<u>\$0.09</u>
Inventory write-down, net of tax ⁽¹⁾	\$0.03	--	\$0.65	--
Store reorganization and clean-up, net of tax ⁽¹⁾	\$0.01	--	\$0.03	--
Legal, consulting, recruitment, severance and e-commerce obligations, net of tax ⁽¹⁾	\$0.02	\$0.03	\$0.17	\$0.03
Disposal of systems: e-commerce, POS hardware, and inventory allocation system, net of tax ⁽¹⁾	\$0.06	--	\$0.08	--
Deferred tax asset valuation allowance	<u>\$0.12</u>	<u>--</u>	<u>\$0.38</u>	<u>--</u>
Non-GAAP adjusted net income (loss) per share	<u>(\$0.13)</u>	<u>(\$0.02)</u>	<u>(\$0.02)</u>	<u>\$0.12</u>

(1) The effective tax rate utilized in this non-GAAP adjusted net income reconciliation is 37.9% for the three months ended June 30, 2013 and 37.2% for the twelve months ended June 30, 2013. This rate is inclusive of a deferred tax asset valuation allowance of \$5.5 million for the quarter ended June 30, 2013 and \$16.2 million recorded for the twelve months ended June 30, 2013, respectively.

