

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

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

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

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2012	2011	2012	2011
Net income (loss), less impact of:	(\$21,466)	\$15,857	(\$28,427)	\$10,166
Excess inventory write-down, net of tax ⁽¹⁾	(31,796)	--	(31,796)	--
Store clean-up, net of tax ⁽¹⁾	(855)	--	(855)	--
Severance costs, net of tax ⁽¹⁾	(1,173)	--	(1,282)	--
Legal, consulting, search and recruitment fees, net of tax ⁽¹⁾	(2,040)	--	(3,065)	--
Systems impairment, net of tax ⁽¹⁾	(1,055)	--	(1,055)	--
Non-GAAP adjusted net income	\$15,453	\$15,857	\$9,626	\$10,166

(1) The effective tax rate utilized in this non-GAAP adjusted net income reconciliation is 23.95%. This rate is inclusive of a deferred tax asset valuation allowance of \$6.3 million recorded during the quarter ended December 31, 2012.

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

GAAP Net Income (Loss) Per Share to Non-GAAP Adjusted Net Income 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 per share for the periods shown:

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income (loss) per common share, less impact of:	(\$0.51)	\$0.37	(\$0.68)	\$0.23
Excess inventory write-down, net of tax ⁽¹⁾	(\$0.75)	--	(\$0.76)	--
Store clean-up, net of tax ⁽¹⁾	(\$0.02)	--	(\$0.02)	--
Severance costs, net of tax ⁽¹⁾	(\$0.03)	--	(\$0.03)	--
Legal, consulting, search and recruitment fees, net of tax ⁽¹⁾	(\$0.05)	--	(\$0.07)	--
Systems impairment, net of tax ⁽¹⁾	(\$0.03)	--	(\$0.03)	--
Non-GAAP adjusted net income per share	\$0.37	\$0.37	\$0.23	\$0.23

(1) The effective tax rate utilized in this non-GAAP adjusted net income per share reconciliation is 23.95%. This rate is inclusive of a deferred tax asset valuation allowance of \$6.3 million recorded during the quarter ended December 31, 2012.