

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>Nine Months Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	2013	2012	2013	2012
Net income (loss), less impact of:	(\$12,366)	(\$4,245)	(\$40,793)	\$5,921
Inventory write-down, net of tax ⁽¹⁾	--	--	(26,343)	--
Store clean-up, net of tax ⁽¹⁾	--	--	(709)	--
Severance costs, net of tax ⁽¹⁾	(2,415)	--	(3,477)	--
Legal, consulting, search and recruitment fees, net of tax ⁽¹⁾	(577)	--	(3,147)	--
Systems impairment, net of tax ⁽¹⁾	(92)	--	(965)	--
Deferred tax asset valuation allowance	(4,433)	--	(10,756)	--
Non-GAAP adjusted net income (loss)	(\$4,849)	(\$4,245)	\$4,604	\$5,921

(1) The effective tax rate utilized in this non-GAAP adjusted net income reconciliation is 38.2% for the three months ended March 31, 2013 and 37.1% for the nine months ended March 31, 2013. This rate is exclusive of a deferred tax asset valuation allowance of \$6.3 million and \$4.4 million recorded during the quarters ended December 31, 2012 and March 31, 2013, respectively.

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(Unaudited)

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>Nine Months Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	2013	2012	2013	2012
Net income (loss) per common share, less impact of:	<u>(\$0.29)</u>	<u>(\$0.10)</u>	<u>(\$0.97)</u>	<u>\$0.14</u>
Inventory write-down, net of tax ⁽¹⁾	--	--	(\$0.62)	--
Store clean-up, net of tax ⁽¹⁾	--	--	(\$0.02)	--
Severance costs, net of tax ⁽¹⁾	(\$0.06)	--	(\$0.08)	--
Legal, consulting, search and recruitment fees, net of tax ⁽¹⁾	(\$0.01)	--	(\$0.08)	--
Systems impairment, net of tax ⁽¹⁾	(\$0.01)	--	(\$0.02)	--
Deferred tax asset valuation allowance	<u>(\$0.10)</u>	<u>--</u>	<u>(\$0.26)</u>	<u>--</u>
Non-GAAP adjusted net income (loss) per share	(\$0.11)	(\$0.10)	\$0.11	\$0.14

(1) The effective tax rate utilized in this non-GAAP adjusted net income reconciliation is 38.2% for the three months ended March 31, 2013 and 37.1% for the nine months ended March 31, 2013. This rate is exclusive of a deferred tax asset valuation allowance of \$6.3 million and \$4.4 million recorded during the quarters ended December 31, 2012 and March 31, 2013, respectively.