

## **Tuesday Morning Corporation Announces Third Quarter Fiscal 2009 Results**

DALLAS, April 27, 2009 (GLOBE NEWSWIRE) -- Tuesday Morning Corporation (Nasdaq:TUES) today reported that as previously announced, net sales for the third quarter of fiscal 2009 were \$167.0 million compared to \$178.4 million for the quarter ended March 31, 2008, a decrease of 6.4%. Comparable store sales decreased 9.5% for the quarter ended March 31, 2009 compared to the same quarter in the prior year. The decrease in comparable store sales was comprised of a 1.7% decrease in traffic and a 7.8% decrease in average ticket. Net loss for the third quarter ended March 31, 2009 was \$6.8 million or \$0.16 per diluted share, compared to a net loss of \$4.7 million or \$0.11 per diluted share during the same quarter last year.

For the nine month period ended March 31, 2009, net sales were \$613.1 million compared to \$688.8 million for the same period last year, a decrease of 11.0%. Comparable store sales decreased by 14.2% for the nine month period ended March 31, 2009 compared to the same period in the prior year. The decrease in comparable store sales was comprised of an 8.3% decrease in traffic and a 5.9% decrease in average ticket. For the nine month period ended March 31, 2009, net income was \$1.6 million or \$0.04 per diluted share compared to net income of \$17.0 million or \$0.41 per diluted share for the same period in the prior year. For the fiscal year 2009, sales are projected to be in the range of \$800 million to \$810 million, diluted earnings per share in the range of \$0.00 to \$0.05 and comparable store sales in the negative low double digits.

Kathleen Mason, President and Chief Executive Officer, stated, "During the March 2009 quarter, we were encouraged by the improvement in traffic. While economic conditions remain uncertain, we have consistently maintained a strong balance sheet, managed inventory levels, and generated positive cash flow."

Tuesday Morning management will review third quarter fiscal 2009 financial results in a teleconference call on April 27, 2009 at 5:00 p.m. Eastern Time.

### About Tuesday Morning

Tuesday Morning is a leading closeout retailer of upscale, decorative home accessories, housewares and famous-maker gifts in the United States. The Company opened its first store in 1974 and currently operates 850 stores in 45 states. Tuesday Morning is nationally known for bringing its more than 9.0 million loyal customers a unique treasure hunt of high-end, first quality, brand name merchandise...never seconds or irregulars...at prices well below those of department and specialty stores and catalogues.

This press release contains forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995, which are based on management's current expectations, estimates and projections. Forward-looking statements typically are identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "believe," "estimate," "intend" and similar words, although some forward-looking statements are expressed differently. You should carefully consider statements that contain these words because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our future results of operations, our future financial positions, and our business outlook or state other "forward-looking" information.

Reference is hereby made to "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended June 30, 2008 for examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. These risks, uncertainties and events also include, but are not limited to, the following: uncertainties regarding our ability to open stores in new and existing markets and operate these stores on a profitable basis; conditions affecting consumer spending and the impact, depth and duration of the current economic recession; inclement weather; changes in our merchandise mix; timing and type of sales events, promotional activities and other advertising; increased or new competition; loss or departure of one or more members of our senior management, or experienced buying and management personnel; an increase in the cost or a disruption in the flow of our products; seasonal and quarterly fluctuations; fluctuations in our comparable store results; our ability to operate in highly competitive markets and to compete effectively; our ability to operate information systems and implement new technologies effectively; our ability to generate strong cash flows from our operations; our ability to maintain internal control over financial reporting; our ability to continue obtaining funding from external sources; our ability to anticipate and respond in a timely manner to changing consumer demands and preferences; and our ability to generate strong holiday season sales. The forward-looking statements made in this press release relate only to events as of the date on which the statements were made. We undertake no obligations to update our forward-looking statements to reflect events and circumstances after the date on which the statements were made or to reflect the occurrence of unanticipated events.

Tuesday Morning Corporation  
Consolidated Statement of Income  
(In thousands, except per share data)

	Three Months Ended Mar. 31,		Nine Months Ended Mar. 31,	
	2009	2008	2009	2008
	(unaudited)		(unaudited)	
Net sales	\$ 167,000	\$ 178,446	\$ 613,052	\$ 688,789
Cost of sales	106,022	114,447	387,023	434,177
Gross profit	60,978	63,999	226,029	254,612
Selling, general and administrative expenses	70,366	71,357	221,593	224,565
Operating income (loss)	(9,388)	(7,358)	4,436	30,047
Other income (expense):				
Interest expense	(860)	(455)	(1,988)	(3,561)
Interest income	--	2	1	155
Other income (expense), net	(173)	209	98	782
Other income (expense)	(1,033)	(244)	(1,889)	(2,624)
Income (loss) before income taxes	(10,421)	(7,602)	2,547	27,423
Income tax expense (benefit)	(3,593)	(2,905)	962	10,429
Net income (loss)	\$ (6,828)	\$ (4,697)	\$ 1,585	\$ 16,994
Earnings (loss) Per Share:				
Net income (loss) per common share:				
Basic	\$ (0.16)	\$ (0.11)	\$ 0.04	\$ 0.41
Diluted	\$ (0.16)	\$ (0.11)	\$ 0.04	\$ 0.41
Weighted average number of common shares:				
Basic	41,534	41,441	41,479	41,439
Diluted	41,604	41,441	41,729	41,479

Tuesday Morning Corporation (continued)

Consolidated Balance Sheets  
(in thousands)

	Mar. 31, 2009	Mar. 31, 2008	June 30, 2008
	----- (unaudited)	----- (unaudited)	-----
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 5,507	\$ 10,270	\$ 8,630
Inventories	260,624	269,642	240,996
Prepaid expenses and other assets	11,358	8,392	11,292
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Total current assets	277,489	288,304	260,918
Property and equipment, net	74,042	78,578	77,315
Other long-term assets:			
Deferred financing costs	4,465	553	503
Other assets	2,248	3,634	3,040
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Total Assets	\$ 358,244	\$ 371,069	\$ 341,776
	=====	=====	=====
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Current portion of long-term debt	\$ --	\$ 2,000	\$ --
Accounts payable	64,146	66,885	63,899
Accrued liabilities	27,840	30,679	28,862
Deferred income taxes	53	666	--
Income taxes payable	1,606	--	27
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Total current liabilities	93,645	100,230	92,788
Revolving credit facility	22,000	30,000	8,500
Deferred rent	4,191	4,211	4,163
Deferred income taxes	2,362	1,790	3,414
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Total Liabilities	122,198	136,231	108,865
Stockholders' equity	236,046	234,838	232,911
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Total Liabilities and Stockholders' Equity	\$ 358,244	\$ 371,069	\$ 341,776
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Tuesday Morning Corporation (continued)

Consolidated Statement of Cash Flows  
(in thousands)

Nine Months Ended Mar. 31,

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2009

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2008

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(unaudited)

Net cash flows from operating activities:		
Net income	\$ 1,585	\$ 16,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,637	13,172
Amortization of financing fees	474	150
Deferred income taxes	(1,432)	183
Loss on disposal of fixed assets	546	478
Stock compensation expense	1,656	2,663
Other non-cash charges	12	23
Net change in operating assets and liabilities	(12,615)	2,440
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Net cash provided by operating activities	2,863	36,103
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Net cash flows from investing activities:		
Capital expenditures	(9,919)	(8,530)
Proceeds from sale of assets	--	78
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Net cash used in investing activities	(9,919)	(8,452)
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Net cash flows from financing activities:		
Repayments-revolving credit facility	(193,242)	(219,000)
Borrowings-revolving credit facility	206,742	194,500
Change in cash overdraft	(5,130)	(3,185)
Proceeds from exercise of common stock options and stock purchase plan purchases	--	1
Payment of debt financing costs	(4,437)	--
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Net cash provided by (used) in financing activities	3,933	(27,684)
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Net decrease in cash and cash equivalents	(3,123)	(33)
Cash and cash equivalents, beginning of period	8,630	10,303
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Cash and cash equivalents, end of period	\$ 5,507	\$ 10,270
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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release

regarding Tuesday Morning Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.