

**Tuesday Morning Corporation**  
**Stock Ownership Guidelines Policy**  
**Effective as of July 23, 2019**

**Purpose**

The Board of Directors (the “Board”) of Tuesday Morning Corporation (the “Company”) believes that it is in the best interest of the Company and its shareholders to align the financial interests of the Company’s officers and non-employee directors with those of the Company’s shareholders. To achieve this objective, the Board has adopted these minimum stock ownership guidelines (the “Policy”) to encourage investment by our officers and non-employee directors in the Company.

**Applicability**

This Policy is applicable to all non-employee directors and the following officers of the Company (collectively, the “Participants”): Chief Executive Officer, President and Chief Operating Officer, Executive Vice Presidents and Senior Vice Presidents.

**Minimum Ownership Guidelines**

Participants are expected to own shares of common stock of the Company in accordance with the following schedule:

<u>Position</u>	<u>Minimum Stock Value</u>
Non-Employee Directors	3x annual cash retainer
Chief Executive Officer	5x base salary
President and Chief Operating Officer	2x base salary
Executive Vice Presidents	2x base salary
Senior Vice Presidents	1x base salary

**Satisfaction of the Policy**

For purposes of calculating stock ownership, the following sources shall be included:

- shares of common stock owned outright by the non-employee director or officer, as well as stock owned by his or her immediate family members residing in the same household;
- shares of common stock held in trust for the benefit of the non-employee director or officer, as well as his or her family;
- unvested restricted stock or restricted stock units;
- if applicable, shares of common stock held pursuant to deferred compensation arrangements; and
- if applicable, shares purchased with amounts invested in the Company’s retirement plans, including, without limitation, the 401(k) plan and any employee stock purchase plan.

Unexercised options and unearned performance shares will not be counted toward such stock ownership guidelines.

### **Valuation Methodology**

A Participant's minimum stock ownership value is calculated using his or her then current retainer or base salary. In order to reduce the impact of stock price fluctuation on a Participant's ongoing obligation to achieve and maintain compliance with this Policy, the value of the Participant's holdings, as of any assessment date, will be based on the greater of the closing price of the Company's stock on the last trading day prior to the assessment date or the following:

- with respect to shares of Company stock purchased on the open market, the cost of such shares,
- with respect to restricted shares acquired under any Company stock incentive plan, the fair market value (as defined under the applicable stock incentive plan) on the date of grant, and
- with respect to shares acquired under stock options, the fair market value at the time of exercise of the option.

Once a Participant has met the applicable ownership guideline, the number of shares a Participant is expected to hold to meet the guideline remains fixed, and fluctuations in market value of the Company's shares do not increase or decrease the number of shares needed.

### **Retention Ratio**

While the Participant is not in compliance with his or her stock ownership guideline, the Participant must retain 50% of the net shares (after cashless exercises of options and the payment of any applicable tax liability related to equity grants by the Company) of the vested long-term incentive plan shares or annual equity retainer awarded to Participant. Participants may immediately sell Company stock acquired by exercising stock options for the limited purpose of paying the exercise price of the stock option and may sell shares to pay any applicable tax liability related to equity grants by the Company. Shares transferred by a Participant pursuant to a domestic relations order do not violate the share retention guidelines.

### **Compliance with the Policy**

The Compensation Committee will assess progress toward meeting the guidelines on an annual basis. Participants are expected to achieve their stock ownership guideline within five years of becoming subject to the Policy, except as otherwise provided herein. If a Participant's stock ownership guideline increases due to a change in title, a five-year period to achieve the incremental guideline begins in January following the year of the title change. Once achieved, ownership of the guideline amount must be maintained for as long as the individual is subject to this Policy.

There may be instances in which the Policy would place a severe hardship on the Participant or where additional time may be needed for Participants to come into compliance with the Policy due to market conditions or other factors outside the Participant's control. In these instances, or in the event a Participant falls below the applicable guidelines by reason of a transfer made pursuant to a domestic relations order, the Compensation Committee may, in its discretion, allow the Participant additional time to come into compliance with the Policy.

**Administration**

The Compensation Committee shall be responsible for monitoring the application of this Policy and has the sole authority for interpreting this Policy. The Compensation Committee may, from time to time, temporarily suspend, reevaluate or revise the Policy to give effect to changes in the Company's common stock or other factors it deems relevant. Any interpretation or other action made or taken by the Compensation Committee with respect to this Policy shall be final, binding, and conclusive on all interested parties. The Compensation Committee may, from time to time, recommend modifications to this Policy to the Company's Board of Directors (the "Board"). The Board has authority to review and modify this Policy from time-to-time as it deems appropriate.