

**TUESDAY MORNING CORPORATION
COMPENSATION COMMITTEE
CHARTER**

Purposes

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Tuesday Morning Corporation (the “Company”) is to:

- assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s directors and executive officers; and
- prepare a report for inclusion in the Company’s annual report or annual proxy statement in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the “SEC”).

Composition and Meetings

- The Committee shall be comprised of not less than three members of the Board. The Board appoints Committee members and may appoint a Committee Chairman from those members. If a Chairman is not designated by the Board or is not present at a particular meeting, the members of the Committee may designate a Chair by majority vote of the Committee membership in attendance. Each Committee member shall serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.
- Each member of the Committee shall be (i) an “independent director” as determined in accordance with the applicable rules of The NASDAQ Stock Market, Inc. (“NASDAQ”) and satisfy any other applicable standards of independence under federal securities laws, (ii) a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and the rules promulgated thereunder, and (iii) an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.
- The Committee shall meet at least two times annually and more frequently as necessary or appropriate. Special meetings of the Committee may be called on two hours notice by the Chairman of the Board or the Committee Chairman. A majority of the Committee shall constitute a quorum, and the Committee shall act only on the affirmative vote of a majority of the members present at the meeting. The Committee may also act by unanimous written consent without a meeting.
- The Committee shall maintain minutes of all meetings documenting its activities and recommendations to the Board.

Experts and Advisors

The Committee may engage, retain, obtain the advice of, compensate and terminate any consultant, independent legal counsel, experts or other advisors (accounting, financial, legal or otherwise) (collectively, "advisors" and each an "advisor") that the Committee believes to be necessary or appropriate in performing the duties set forth in this Charter. The Company shall provide the appropriate funding, in such amounts as the Committee deems necessary or appropriate, for advisors and the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may also utilize the services of the Company's inside or outside counsel or other advisors to the Company. The Committee will be responsible for the appointment, compensation and oversight of the work of advisors. Prior to engaging any advisor, other than the Company's in-house legal counsel, the Committee will conduct an independence assessment of the advisor pursuant to the requirements of the NASDAQ rules and federal securities laws and regulations, but the Committee shall retain the discretion to engage any advisor, without regard to its independence, after considering the findings in such assessment. The independence assessment shall take into consideration the following factors: (i) the provision of other services to the Company by the advisor; (ii) the amount of fees paid by the Company as a percentage of total revenue of the advisor; (iii) the policies and procedures of the advisor that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the advisor with a member of the Committee or executive officer of the Company; and (v) any stock of the Company owned by the advisor. The Committee shall review and discuss with appropriate officers of the Company any disclosures required under the Exchange Act regarding conflicts of interest with respect to advisors.

Duties and Responsibilities

The duties and responsibilities of the Committee are as follows:

- Review the alignment of executive compensation and benefit programs, policies, and practices with Company values and strategy, the Company's performance, and the creation of value for stockholders.
- Review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
- Oversee and review executive compensation programs, benefits, policies, and practices with a view to attract, motivate, and retain qualified directors, executive officers and other key employees of the Company and approve changes with respect to compensation, incentive compensation plans, and equity-based plans for directors and executive officers of the Company.

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- Administer the Company's equity incentive plans, including the review and grant of stock options, restricted stock and other equity incentive grants to directors, executive officers and other key employees of the Company.
- Administer the Company's employee stock purchase plan, if any.
- Review and assess the results of any stockholders advisory vote with respect to the Company's executive compensation.
- Review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and review and approve the compensation of the Chief Executive Officer based on such evaluation and any other factors the Committee believes necessary or appropriate; provided that the Chief Executive Officer may not be present during voting and evaluations of the compensation of the Chief Executive Officer by the Committee or the Board. In determining the long-term incentive component of Chief Executive Officer's compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officer in past years.
- Review and approve compensation and incentive arrangements (including any employment or severance agreements) for the executive officers of the Company.
- Review and discuss with appropriate officers of the Company the Compensation Discussion and Analysis required by SEC rules and based on such review and discussion (i) determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report or annual proxy statement and (ii) provide to the stockholders in the Company's annual report or annual proxy statement the Committee report required by the rules promulgated by the SEC.
- Review policies in the area of management perquisites.
- Make such recommendations and reports to the Board as the Committee may consider appropriate and consistent with its purpose, and take such other actions and perform such services as may be referred to it from time to time by the Board.
- Report its activities to the Board, at least annually, in such manner and at such times, as the Committee or the Board deems appropriate.
- Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board.