
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 23, 2020

TUESDAY MORNING CORPORATION

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of incorporation)

0-19658
(Commission File Number)

75-2398532
(IRS Employer Identification No.)

6250 LBJ Freeway
Dallas, Texas
(Address of principal executive offices)

75240
(Zip Code)

(972) 387-3562
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.03 Bankruptcy or Receivership.

As previously disclosed, on May 27, 2020 (the “Petition Date”), Tuesday Morning Corporation and certain of its direct and indirect subsidiaries (collectively with the Company, the “Debtors”) filed voluntary petitions (the “Chapter 11 Cases”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”). The Chapter 11 Cases are being administered jointly under the caption “In re: Tuesday Morning Corporation, *et. al.*, Case No. 20-31476-HDH-11.”

Confirmation of the Plan of Reorganization

As previously disclosed, on November 18, 2020, the Company filed with the Bankruptcy Court a Revised Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “Second Amended Plan of Reorganization”). On December 23, 2020, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Second Amended Plan of Reorganization, with certain modifications described in the Confirmation Order (as modified and confirmed, the “Plan of Reorganization”). A copy of the Confirmation Order and a copy the Plan of Reorganization, as confirmed by the Bankruptcy Court, are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

The effective date of the Plan of Reorganization (the “Effective Date”) will occur as soon as all conditions precedent to the Plan of Reorganization have been satisfied. While the Company anticipates the Effective Date will occur on December 31, 2020, the Company can make no assurances as to when, or ultimately if, the Plan of Reorganization will become effective. It is also possible that amendments could be made to the Plan of Reorganization prior to the Effective Date in accordance with the Plan of Reorganization, the Confirmation Order and applicable law.

Summary of the Plan of Reorganization

The following is a summary of certain material terms of the Plan of Reorganization. This summary highlights only certain substantive provisions of the Plan of Reorganization and is not intended to be a complete description of the Plan of Reorganization. This summary is qualified in its entirety by reference to the full text of the Plan of Reorganization, which is attached hereto as Exhibit 99.1 and incorporated herein by reference. Among other things, in each case, as more fully described in the Plan of Reorganization:

- The Plan of Reorganization provides for (1) payment in full (100%) of all secured, administrative and priority claims; (2) payment in full (100%) plus interest in cash of all allowed general unsecured claims; and (3) the exchange of each outstanding share of the Company’s common stock for one new share of common stock and a share purchase right to participate in a rights offering, as discussed further below.
- The sources of funding under the Plan of Reorganization include:
 - o cash on hand from operations;
 - o net proceeds from the proposed sale of Company’s Dallas headquarters and warehouse facilities (the “Properties”) for an aggregate purchase price of \$70.25 million. Under the terms of the related purchase and sale Agreement, the Company and certain subsidiaries and the purchaser of the Properties will enter into lease agreements under which the Company will lease the Properties following the close of the sale. The lease of the headquarters facility will be for a term of 10 years and the lease of the warehouse facilities will be for an initial term of 2.5 years with an option to extend the warehouse facilities lease for one additional year;

- o net proceeds from the proposed issuance of \$25 million in principal amount of senior subordinated notes (the “Senior Subordinated Notes”) to be issued to Tensile Capital Partners Master Fund LP (“TCM”), with the Senior Subordinated Notes having a maturity of four years and bearing interest at a rate of 14% per annum, with interest payable in-kind; and
 - o net proceeds from a proposed \$40 million rights offering (the “Rights Offering”), under which eligible holders of the Company’s common stock may purchase up to \$24 million of shares of the Company’s common stock at a purchase price of \$1.10 per share, and Osmium Partners, LLC or its affiliates (the “Backstop Party”), may purchase up to \$16 million of shares of the Company’s common stock at a purchase price of \$1.10 per share. Pursuant to a backstop commitment agreement, the Backstop Party has agreed to purchase all unsubscribed shares in the Rights Offering (the “Backstop Commitment”).
- Under the Plan of Reorganization, the Debtors will enter into a revolving credit facility in an aggregate amount of \$110 million (the “New ABL Facility”).
 - Under the Plan of Reorganization, as of the Effective Date, the size of the Board will be set at nine directors as discussed further below in Item 5.02.

Treatment of the Company’s Common Stock

As of December 21, 2020, there were 46,846,213 shares of the Company’s common stock issued and outstanding. Pursuant to the Plan of Reorganization, each outstanding share of the Company’s common stock as of the “rights offering/exchange determination date” will be exchanged (the “Exchange”) for (1) one new share of the Company’s stock and (2) a share purchase right entitling the holder to purchase its pro rata portion of shares available to eligible holders in the Rights Offering. Under the Plan of Reorganization, the “rights offering/exchange determination date” will occur on or as soon as reasonably practicable after the Effective Date. The rights offering/exchange determination date will not occur prior the Effective Date of the Plan of Reorganization. The Company currently anticipates the “rights offering/exchange determination date” will be the close of business on January 4, 2021.

Pursuant to the terms of the Plan of Reorganization, approximately 38.2 million shares will be issued through the Rights Offering (consisting of approximately 36.4 million shares to be purchased in the Rights Offering and approximately 1.8 million shares to be issued to the Backstop Party as a commitment fee in the Rights Offering). As a result, the Company anticipates approximately 85.1 million shares will be outstanding following completion of the Exchange and the Rights Offering. Under the terms of the Plan of Reorganization, the Company’s amended and restated certificate of incorporation (the “Amended and Restated Certificate of Incorporation”) to become effective on the Effective Date, will provide for a total of 200,000,000 authorized shares of common stock, and 10 million authorized shares of preferred stock. No shares of preferred stock are outstanding and no shares of preferred stock are to be issued pursuant to the Plan of Reorganization.

In connection with the Rights Offering, the Backstop Party also will be issued warrants to purchase up to 10 million additional shares of the Company’s stock at a purchase price of \$1.65 per share. The warrants will be exercisable for a period of five years.

Pursuant to the Plan of Reorganization, all outstanding rights to acquire shares of the Company's common stock under the Company's 2014 Long-Term Incentive Compensation Plan (the "2014 Plan") will remain outstanding. In addition, the 2014 Plan will be amended to increase the number of shares available for future awards under the Plan by 3,000,000 shares.

The Company's existing common stock currently trades on the OTC Pink marketplace under the symbol "TUESQ". Tuesday Morning can provide no assurance that the new common stock to be issued pursuant to the Plan of Reorganization will trade on this market, whether broker-dealers will provide public quotes on this market or whether trading volume in the new common stock will be sufficient to provide for an efficient market. In addition, even if trading is established, it is unclear how long this will take. While the Company intends to apply to list the new common stock on a national securities exchange in the future, there can be no assurance the Company will be able to obtain this listing (or when) or, even if the Company obtains a listing, that liquid trading markets for the shares of the new common stock will develop.

NOL Provision

As previously disclosed, the Bankruptcy Court has issued orders designed to assist the Company in preserving certain tax attributes (the "Tax Benefits") by establishing, among other things, notification and hearing procedures (the "Procedures") relating to proposed transfers of its common stock. The Procedures, among other things, restrict transfers involving, and require notice of the holdings of and proposed transactions by any person or "entity" (as defined the applicable U.S. Treasury Regulations) owning or seeking to acquire ownership of 4.5% or more of the Company's common stock. The Bankruptcy Court orders provide that any actions in violation of the Procedures (including the notice requirements) would be null and void ab initio, and the person or entity making such a transfer would be required to take remedial actions specified by us to appropriately reflect that such transfer of our common stock is null and void ab initio.

In order to continue to assist the Company in preserving the Tax Benefits, the Amended and Restated Certificate to become on the Effective Date will impose certain restrictions on the transferability and ownership of the Company's capital stock (the "Ownership Restrictions"). Subject to certain exceptions, the Ownership Restrictions will restrict (i) any transfer that would result in any person acquiring 4.5% or more of the Company's common stock, (ii) any transfer that would result in an increase of the ownership percentage of any person already owning 4.5% or more of the Company's common stock, or (iii) any transfer during the five-year period following the Effective Date that would result in a decrease of the ownership percentage of any person already owning 4.5% or more of the Company's common stock. Pursuant to the Amended and Restated Certificate of Incorporation, any transferee receiving shares of common stock that would result in a violation of the Ownership Restrictions will not be recognized as a stockholder of the Corporation or entitled to any rights of stockholders. The Amended and Restated Certificate of Incorporation will allow the Ownership Restrictions to be waived by the Company's board of directors on a case by case basis.

The Ownership Restrictions will remain in effect until the earliest of (i) the repeal of Section 382 of the Internal Revenue Code or any successor statute if the board of directors determines the Ownership Restrictions are no longer necessary for preservation of the Tax Benefits, (ii) the beginning of a taxable year in which the board of directors determines no Tax Benefits may be carried forward, or (iii) such other date as shall be established by the board of directors.

Assets and Liabilities

Information regarding the assets and liabilities of the Company as of the most recent practicable date is hereby incorporated by reference to the Company's [Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 \(the "Form 10-Q"\)](#), filed with the SEC on November 6, 2020.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Board of Directors

In connection with implementation of the Plan of Reorganization, as of the Effective Date, the Company's board of directors will consist of nine members. Each of Steven R. Becker, Frank M. Hamlin, Reuben E. Slone, Sherry M. Smith and Richard S Willis will continue to serve as members of the Company's board of directors. In addition, each of the following individuals will be added as members of the board of directors as of the Effective Date:

- *Anthony F. Crudele*: Mr. Crudele served as the Executive Vice President, Chief Financial Officer and Treasurer of Tractor Supply Company from May 2007 through February 2017 and previously served as their Senior Vice President, Chief Financial Officer and Treasurer since joining the company in September 2005. Mr. Crudele has served as member of the board of directors of Hibbett Sports, Inc. since 2012, and currently serves as Chairman of the board of directors of Hibbett Sports, Inc.
- *Douglas J. Dossey*: Mr. Dossey is Co-Founder and Co-Managing Partner of Tensile Capital Management LLC ("Tensile"). He leads the firm's private equity investment activities and focuses on sourcing, researching, and executing public and private investments.
- *W. Paul Jones*: Mr. Jones served as Chief Executive Officer of Payless ShoeSource, Inc. from 2012 to 2017. Since July 2019, Mr. Jones has served as a member of the board of directors of J.C. Penney Company, Inc.
- *John H. Lewis*: Mr. Lewis founded Osmium Partners, LLC in 2002, and serves as Chief Executive Officer and Chief Investment Officer of Osmium Partners, LLC.

Each of Messrs. Dossey, Jones and Lewis were selected for membership on the board of directors by the Backstop Party, and Mr. Crudele was selected for membership on the board of directors by the equity committee in the Chapter 11 Cases, in accordance with the terms of the Plan of Reorganization. Mr. Lewis serves as an officer of the Backstop Party and, as described above, the Backstop Party has entered into an agreement with the Company to provide the Backstop Commitment for the Rights Offering. Mr. Dossey serves as an officer of Tensile and, as described above, TCM has entered into a commitment letter with the Company to purchase the Senior Subordinated Notes.

Each member of the Company's board of directors as of the Effective Date will participate in the Company's standard non-employee director cash and equity compensation program as more fully described in the Company's Annual Report on Form 10-K for the year ended June 30, 2020.

As of the Effective Date, each of Terry Burman, James T. Corcoran and Barry S. Gluck will complete their service directors of the Company. In connection therewith, there were no disagreements relating to matters concerning the Company's operations, policies or practices.

2014 Plan

Pursuant to the Plan of Reorganization, the 2014 Plan will be amended to increase the number of shares available for future awards under the Plan by 3,000,000 shares.

Cautionary Notice Regarding Forward-Looking Statements

This Current Report on Form 8-K 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 also include statements regarding the Company's plans with respect to the emergence from its Chapter 11 proceedings, the Company's expected liquidity and capital structure following emergence, and other statements regarding the Company's future operations, performance and prospects. These forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the expectations expressed in the Company's forward-looking statements. These risks, uncertainties and events also include, but are not limited to, the following: the Company's ability to complete its proposed financing transactions, including the new ABL facility, the senior subordinated notes, the sale of the Properties and the rights offering; the Company's ability to satisfy all of the conditions to effectiveness of the Plan of Reorganization; the effects and length of the novel coronavirus pandemic; changes in economic and political conditions which may adversely affect consumer spending; our ability to identify and respond to changes in consumer trends and preferences; our ability to mitigate reductions of customer traffic in shopping centers where our stores are located; our ability to continuously attract buying opportunities for off-price merchandise and anticipate consumer demand; our ability to obtain merchandise on varying payment terms; our ability to successfully manage our inventory balances profitably; our ability to effectively manage our supply chain operations; loss of, disruption in operations of, or increased costs in the operation of our distribution center facility; unplanned loss or departure of one or more members of our senior management or other key management; increased or new competition; our ability to maintain and protect our information technology systems and technologies and related improvements to support our growth; increases in fuel prices and changes in transportation industry regulations or conditions; increases in the cost or a disruption in the flow of our imported products; changes in federal tax policy including tariffs; the success of our marketing, advertising and promotional efforts; our ability to attract, train and retain quality employees in appropriate numbers, including key employees and management; increased variability due to seasonal and quarterly fluctuations; our ability to protect the security of information about our business and our customers, suppliers, business partners and employees; our ability to comply with existing, changing and new government regulations; our ability to manage risk to our corporate reputation from our customers, employees and other third parties; our ability to manage litigation risks from our customers, employees and other third parties; our ability to manage the risk associated with product liability claims and product recalls; the impact of adverse local conditions, natural disasters or other events; our ability to manage the negative effects of inventory shrinkage; our ability to manage unexpected costs related to our insurance programs; increased costs or exposure to fraud or theft resulting from payment card industry related risks and regulations; our ability to maintain an effective system of internal controls over financial reporting; impacts from the delisting of our common stock from the The Nasdaq Stock Market; and the other factors listed in the Company's filings with the Securities and Exchange Commission.

Except as may be required by law, the Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements were made or to reflect the occurrence of unanticipated events. Investors are cautioned not to place undue reliance on any forward-looking statements.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits.

[99.1](#) [Confirmation Order](#)

[99.2](#) [Plan of Reorganization](#)

104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TUESDAY MORNING CORPORATION

Date: December 28, 2020

By: /s/ Bridgett C. Zeterberg

Bridgett C. Zeterberg

Executive Vice President Human Resources,

General Counsel and Corporate Secretary

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§ Chapter 11
	§
Tuesday Morning Corporation, <i>et al.</i> , ¹	§ Case No. 20-31476-HDH-11
	§
Debtors.	§ Jointly Administered

**ORDER CONFIRMING THE REVISED SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF TUESDAY MORNING CORPORATION, *ET AL.*, PURSUANT
TO CHAPTER 11 OF THE BANKRUPTCY CODE**

On December 22, 2020, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) conducted a hearing (the “Confirmation Hearing”) to consider confirmation of the *Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated November 18, 2020 [Docket No. 1633], filed by Tuesday Morning Corporation and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”).² As referred to herein, the “Plan” shall be the Plan attached hereto as **Exhibit A**, which incorporates modifications referred to herein. Based on the evidence presented, including without limitation, the live testimony provided at the Confirmation Hearing, the *Declaration of Barry Folsie in Support of Confirmation of the Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code (Solicitation Version)* [Docket No. 1874] (the “Folsie Declaration”), the *Declaration of James Doak in Support of Confirmation of the Plan* [Docket No. 1875] (the “Doak Declaration”), the *Declaration of Tim Vogds in Support of Confirmation of the Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code (Solicitation Version)* [Docket No. 1876] (the “Vogds Declaration”), the *Declaration of Jack Fraker in Support of Confirmation of the Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code (Solicitation Version)* [Docket No. 1877] (the “Fraker Declaration”), the *Declaration of Josephine Gartrell in Support of (i) Tuesday Morning Corporation 2014 Long-Term Incentive Plan, (ii) the Third Amendment to the Tuesday Morning Corporation 2014 Long-Term Incentive Plan, and (iii) Insider Emergence Grant* [Docket No. 1878] (the “Gartrell Declaration”), and the *Declaration of Jane Sullivan on Behalf of Epiq Corporate Restructuring, LLC Regarding Voting and Tabulation of Ballots Cast on the Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1870] (the “Ballot Certification”), the exhibits entered into evidence at the Confirmation Hearing, the arguments and representations of counsel at the hearing and in the briefs filed in support of confirmation of the Plan, and the entire record in the Chapter 11 Cases, the Bankruptcy Court has determined that the Plan satisfies the applicable provisions of the Bankruptcy Code, and should therefore be confirmed.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Tuesday Morning Corporation (8532) (“TM Corp.”); TMI Holdings, Inc. (6658) (“TMI Holdings”); Tuesday Morning, Inc. (2994) (“TMI”); Friday Morning, LLC (3440) (“FM LLC”); Days of the Week, Inc. (4231) (“DOTW”); Nights of the Week, Inc. (7141) (“NOTW”); and Tuesday Morning Partners, Ltd. (4232) (“TMP”). The location of the Debtors’ service address is 6250 LBJ Freeway, Dallas, TX 75240.

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

IT IS HEREBY DETERMINED FOUND, ADJUDGED, DECREED, AND ORDERED THAT:

A. The Plan satisfies all of the requirements for Confirmation set forth in Bankruptcy Code § 1129. The Plan complies with each applicable provision of the Bankruptcy Code.

B. The Plan, the *Disclosure Statement in Support of the Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., pursuant to Chapter 11 of the Bankruptcy Code (Solicitation Version)* [Docket No. 1634] (the “Disclosure Statement”), the Bankruptcy Court’s order approving the Disclosure Statement, solicitation procedures, and related matters [Docket No. 1640] (the “Solicitation Procedures Order”), the ballots for voting on the Plan, the Confirmation Hearing Notice, the Plan Supplement (including any supplements and amendments to the Plan Supplement), and the other materials distributed by the Debtors in connection with Confirmation of the Plan (collectively, the “Confirmation Materials”) were transmitted and served in compliance with the Bankruptcy Rules, including Bankruptcy Rules 3017 and 3018, with the Local Bankruptcy Rules, and with the procedures set forth in the Solicitation Procedures Order. Notice of the Confirmation Hearing was appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases. The transmittal and service of the Confirmation Materials complied with the Solicitation Procedures Order, were appropriate and satisfactory based upon the circumstances of the Chapter 11 Cases, were conducted in good faith, and were in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any other applicable rules, laws, and regulations. Because such transmittal and service were adequate and sufficient, no other or further notice is necessary or shall be required.

C. Pursuant to Bankruptcy Code § 1127, any modifications to the Plan since the commencement of Solicitation described or set forth herein constitute technical changes or changes with respect to particular Claims or Interests made pursuant to the agreement of the holders of such Claims or Interests and do not materially or adversely affect or change the treatment of any other Claims or Interests. Pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under Bankruptcy Code § 1125 or the re-solicitation of votes under Bankruptcy Code § 1126, nor do they require that the holders of Claims or Interests be afforded an opportunity to change previously cast acceptances or rejections of the Plan.

D. The Debtors have proposed the Plan, including, without limitation, the Plan Supplement and all exhibits and schedules thereto, and all other documents filed in connection with the Plan, or executed or to be executed in connection with the transactions contemplated by the Plan and all amendments and modifications of any of the foregoing made pursuant to the provisions of the Plan governing such amendments and modifications in good faith and not by any means forbidden by law, thereby satisfying Bankruptcy Code § 1129(a)(3). In determining that the Plan has been proposed in good faith, the Bankruptcy Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Cases and the formulation of the Plan. The good faith of the Released Parties is evident from the facts and record of the Chapter 11 Cases, the Disclosure Statement, and the record of the Confirmation Hearing. The Plan and all Restructuring Transactions contemplated under the Plan, including without limitation the Rights Offering, the Senior Subordinated Notes, the Sale Leaseback, and the New ABL Credit Facility were formulated, developed, negotiated, and proposed with the legitimate and honest purpose of maximizing the value of the Debtors' Estates and to effectuate a successful restructuring of the Debtors, and they were the product of extensive negotiations conducted at arm's length and in good faith among the Debtors, the Creditors Committee, the Equity Committee, the Backstop Parties, the Senior Subordinated Noteholders, the DIP Revolving Facility Agent, the Existing First Lien Agent, the New ABL Credit Facility Agent, the Debtors' landlords, and other key stakeholders. The Debtors, Creditors Committee, and the Equity Committee acted at all times in good faith, professionally, and ethically in seeking to maximize value in these cases and discharged their fiduciary duties to their respective constituencies in these Chapter 11 Cases. Further, the Plan's classification, indemnification, settlement, discharge, exculpation, release, and injunction provisions have been negotiated in good faith and at arm's length, are consistent with Bankruptcy Code §§ 105, 1122, 1123(b)(6), 1129, and 1142, and are each necessary for the Debtors to consummate the value-maximizing transactions set forth in the Plan Documents. Accordingly, the requirements of Bankruptcy Code § 1129(a)(3) are satisfied.

E. As required by Bankruptcy Code § 1122(a), the Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan, and such Classes do not unfairly discriminate between Holders of Claims and Interests. Thus, the Plan satisfies Bankruptcy Code §§ 1122 and 1123(a)(1).

F. The Plan satisfies Bankruptcy Code § 1123(a)(4) and does not “discriminate unfairly” against any Holders of Claims or Interests. The treatment of each Class of Claims and Interests is proper, and the Debtors have a valid rationale, including for the rationales articulated in the Confirmation Brief, for the Plan’s classification scheme and the treatment provided for different Classes. The Plan is also “fair and equitable” with respect to each Class of Claims and Interests.

G. The Debtors have disclosed the identity of any director, officer, or employee of the Reorganized Debtors that is an Insider. The Debtors have disclosed the nature of any compensation to be paid to any such director, officer, or employee. Consequently, the Plan satisfies the requirements of Bankruptcy Code § 1129(a)(5).

H. The liquidation analysis attached as Exhibit 2 to the Disclosure Statement (the "Liquidation Analysis") and the other evidence related thereto in support of the Plan that was proffered or adduced at or prior to the Confirmation Hearing or in the Confirmation Declarations: (a) are reasonable, persuasive, credible, and accurate as of the dates such analyses or evidence was prepared, presented, or proffered; (b) utilize reasonable and appropriate methodologies and assumptions; (c) have not been controverted by other evidence; and (d) establish that holders of Allowed Claims and Allowed Interests in every Class will recover as much or more under the Plan on account of such Claim or Interest, as of the Effective Date, than the amount such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Accordingly, the Plan satisfies the "best interest of creditors" test under Bankruptcy Code § 1129(a)(7).

I. The Ballot Certification demonstrates that each Impaired Class of Claims and Interests entitled to vote has voted in favor of the Plan. The Plan therefore satisfies the requirements of Bankruptcy Code §§ 1129(a)(8) and (10).

J. The Plan provides for payment of Allowed Administrative Expense Claims and Allowed Priority Claims in a manner consistent with the requirements of Bankruptcy Code § 1129(a)(9).

K. Based on the financial projections attached as Exhibit 3 to the Disclosure Statement as well as the testimony and the supporting documentary evidence presented at the Confirmation Hearing, the Bankruptcy Court finds that the Plan implements the reorganization of the Debtors and their businesses and the restructuring of their financial obligations. The financial projections prepared by the Debtors are reasonable, and the Debtors can be expected to achieve operational results consistent with those financial projections. The financial projections demonstrate that the Debtors will be able to make all payments required under the Plan, and that confirmation of the Plan is not likely to be followed by liquidation or further need for financial restructuring by the Debtors. Therefore, the Plan is feasible and complies with Bankruptcy Code § 1129(a)(11).

L. Article XII.C of the Plan provides that, until the Chapter 11 Cases are closed, all fees incurred under 28 U.S.C. § 1930(a)(6) will be paid by each Reorganized Debtor or by the Disbursing Agent on behalf of the Reorganized Debtors. Article IV.N. of the Plan provides that all retiree benefits (as such term is defined in Bankruptcy Code § 1114), if any, shall continue to be paid in accordance with applicable law. Accordingly, the Plan complies with the requirements of Bankruptcy Code §§ 1129(a)(12) and (13).

M. The primary purpose of the Plan is not avoidance of taxes or avoidance of the requirements of Section 5 of the Securities Act. Therefore, the Plan complies with Bankruptcy Code § 1129(d).

N. The entry into the Sale Leaseback with the Sale Leaseback Counterparty, as amended in the Plan Supplement and this Order, is a proper exercise of the Debtors' business judgment and is in the best interests of the Debtors and their Estates. The Debtors' decision to seek approval of the Sale Leaseback with the new Sale Leaseback Counterparty instead of with Rialto Real Estate Fund IV – Property LP (“Rialto”), the original Sale Leaseback Counterparty identified in the initial draft of the Plan, was a proper exercise of the Debtors' business judgment because the offer received from the new Sale Leaseback Counterparty was materially higher than the prior offer from the original Sale Leaseback Counterparty. The Debtors have engaged in arm's-length good faith negotiations with Rialto (i) regarding the *Objection of Rialto Real Estate Fund IV – Property LP to Revised Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al. Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1850] (the “Rialto Objection”) and (ii) to address the claims and causes of action that Rialto alleges exist as a result of the Debtors' decision to terminate their agreement with Rialto to enter into the Sale Leaseback with Rialto. After engaging in good-faith negotiations, the Debtors and Rialto have agreed to the terms of a settlement (the “Rialto Settlement”) resolving the matters raised in the Rialto Objection and any other claims and causes of action held by Rialto against the Debtors' or their Estates. The terms of the Rialto Settlement are that in full and final satisfaction of all claims, causes of action, liens, interests, or other rights (including without limitation Rialto's right to assert a claim for substantial contribution under Bankruptcy Code § 503) that Rialto or any of its affiliates may have against the Debtors, the Estates, or the Reorganized Debtors, including any claims, causes of action, liens, interests or other rights against the employees, officers, directors, professionals or other agents of the Debtors, the Estates, or the Reorganized Debtors, (a) the Rialto Objection is withdrawn or otherwise overruled and Rialto supports confirmation of the Plan and (b) Rialto shall be granted an Administrative Claim in the amount of \$500,000 (the “Rialto Administrative Claim”) which Administrative Claim shall be paid on the Effective Date or promptly thereafter. The releases provided for herein shall be subject to payment of the Rialto Administrative Claim. The Bankruptcy Court finds that Rialto's participation in the Chapter 11 Cases was beneficial to the Debtors and their Estates and that Rialto's participation in the marketing and sale process relating to the Sale Leaseback Transaction Property (defined below) directly resulted in a substantial increase in the consideration to be received by the Debtors through the Sale Leaseback Transaction. The Bankruptcy Court further finds that the Debtors' entry into the Rialto Settlement is a proper exercise of the Debtors' business judgment, is in the best interests of the Debtors, the Estates, and the Reorganized Debtors, and that the consideration provided through the Rialto Settlement by the parties is adequate and appropriate and that the Rialto Settlement should therefore be approved.

O. The Bankruptcy Court finds that the Management Incentive Plan (defined below) is appropriate and is consistent with management incentive plans for similarly situated businesses in the Debtors' industry. The assumption of the Tuesday Morning Corporation 2014 Long-Term Incentive Plan and the entry into the Third Amendment (as defined below) are proper exercises of the Debtors' business judgment, are consistent with the Debtors' past practices, and are appropriate under the circumstances of the Debtors' business.

P. The Bankruptcy Court finds that, pursuant to Bankruptcy Code § 1123(b), Bankruptcy Rule 3016, and applicable authority, the release, exculpation, and injunction provisions of the Plan are (i) essential and integral provisions of the Plan, (ii) warranted, necessary and appropriate, (iii) properly included in the Plan as an exercise of the Debtors' business judgment, and (iv) supported by sufficient consent and consideration under the circumstances of the Plan and the Chapter 11 Cases as a whole. Proper, timely, adequate, and sufficient notice of the release, exculpation, and injunction provisions of the Plan, including those contained in Article VIII of the Plan, has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the orders of this Bankruptcy Court, and due process. Interested parties have had a sufficient and adequate opportunity to object to such provisions and to be heard as to their objections, and no further notice of such provisions is required for entry of this Order. Each of the release, exculpation, and injunction provisions set forth in the Plan and this Order is: (a) within the jurisdiction of the Bankruptcy Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (b) an integral element of the Plan and the global compromise reached among the Debtors and their various stakeholders; (c) conferring material benefit on, and is in the best interests of, the Debtors, their Estates, and holders of Claims and Interests; (d) important to the objective of the Plan to resolve all Claims and Interests, (e) are appropriately tailored to the facts and circumstances of the Chapter 11 Cases, and (e) consistent with Bankruptcy Code §§ 105, 1123, and 1129, 1141 and other applicable provisions of the Bankruptcy Code and any other applicable laws.

Q. Moreover, the release by the Releasing Parties (the “Third-Party Release”), set forth in Article VIII.D of the Plan (as amended by paragraph 82 of this Order), is: (a) consensual; (b) in exchange for the good and valuable consideration provided by the Released Parties; (c) a good-faith settlement and compromise of the claims and Causes of Action released by the Third-Party Release; (d) materially beneficial to, and in the best interests of, the Debtors, their Estates, and their stakeholders, and is important to the overall objectives of the Plan to finally resolve certain Claims among or against certain parties in interest in the Chapter 11 Cases; (e) fair, equitable, and reasonable; (f) given and made after due notice and opportunity for hearing; and (g) a bar to any of the Releasing Parties asserting any claim or Cause of Action released by the Third-Party Release against any of the Released Parties. The Third-Party Release was critical in incentivizing the Released Parties to support the Plan and preventing potentially significant and time-consuming litigation regarding the parties’ respective rights and interests. The Released Parties have made a substantial contribution to the Debtors’ reorganization. Among other things (a) the Released Parties support the Plan, (b) the DIP Parties provided the Debtors the DIP Facilities, (c) the Creditors Committee and the Equity Committee each actively participated in the Restructuring Transactions that will result in, *inter alia*, payment in full to Class 5 General Unsecured Claims and reinstatement of Class 7 Tuesday Morning Corporation Interests, (d) the New ABL Credit Facility Agent and the lenders under the New ABL Facility are providing the Debtors with the New ABL Facility, and (e) the Backstop Parties and Senior Subordinated Noteholders agreed to provide the financing necessary to consummate the Plan through the Backstop Agreement and the Senior Subordinated Notes. Furthermore, the Third-Party Release is consensual as (i) the Releasing Parties were provided adequate notice of the chapter 11 proceedings, the Plan, and the deadline to object to confirmation of the Plan, (ii) voting Creditors and Interest holders were given the opportunity to opt out of the Third-Party Release, and (iii) the release provisions of the Plan were conspicuous, emphasized with boldface type in the Plan, the Disclosure Statement, and the ballots. There is an identity of interests between the Debtors and the entities that will benefit from the Third-Party Release. Each of the Released Parties, as stakeholders and critical participants in the Debtors’ reorganization process, share a common goal with the Debtors in seeing the Plan succeed. Any released Cause of Action against one of the Debtors’ Released Parties would create an obligation on behalf of the Debtors and would effectively amount to litigation against the Debtors, depleting assets of the Estates.

R. Notwithstanding anything herein to the contrary, the individuals and entities listed on **Exhibit B** have opted out of the Third-Party Release (defined below) and shall not be a Releasing Party or a Released Party.³

³ Any beneficial holder of Tuesday Morning Corporation Interests that received its Solicitation Package through a nominee and opted out of the Third-Party Release shall be identified on **Exhibit B** by the control number used by its nominee to identify such holder.

S. To permit the Debtors to commence their duties as quickly as practicable, including without limitation to commence the Rights Offering, to promote prompt distributions under the Plan for the benefit of creditors and equity holders, and because a significant number of implementation activities are capable of being undertaken in short order, good cause exists to support the waiver of the stay imposed by Bankruptcy Rule 3020(e).

BASED ON THE FOREGOING, IT IS HEREBY ORDERED THAT:

A. Confirmation of the Plan and Approval of Plan Documents

1. The Plan is CONFIRMED in its entirety under Bankruptcy Code § 1129, and all of the terms and conditions contained in the Plan are **APPROVED**. The Debtors are authorized to implement the Plan in accordance with its terms and conditions.

2. The Plan Documents (which include the Plan Supplement as filed with the Bankruptcy Court, as may be amended through and including the Effective Date) and such other certificates, documents, and instruments that may be necessary or appropriate to effectuate the transactions contemplated thereunder and in the Plan, and the terms and conditions thereof, are **APPROVED**. The Debtors, with the consent of the parties whose consent is required under the Plan, are authorized to make non-material modifications to the Plan Documents through and including the Effective Date in accordance with Bankruptcy Code § 1127 without further order of the Bankruptcy Court to the extent necessary to make any changes required or appropriate to implement, effectuate, and consummate the Plan, the Plan Documents, the terms of this Order, and the transactions respectively contemplated thereunder. The Plan and the Plan Documents have been negotiated in good faith at arm's length and shall, on and after the Effective Date, constitute legal, valid, binding, and authorized obligations of the respective parties thereto and will be enforceable in accordance with their terms. The Debtors and the non-Debtor parties to the Plan Documents are authorized to execute and deliver the Plan Documents as required and directed by the Plan. On and after the Effective Date and as executed by the Debtors, the terms and conditions of the Plan Documents shall be effective and enforceable as provided for therein. Notwithstanding the foregoing, the Debtors agree that the *Notice of Filing of Supplement to Exhibit 12 of the Debtors' Plan Supplement* [Docket No. 1812] in which the Debtors proposed approval of equity grants to certain insiders (the "Insider Emergence Grants") has been withdrawn pursuant to Docket No. 1899, is not part of the Plan Documents or Plan Supplement for purposes of the Plan, and the Insider Emergence Grants are not approved by this Confirmation Order but instead shall be reserved for consideration by the New Board after the Effective Date.

3. All objections to confirmation of the Plan not withdrawn or otherwise resolved at or before the Confirmation Hearing are expressly overruled or are otherwise reflected in this Order.

B. Settlement of Claims and Controversies

4. Pursuant to Bankruptcy Code § 1123(b)(3)(A) and Bankruptcy Rule 9019, and in consideration for the Plan Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies relating to the rights that a holder of a Claim or Interest may have with respect to such Claim or Interest or any Plan Distribution on account thereof. The entry of this Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of each of the compromises and settlements embodied in the Plan, including the treatment of Claims and Interests under the Plan, and the Bankruptcy Court's finding that all such compromises or settlements are: (i) in the best interest of the Debtors, the Estates, the Reorganized Debtors, their respective Creditors and their respective properties and stakeholders; (ii) fair, equitable and within the range of reasonableness; and (iii) satisfy the requirements of Bankruptcy Rule 9019 and section 1123(b)(3)(A). The provisions of the Plan, including, without limitation, the Plan's release, injunction, exculpation and compromise provisions, are mutually dependent.

C. Effects of Confirmation of the Plan

5. The provisions of the Plan and this Order are binding on the Debtors, each holder of a Claim or Interest, non-Debtor counterparty to an Executory Contract or Unexpired Lease with any Debtor, any interested party in the Chapter 11 Cases, and any other Person, and each of the foregoing's respective agents, heirs, successors, and assigns, regardless of whether such Person filed a proof of claim or voted to accept the Plan.

6. Upon entry of this Order, the Debtors and their directors, officers, agents, attorneys, and professionals, along with the parties to the Plan Documents, are authorized and directed to effect any and all transactions contemplated or required by the Plan and Plan Documents. On and after the Effective Date, the Debtors and their directors, officers, agents, attorneys, and professionals, along with the parties to the Plan Documents, are authorized and directed to take all necessary and appropriate steps and corporate action to implement the terms of the Plan and the Plan Documents, regardless of whether such actions are specifically referred to in the Plan or the Plan Documents, without the need for further shareholder, member, director, officer, or any other corporate approvals, or further order of the Bankruptcy Court.

7. Except as otherwise provided by the Plan or this Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan are in exchange for and in complete satisfaction, discharge, and release of, all Claims against or Interests in the Debtors or property of the Estates.

8. Except as otherwise provided in the Plan, this Order, or separate Final Order, any and all injunctions or automatic stays provided for in the Chapter 11 Cases under Bankruptcy Code §§ 105 and 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect through the Effective Date.

9. Except as otherwise provided in Bankruptcy Code § 1141(d)(3), and subject to the occurrence of the Effective Date, on and after the entry of this Order, the provisions of the Plan shall bind every holder of a Claim against or Interest in any Debtor and inure to the benefit of and be binding on such holder's respective successors and assigns, regardless of whether the Claim or Interest of such holder is impaired under the Plan and whether such holder has accepted the Plan.

D. Vesting of Assets Free and Clear of Liens and Claims

10. Except with respect to the Liens granted under the New ABL Credit Facility Documents, the Senior Subordinated Notes, or any agreement, instrument, or other document incorporated in the Plan, or as otherwise provided in the Plan, on the Effective Date and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all property in each Estate, all Retained Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Retained Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. The General Unsecured Cash Fund, including the portion of the General Unsecured Cash Fund comprising the Class 5 Disputed Claim Reserve, shall be placed in the Escrow Account (defined below), which Escrow Account shall not constitute property of the Debtors, the Estates, or the Reorganized Debtors and shall not be subject to the control of the New ABL Credit Facility Agent or the lenders under the New ABL Facility or the Senior Subordinated Notes, and shall not be subject to any liens, claims (other than the claims of holders of Allowed General Unsecured Claims) or encumbrances, including, but not limited to, the liens of the New ABL Credit Facility or the Senior Subordinated Notes, and the Escrow Account shall be administered by the Unsecured Claim Disbursing Agent (as defined below) in accordance with the terms of the Plan, the Disbursing Agent Agreement and the Escrow Deposit Agreement (each as defined below) solely for the benefit of the holders of Allowed General Unsecured Claims. The Reorganized Debtors may not use or dispose of any portion of the General Unsecured Cash Fund except as specifically set forth in the Plan. Failure to include a Cause of Action on the Schedule of Retained Causes of Action shall not constitute a waiver or release of such Cause of Action.

E. Continued Corporate Existence

11. Except as otherwise provided in the Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to the New Organizational Documents. On or after the Effective Date, the Debtors or Reorganized Debtors, as the case may be, are authorized pursuant to Article IV of the Plan to take any such action as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor or an affiliate of a Reorganized Debtor or (ii) a Reorganized Debtor to be dissolved.

F. Implementation of the Plan

12. Pursuant to Bankruptcy Code § 1123(a)(5)(D), on, or, unless specifically provided otherwise herein, prior to the Effective Date, or as soon thereafter as is reasonably practicable, the Debtors or Reorganized Debtors, as applicable, may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, and the consummation of one or more corporate transactions, as shall be provided for, described in, or contemplated by the Plan Documents; (b) the actions consistent with or reasonably necessary to implement the terms of the Restructuring Transactions; (c) the execution and delivery of appropriate agreements or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan (including the Plan Documents) and that satisfy the requirements of applicable law; (d) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of the Plan and the Plan Documents and having other terms for which the applicable parties agree; (e) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provisional law; and (f) all other actions that the applicable Entities determine to be necessary or appropriate and that are not inconsistent with the Plan.

13. All such actions taken or caused to be taken consistent with the terms of the Confirmation Order and the Plan, including any such actions taken with respect to the Restructuring Transactions prior to the date of entry of the Confirmation Order, shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation.

14. On the Effective Date, the Reorganized Debtors shall be authorized to and shall enter into the New ABL Credit Facility and execute the New ABL Credit Facility Documents or any other document necessary to effectuate the New ABL Credit Facility, without the need for any further corporate action and without the need for any further corporate or organizational action by or approval of the Bankruptcy Court. To the extent applicable, Confirmation of the Plan shall be deemed (a) approval of the New ABL Credit Facility (including the transactions and related agreements contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith), to the extent not approved by the Bankruptcy Court previously, and (b) authorization for the Debtors or the Reorganized Debtors, as applicable, to, without further notice to or order of the Bankruptcy Court, (i) execute and deliver those documents and agreements necessary or appropriate to pursue or obtain the New ABL Credit Facility, including the New ABL Credit Facility Documents, and incur and pay any fees and expenses in connection therewith and (ii) act or take action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any person, subject to such modifications as the Debtors or Reorganized Debtors, as applicable, may deem to be necessary to consummate the New ABL Credit Facility.

15. As the agent for the New ABL Credit Facility, the Existing First Lien Agent shall retain the Liens and security interests securing the Existing First Lien Credit Facility Claims and have such Liens and security interests secure the New ABL Credit Facility subject to the terms of the Intercreditor Agreement (as defined below). As of the Effective Date, upon the granting of Liens in accordance with the New ABL Credit Facility Documents, such Liens shall constitute valid, binding, enforceable, and automatically perfected Liens in the collateral specified in the New ABL Credit Facility Documents subject to the terms of the Intercreditor Agreement. To the extent provided in the New ABL Credit Facility Documents and the Intercreditor Agreement, the holder(s) of Liens under the New ABL Credit Facility Documents are authorized to file, with the appropriate authorities, financing statements and other documents, to take possession of or control, or to take any other action in order to evidence, validate and perfect such Liens or security interests. The guarantees, mortgages, pledges, Liens and other security interests granted to secure the obligations arising under the New ABL Credit Facility Documents have been granted in good faith, for legitimate business purposes and for reasonably equivalent value, as an inducement to the lenders thereunder to extend credit thereunder, shall be deemed not to constitute a fraudulent conveyance or fraudulent transfer, and shall not otherwise be subject to avoidance, recharacterization or subordination (including equitable subordination) for any purpose whatsoever under the Bankruptcy Code or applicable non-bankruptcy law, and the priorities of such Liens and security interests shall be as set forth in the New ABL Credit Facility Documents and the Intercreditor Agreement.

16. Upon the entry of the Confirmation Order, the Debtors, or Reorganized Debtors, as applicable, are authorized to consummate the Sale Leaseback Transaction with the Sale Leaseback Counterparty identified in the Plan Supplement in accordance with the transaction documents included in the Plan Supplement. Notwithstanding anything herein to the contrary, but subject in all respects to the transactional documents relating to and comprising the Sale Leaseback Transaction (the “Sale Leaseback Transaction Documents”), effective on and subject to the closing of the Sale Leaseback Transaction: (a) pursuant to Bankruptcy Code §§ 105(a), 363(b), 363(f), and 1123, the Debtors’ interests, or the Reorganized Debtors’ interests, as applicable, in the property the subject of the Sale Leaseback Transaction (the “Sale Leaseback Transaction Property”) shall be transferred free and clear of any and all Liens, Claims, Interests, charges, and other encumbrances of any kind or nature; (b) neither the Sale Leaseback Counterparty, nor any of its affiliates are or shall be deemed to: (i) be legal successors to the Debtors, the Reorganized Debtors, or their estates by reason of any theory of law or equity; (ii) have *de facto* or otherwise, merged with, or into any of the Debtors or the Reorganized Debtors; or (iii) be an alter ego or a mere continuation or substantial continuation or successor of any of the Debtors or the Reorganized Debtors in any respect; (c) neither the Sale Leaseback Counterparty, nor any of its affiliates shall assume or in any way be responsible for any liability or obligation of any of the Debtors or the Reorganized Debtors except as expressly provided for in the Sale Leaseback Transaction Documents; (d) this Confirmation Order, if filed, registered, or otherwise recorded shall be effective as a conclusive determination that all Liens, Claims, Interests, charges, and other encumbrances of any kind or nature existing as to the Property the subject of the Sale Leaseback Transaction have been unconditionally released, discharged, and terminated; *provided* that this Confirmation Order shall be binding and effective regardless of whether any such filing, registration, or recordation occurs; (e) the Sale Leaseback Transaction Documents are not subject to rejection or avoidance (whether through any claim, action, or proceeding arising under chapter 5 of the Bankruptcy Code or under any similar state or federal law or any other cause of action) by the Debtors, the Reorganized Debtors, any chapter 7 or 11 trustee of the Debtors’ bankruptcy estates, or any other person or entity; (f) neither the Debtors nor the Sale Leaseback Counterparty, nor any affiliate of either have engaged in any conduct that would cause or permit the Sale Leaseback Transaction Documents to be avoided under any provision of the Bankruptcy Code; (g) the Sale Leaseback Counterparty is a good-faith purchaser within the meaning of Bankruptcy Code § 363(m) and as such is entitled to all of the protections afforded thereby; and (i) the Sale Leaseback Counterparty shall not have any liability arising out of or in connection with any claims arising out of or in connection with these bankruptcy cases except as specifically provided for in the Sale Leaseback Transaction Documents.

17. The Seller’s designee, as set forth in section 7.6 of the Sale Leaseback Documents, shall be the Unsecured Claim Disbursing Agent and the proceeds of the Sale Leaseback (less the payment of applicable transaction costs and related closing costs) shall be transferred immediately to the Unsecured Claim Disbursing Agent for placement in the Escrow Account as part of the General Unsecured Cash Fund.

18. On the Effective Date, the Reorganized Debtors shall be authorized to execute the applicable credit agreement in substantially the form contained in the Plan Supplement and any other document necessary to effectuate the issuance of the Senior Subordinated Notes (the "Senior Subordinated Notes Documents"), without the need for any further corporate action and without the need for any further corporate or organizational action by or approval of the Bankruptcy Court. Promptly upon the receipt by the Reorganized Debtors of the proceeds of the Senior Subordinated Notes, the Reorganized Debtors shall transfer to the Unsecured Claim Disbursing Agent for placement in the Escrow Account, from such proceeds, sufficient funds to ensure that, upon the transfer of the proceeds of the Sale Leaseback to the Unsecured Claim Disbursing Agent for placement in the Escrow Account, the General Unsecured Cash Fund shall be funded with not less than \$86.3 million. As of the Effective Date, upon the granting of Liens in accordance with the Senior Subordinated Notes Documents, such Liens shall constitute valid, binding, enforceable, and automatically perfected Liens in the collateral specified in the Senior Subordinated Notes Documents subject to the terms of that certain intercreditor agreement to be entered into by and between the Senior Subordinated Noteholders and the New ABL Credit Facility Agent and the lenders thereunder (the "Intercreditor Agreement"). To the extent provided in the Senior Subordinated Notes Documents and the Intercreditor Agreement, the holder(s) of Liens under the Senior Subordinated Notes Documents are authorized to file, with the appropriate authorities, financing statements and other documents, to take possession of or control, or to take any other action in order to evidence, validate and perfect such Liens or security interests. The guarantees, mortgages, pledges, Liens and other security interests granted to secure the obligations arising under the Senior Subordinated Notes Documents have been granted in good faith, for legitimate business purposes and for reasonably equivalent value, as an inducement to the lenders thereunder to extend credit thereunder, shall be deemed not to constitute a fraudulent conveyance or fraudulent transfer, and shall not otherwise be subject to avoidance, recharacterization or subordination (including equitable subordination) for any purpose whatsoever under the Bankruptcy Code or applicable non-bankruptcy law, and the priorities of such Liens and security interests shall be as set forth in the Senior Subordinated Notes Documents and the Intercreditor Agreement.

19. The security interests and liens granted to secure the Reorganized Debtors' obligations under the New ABL Credit Facility Documents and the Senior Subordinated Notes Documents shall not attach to any real property lease to the extent that the grant of a security interest in such real property lease would violate any enforceable anti-assignment provisions of such lease or violate applicable state law. For avoidance of doubt, (i) the security interests and Liens granted to secure the Reorganized Debtors' obligations under the New ABL Credit Facility Documents and the Senior Subordinated Notes shall not attach to, or constitute a direct Lien on, any landlord's fee simple interest in real property leased to the Reorganized Debtors, and (ii) nothing herein shall be deemed to constitute consent by an affected landlord to the grant of any security interest or Lien hereunder that is inconsistent with or in contravention of this paragraph. In the event of a conflict between this paragraph and any other provision of this Order or the New ABL Credit Facility Documents and the Senior Subordinated Notes, this paragraph shall control.

20. On the Effective Date and thereafter, the Reorganized Debtors are authorized to issue the New Common Stock and to conduct the Rights Offerings in accordance with the Rights Offering Procedures and Article IV of the Plan, without the need for any further corporate, partnership, limited liability company or shareholder action, except as otherwise required by the Rights Offering Procedures. The net proceeds from the Rights Offerings shall be immediately transferred to the Unsecured Claim Disbursing Agent for placement in the Escrow Account as part of the General Unsecured Cash Fund.

21. On the Effective Date and thereafter, Tuesday Morning Corporation and all the holders of New Common Stock shall be deemed to be parties to the New Organizational Documents, substantially in the form contained in the Plan Supplement, without the need for execution by any such holder. The New Organizational Documents shall be binding on Reorganized Tuesday Morning and all parties receiving, and all holders of, New Common Stock of Reorganized Tuesday Morning; provided, that regardless of whether such parties execute the New Organizational Documents, such parties will be deemed to have signed the New Organizational Documents, which shall be binding on such parties as if they had actually signed them.

22. On the Effective Date, except to the extent otherwise provided in the Plan (including the Plan Supplement), all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be cancelled and the obligations of the Debtors and any non-Debtor Affiliate thereunder or in any way related thereto shall be deemed satisfied in full, cancelled, discharged, and of no force or effect. Holders of or parties to such cancelled instruments, securities, and other documentation will have no rights arising from or relating to such instruments, securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan.

23. Notwithstanding the foregoing, the DIP Revolving Facility Credit Agreement and Existing First Lien Credit Agreement shall continue in effect to the extent necessary to: (i) allow the DIP Revolving Facility Agent and Existing First Lien Agent, in accordance with Article III of the Plan, to make distributions to the holders of DIP Revolving Facility Claims and Existing First Lien Credit Facility Claims; (ii) permit the DIP Revolving Facility Agent and Existing First Lien Agent to appear before the Bankruptcy Court or any other court of competent jurisdiction after the Effective Date; (iii) permit the DIP Revolving Facility Agent and Existing First Lien Agent to perform any functions that are necessary to effectuate the foregoing; and (iv) to exercise rights and obligations relating to the DIP Revolving Facility Parties or interests of the Existing First Lien Lenders or both.

24. On the Effective Date, except as otherwise provided for in the Plan, and subject to the effectiveness of the New ABL Credit Facility Documents, (a) all of the obligations, liabilities, covenants and agreements under the DIP Real Estate Facility and the DIP Revolving Facility and the loan documents underlying each (collectively, the “DIP Facilities”) shall be automatically terminated and canceled and have no further force and effect, (b) all Liens, pledges, or other security interests created in favor of the DIP Real Estate Facility Agent and the DIP Revolving Facility Agent (together, the “DIP Agents”) in the collateral securing the DIP Facilities shall be automatically terminated, released and discharged, (c) each guarantee of the DIP Facilities shall be automatically released and discharged, (d) none of the DIP Agents or the lenders under the DIP Facilities shall have any further obligations or liabilities owing to the Debtors arising out of or relating to the DIP Facilities, and (e) the DIP Agents shall be automatically and fully discharged and released from their duties and obligations under the DIP Facilities.

25. Pursuant to Section III.D.6 of the Plan, on the Effective Date the Class 6 Intercompany Interests shall be Reinstated.

26. All Allowed General Unsecured Claims shall be entitled to be paid in full plus interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date.

G. Release of Liens

27. Except as otherwise provided in the Plan, or any contract, instrument, release or agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date and Payment in Full, except for Other Secured Claims that the Debtors elect to reinstate in accordance with Article III.D.2 of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. On or after the Effective Date, any holder of such Secured Claim (and the applicable agents for such holder), at the expense of the Reorganized Debtors, shall be authorized and directed to release to the Debtors or Reorganized Debtors, as applicable, any collateral or other property of a Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably required or requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of this Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

H. New Board and Officers of the Reorganized Debtors

28. As of the Effective Date, the terms of the current members of the board of directors of the Debtors shall expire, and the initial boards of directors, including the New Board, of each of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. Pursuant to Bankruptcy Code § 1129(a)(5), the Debtors have, to the extent reasonably practicable, disclosed in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the New Board, as well as those Persons that will serve as an officer of the Reorganized Debtors. To the extent any such director or officer is an “insider” under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer has also been disclosed to the extent reasonably practicable. Such appointment and designation is hereby approved and ratified as being in the best interests of the Debtors and creditors and consistent with public policy, and such managers and directors hereby are deemed elected and appointed to serve in their respective capacities as of the Effective Date without further action of the Bankruptcy Court, the Reorganized Debtors or their security holders.

29. Following the Effective Date, the applicable Reorganized Debtors are authorized, but not directed, to enter into new employment agreements with members of the management team subject to approval by the New Board. Except to the extent that a member of the board of managers, directors or similar governing body of a Debtor continues to serve in such capacity on the Effective Date, such members of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to the Reorganized Debtors on or after the Effective Date and each such member will be deemed to have resigned or shall otherwise cease to be a manager or director of the applicable Debtor on the Effective Date without any further action required on the part of any such Debtor. Except to the extent that a member of the board of managers, directors or similar governing body of a Debtor continues to serve in such capacity on the Effective Date, the managers, members, or directors of the Debtors serving immediately prior to the Effective Date shall have no continuing obligations or liability to the Reorganized Debtors on or after the Effective Date and each such manager, member or director will be deemed to have resigned or shall otherwise cease to be a manager, member or director on the Effective Date.

30. On the Effective Date, the Reorganized Debtors are authorized to assume the Tuesday Morning Corporation 2014 Long-Term Incentive Plan and the New Board shall adopt that certain Third Amendment to the Tuesday Morning Corporation 2014 Long-Term Incentive Plan (the “Third Amendment”) in substantially the form contained in the Plan Supplement (collectively, the “Management Incentive Plan”).

I. Provisions Related to Executory Contracts

31. In accordance with Article V of the Plan and except as otherwise provided in the Plan or this Order, effective as of the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors that were not previously assumed or rejected by prior order of the Bankruptcy Court are deemed assumed, other than those Executory Contracts or Unexpired Leases that: (a) previously were assumed or rejected by the Debtors; (b) are specifically designated on the Schedule of Rejected Contracts and Leases in the Plan Supplement or otherwise filed and served prior to commencement of the Confirmation Hearing; (c) are subject to a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; (d) are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date; or (e) are the subject of Article IV.O of the Plan. For the avoidance of doubt, the foregoing provisions of this paragraph shall not apply to (i) the Debtors’ lease with ARC MCLVSNV001, LLC for Store Number LASV 399 located at Montecito Crossing, 6650 N. Durango Dr., Suite 110, Las Vegas, NV 89149 (the “LASV 399 Lease”) and (ii) the Debtors’ lease with ARC TSKCYMO001, LLC for Store Number KANS 91 located at Tiffany Springs Market Center, 8986 NW Skyview Ave., Kansas City, MO 64154 (the “KANS 91 Lease” and together with the LASV 399 Lease, the “Undetermined Leases”). Provided the Debtors have filed pleadings with the Bankruptcy Court prior to December 31, 2020 requesting relief with respect to their disputes with the landlords for the Undetermined Leases (the “Undetermined Lease Dispute Pleadings”), the Debtors or Reorganized Debtors, as applicable, shall be authorized to file a notice to reject or assume the Undetermined Leases in accordance with the procedures contained in the *Order (I) Authorizing and Approving Procedures to Reject or Assume Executory Contracts and Unexpired Leases, (II) Abandoning Property at Rejected Premises, and (III) Granting Related Relief* [Docket No. 558] (the “Lease Assumption and Rejection Procedures Order”) until the later of (i) January 31, 2021 or (ii) such other date as the Bankruptcy Court shall identify in its ruling on, or an order associated with, the Undetermined Lease Dispute Pleadings.

32. The assumption of each of the Executory Contracts and Unexpired Leases identified on the Schedule of Assumed Contracts and Leases is effective pursuant to Bankruptcy Code §§ 365(a) and 1123 as of the Confirmation Date. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan or by order of the Bankruptcy Court but not assigned to a third party before the Effective Date shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms.

33. Each Executory Contract and Unexpired Lease rejected pursuant to the Plan shall be deemed rejected by the Bankruptcy Court as of the Effective Date, unless otherwise indicated herein or on the Schedule of Rejected Contracts and Leases.

34. In October 2020, the Debtors filed certain cure notices [Docket Nos. 1107, 1108, and 1201] (the “First Cure Notices”), identifying the Debtors’ Executory Contracts and Unexpired Leases and the cure amounts, if any, necessary to assume the Executory Contracts and Unexpired Leases. The Bankruptcy Court ordered that all objections to the cure amounts identified in the First Cure Notice must be filed by October 14, 2020 (the “Cure Objection Deadline”). The Debtors subsequently included the Schedule of Assumed Contracts and Leases and the Schedule of Rejected Contracts and Leases in the Plan Supplement which identify the Unexpired Leases and Executory Contracts that the Debtors intend to assume or reject, as applicable, pursuant to Article V of the Plan, together with the Debtors’ proposed cure amount (the “Second Cure Notice” and together with the First Cure Notice, the “Cure Notices”).

35. For each of the Executory Contracts and Unexpired Leases for which no cure objection was properly and filed and served by the cure Objection Deadline, the cure amount set forth in the applicable Cure Notices shall be controlling notwithstanding anything to the contrary in any Executory Contract, Unexpired Lease, or other document and the non-debtor party to the Executory Contract or Unexpired Lease shall be forever barred from asserting any other claim arising prior to the assumption of the Executory Contract or Unexpired Lease if it is an Assumed Contract or Lease except to the extent (a) a cure objection, or supplement to a cure objection has been filed before December 16, 2020 at 4 p.m. Central Time and (b) the cure objection, or supplement to a timely filed cure objection, relates to an amount or claim that has arisen and come due after October 1, 2020. Notwithstanding the foregoing, the rights of parties who filed a cure objection by the December 16, 2020 deadline but that did not file a cure objection before the October 14, 2020 Cure Objection Deadline are preserved for the limited purpose of filing a motion with the Bankruptcy Court for allowance of a late-filed cure objection on the basis that the Debtors did not provide such party adequate notice of the Cure Objection Deadline.

36. With respect to each Executory Contract or Unexpired Lease to be assumed or assumed and assigned by the Debtors, unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto, the dollar amount required to cure any defaults of the Debtors existing as of the Confirmation Date shall be the cure amount set in the Cure Notices. Except for counterparties to Executory Contracts and Unexpired Leases that have filed timely objections to the cure amounts listed in the Cure Notices, all non-Debtor counterparties to the Executory Contracts and Unexpired Leases failed to timely object to the Debtors' proposed cure amount or the proposed assumption or assumption and assignment of Executory Contracts and Unexpired Leases and are deemed to have consented to the assumption or cure amount in the Cure Notices (even if zero dollars (\$0)), and shall be forever barred, estopped, and enjoined from challenging the validity of such assumption or assumption and assignment or the amount of such cure.

37. To the extent a timely cure objection has been filed and has not been resolved prior to the Confirmation Hearing, the Reorganized Debtors shall be authorized to resolve or settle any such cure objection without further order of the Bankruptcy Court and without the need to file any notice relating to the same. If the Debtors are not able to resolve or settle any such cure objection, such dispute shall be presented to the Bankruptcy Court at the hearing currently scheduled for **January 25, 2021, at 1:30 p.m. Central Time**, or on such other date as the Debtors or the Reorganized Debtors may request, or the Bankruptcy Court may order. In the event that a dispute exists with respect to the required cure amount to be paid in connection with the assumption of an Unexpired Lease or an Executory Contract, the Debtors or Reorganized Debtors, as applicable, shall pay the undisputed amount of such cure objection on the Effective Date and shall pay any remaining amounts either by agreement with the counterparty to the applicable Executory Contract or Unexpired Lease or upon entry of an order of the Bankruptcy Court resolving such dispute. Notwithstanding the foregoing, the existence of a dispute with respect to the cure amount required to effectuate the assumption of an Unexpired Lease or Executory Contract shall not alter or affect the effectiveness of the Debtors' or the Reorganized Debtors' assumption of the applicable Unexpired Lease or Executory Contract.

38. Unless otherwise provided in the Plan, this Order, or by separate order of the Bankruptcy Court, each Executory Contract and Unexpired Lease that is assumed or assumed and assigned shall include any and all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is separately listed in the Schedule of Assumed Contracts and Leases.

39. Any term of any policy, contract, or other obligation applicable to a Debtor or Reorganized Debtor shall be void and of no further force or effect with respect to any Debtor or Reorganized Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Debtor as a result of, or gives rise to a right of any Entity based on any of the following: (a) the insolvency or financial condition of a Debtor (prior to the Effective Date); (b) the commencement of the Chapter 11 Cases; (c) the confirmation or consummation of the Plan, including any change of control that will occur as a result of such consummation; or (d) any change of control resulting from the issuance of the New Common Stock.

J. Release and Exculpation Provisions Approved; Discharge of Claims Against and Interests in the Debtors

40. Effective as of the Effective Date, all injunctions, releases, and exculpation provisions set forth in the Plan, including but not limited to those contained in Article VIII of the Plan, are hereby approved, and shall be effective and binding on all persons and entities, to the extent provided therein except as modified by paragraph 82 of this Order.

41. Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise provided in the Plan or in this Order, each holder (as well as any trustee or agent on behalf of such holder) of a Claim or Interest and any successor, assign, and affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by Bankruptcy Code § 1141, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all such holders of Claims and Interests and their successors, assigns, and affiliates shall be forever precluded and enjoined, pursuant to Bankruptcy Code §§ 105, 524, and 1141, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any Reorganized Debtor.

42. For the avoidance of doubt, unless otherwise agreed or consented to by a Governmental Unit and notwithstanding any abstention by any Governmental Unit from voting on the Plan, no provision in the Plan or in the Confirmation Order: enjoins, limits, impairs or delays any Governmental Unit from commencing or continuing any Claim, suit, action, proceeding, cause of action, or investigation against any non-Debtor, any Released Party or any of the Exculpated Parties other than the Debtors or Reorganized Debtors in any forum. In addition, nothing in the Plan or in the Confirmation Order shall discharge, release, enjoin, limit, impair, delay or otherwise bar (i) any liability of the Debtors or the Reorganized Debtors to a Governmental Unit arising on or after the Confirmation Date, (ii) any liability to a Governmental Unit that is not a Claim, (iii) any environmental liability to the United States that any entity is subject to as the owner or operator of property after the Confirmation Date (except as noted in the immediately succeeding sentence hereof); (iv) any valid right of setoff or recoupment of a Governmental Unit; and (v) the commencement or continuation of any investigation or the taking of any action pursuant to any police or regulatory function by a Governmental Unit to the extent permitted under Bankruptcy Code §§ 362(b)(4), 524 and 1141. All Claims under environmental law arising before the Confirmation Date, including penalty claims for days of violation prior to the Confirmation Date, shall be subject to discharge and injunction under Article VIII.A and VIII.F of the Plan and treated in accordance with the Plan in all respects and the Bankruptcy Court shall retain jurisdiction as provided in Article XI of the Plan in relation to the allowance or disallowance of any Claim under environmental law arising before the Confirmation Date. All rights are reserved in connection with the application of this paragraph to any action taken by any Governmental Unit.

43. The exculpation provided in Article VIII.E. of the Plan is essential to the Plan and is approved but should be construed, and will only be effective, to the extent that it is consistent with the applicable provisions of the Bankruptcy Code and case law in the Fifth Circuit. The record in the Chapter 11 Cases fully supports the exculpation and the exculpation provisions of the Exculpated Parties set forth in Article VIII.E of the Plan, which are appropriately tailored to protect the Exculpated Parties from unnecessary litigation. Any claims made against Exculpated Parties for acts described in Article VIII.E of the Plan shall be filed in the United States Bankruptcy Court for the Northern District of Texas, and this Bankruptcy Court retains exclusive jurisdiction to consider the same.

K. The Escrow

44. On or prior to the Effective Date, or as soon thereafter as is practicable, the Reorganized Debtors are authorized to enter into the Unsecured Claim Disbursing Agent Agreement (the “Disbursing Agent Agreement”) and the Escrow Deposit Agreement (the “Escrow Agreement”) in substantially the form of such agreements as contained in the Plan Supplement. The General Unsecured Cash Fund shall be held in the Escrow Account (as defined in the Escrow Agreement) established pursuant to the Escrow Agreement, and such Escrow Account shall be administered by the Unsecured Claim Disbursing Agent (as defined in the Disbursing Agent Agreement), in accordance with the terms of the Plan, the Disbursing Agent Agreement, the Escrow Agreement, and this Order solely for the benefit of holders of Allowed General Unsecured Claims. The Reorganized Debtors shall be responsible for (i) overseeing the General Unsecured Cash Fund in the Escrow Account and (ii) authorizing the distributions to the General Unsecured Creditors. As soon as practicable after entry into the Disbursing Agent Agreement and the Escrow Agreement, the Reorganized Debtors shall deliver, or shall cause to be delivered, to the Unsecured Claim Disbursing Agent, the initial \$86.3 million portion of the General Unsecured Cash Fund, which shall be funded from the proceeds of the Sale Leaseback, the proceeds of the Senior Subordinated Notes, and/or cash on hand. The Reorganized Debtors shall thereafter transfer, or cause to be transferred, to the Unsecured Claim Disbursing Agent, for placement in the Escrow Agreement and inclusion in the General Unsecured Cash Fund, the proceeds of the Rights Offerings (which proceeds shall be received at completion of the Rights Offerings as described in Article IV.E.4 of the Plan) immediately upon the receipt or availability of the Rights Offering proceeds. The Disbursing Agent Agreement shall provide that the bank in which the Escrow Account is held shall maintain collateral in an amount of no less than 115% of the aggregate funds on deposit in the Escrow Account that exceeds the Federal Deposit Insurance Corporation insurance limit.

45. Neither the Escrow Account, the General Unsecured Cash Fund, nor the Class 5 Disputed Claim Reserve shall constitute property of the Debtors, the Estates, or the Reorganized Debtors and shall not be subject to the control of the New ABL Credit Facility Agent, the lenders under the New ABL Credit Facility, or the Senior Subordinated Noteholders, and shall not be subject to any liens, claims (other than the claims of holders of Allowed General Unsecured Claims) or encumbrances, including, but not limited to, the liens of the New ABL Credit Facility or the Senior Subordinated Notes. The Reorganized Debtors may not use or dispose of any portion of the General Unsecured Cash Fund except as specifically set forth in the Plan. Notwithstanding the foregoing, the Reorganized Debtors shall maintain a residual interest in the General Unsecured Cash Fund in excess of the Allowed Claims of holders of Allowed General Unsecured Claims subject to the final resolution of all General Unsecured Claims and payment in full of all Allowed General Unsecured Claims after such final resolution has occurred. Any remaining funds shall be transferred to the Reorganized Debtors in accordance with section VI.F.3 of the Plan. The liens of the New ABL Facility and the Senior Subordinated Notes shall attach to the Reorganized Debtors' residual interest in the General Unsecured Cash Fund in accordance with the New ABL Credit Facility Documents, the terms of the Senior Subordinated Notes, and the Intercreditor Agreement.

L. Claims Resolution Procedures Approved

46. The procedures for resolving contingent, unliquidated, and/or disputed claims outlined in Article VII of the Plan are hereby approved.

M. Exemption from Securities Laws

47. The offer, issuance, and distribution of the New Common Stock under the Plan and pursuant to the Rights Offering Procedures shall be exempt from applicable securities law as more fully described in Article VI.G of the Plan.

N. Retention of Causes of Action

48. Except as otherwise provided in the Plan, nothing contained in the Plan or this Order shall be deemed to be a waiver or relinquishment of any rights, claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Except as otherwise provided in the Plan, the Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights in respect of any Unimpaired Claim may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

O. Setoffs and Recoupments

49. Except as expressly provided in the Plan, each Debtor or Reorganized Debtor, as applicable, may, pursuant to Bankruptcy Code § 553 or applicable nonbankruptcy law, setoff or recoup against any Plan Distributions to be made on account of any Allowed Claim, any and all Claims, rights, and Causes of Action that such Debtor or Reorganized Debtor or its successors may hold against the holder of such Allowed Claim pursuant to Article VI.L of the Plan; provided, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by a Debtor or Reorganized Debtor or its successor of any Claims, rights, or Causes of Action that a Reorganized Debtor or its successor or assign may possess against such holder. Holders of Claims against, or Interests in, the Debtors shall be entitled to setoff or recoup any such Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, only after such holder either obtains the consent of the Reorganized Debtors or files and serves upon the Reorganized Debtors a notice of intent to effect a setoff or recoupment (a "Setoff/Recoupment Notice"). The Claim or Interest holder's right to effect the proposed setoff or recoupment in the Setoff/Recoupment Notice shall be allowed on a final basis if the Reorganized Debtors do not file a motion for determination of the Claim or Interest holder's purported setoff and/or recoupment rights in the Setoff/Recoupment Notice within ten (10) days of the filing of the Setoff/Recoupment Notice. For the avoidance of doubt, an indication in a Proof of Claim that such holder asserts, has, or intends to preserve any right of setoff or recoupment shall not constitute compliance with the requirement to file a Setoff/Recoupment Notice in the event the Interest or Claim holder does not obtain the consent of the Reorganized Debtors to assert its recoupment or setoff rights. Notwithstanding anything to the contrary herein, nothing in the Plan or Confirmation Order shall modify the rights, if any, of any counterparty to an Unexpired Lease of real property to assert any right of setoff or recoupment that such party may have under applicable non-bankruptcy law.

P. Continued Existence of the Official Committees

50. In accordance with Section XII.D of the Plan, the Creditors Committee shall continue to exist after the Effective Date in accordance with the following:

- a. During the Creditors Committee's continued post-Effective Date existence, the Creditors Committee shall be authorized to continue to employ its existing legal advisors and financial advisors. The Reorganized Debtors shall provide to the Creditors Committee monthly detail on all disputed claim resolutions and all allowed claim payments (in addition to any other specific reporting requirements set forth in this Order, the Plan and Plan Supplement). The Creditors Committee shall not have standing to object to Claims and its post-Effective Date role shall be limited to monitoring and, if necessary, seeking to enforce the Reorganized Debtors' compliance under the Plan with respect to (i) its treatment (including payment) of Class Five General Unsecured Claims and (ii) ensuring the transfer of required funds to the Escrow Account for the establishment and maintenance of the General Unsecured Cash Fund (collectively, "UCC Monitoring"). By filing a motion with the Bankruptcy Court, the Creditors Committee may seek an expansion of their role.
- b. The Reorganized Debtors are permitted to pay pursuant to this Order all post-Effective Date Creditors Committee's professional fees and expenses without further Bankruptcy Court order or approval. The Creditors Committee may seek payment from the Reorganized Debtors of up to \$35,000 per month for the payment of its costs and expenses relating to UCC Monitoring (the "UCC Monthly Cap"). For the avoidance of doubt, the Monthly Cap relates solely to UCC Monitoring and not to fees or expenses incurred by the Creditors Committee or its professionals post-Effective Date relating to preparation or approval of final fee applications that are compensable pursuant to the terms of the Plan. The Creditors Committee may seek an increase in the UCC Monthly Cap by filing a motion with the Bankruptcy Court.

- c. Not later than the eighteenth day of each month for the prior month beginning in February 2021 with respect to post-Effective Date fees and expenses incurred relating to UCC Monitoring, the Creditors Committee shall serve the Reorganized Debtors and their counsel with a fee statement which shall include detailed time records (appropriately redacted for privileged information) for the payment of professional fees (the “UCC Monthly Fee Statements”). The Reorganized Debtors shall have ten (10) days from the date of service of the UCC Monthly Fee Statements to resolve any objection they may have to the amounts requested in the UCC Monthly Fee Statements. In the event the Reorganized Debtors and the Creditors Committee are unable to resolve the Reorganized Debtors’ objections, the Reorganized Debtors may file an objection with the Bankruptcy Court not later than the twenty-eighth day of the month in which the UCC Monthly Fee Statement was served. If no objection is filed by the twenty-eighth day of the month in which the UCC Monthly Fee Statement was served, such amount shall become allowed on a final basis without further order of the Bankruptcy Court and the Reorganized Debtors shall pay the amount requested in the Monthly Fee Statement by the last business day of the month in which the UCC Monthly Fee Statement was served. If an objection is filed, the Reorganized Debtors shall pay any undisputed amount requested in the Monthly Fee Statement by the last business day of the month in which the UCC Monthly Fee Statement was served and, as to any disputed amounts, the amounts determined by the Bankruptcy Court to be owed within ten (10) days of the filing of an order by the Bankruptcy Court ruling on any such objection. In the event that the Creditors Committee incurs costs and expenses in excess of the UCC Monthly Cap, and the Reorganized Debtors in their sole discretion do not agree to pay such amount, the Creditors Committee must file a motion with the Bankruptcy Court for approval of such costs and expenses that are either (a) in excess of the UCC Monthly Cap or (b) that are otherwise objected to by the Reorganized Debtors and payment of such disputed amounts shall remain subject to approval by the Bankruptcy Court or resolution with the Reorganized Debtors. Notwithstanding the foregoing, the failure by the Creditors Committee to file a motion to expand its role or to increase the UCC Monthly Cap prior to incurring fees outside the scope of the UCC Monitoring or above the UCC Monthly Cap shall not create an inference that the fees incurred in excess of the UCC Monthly Cap are inappropriate or unreasonable. In the event such a motion is filed, the Reorganized Debtors may file, but shall not be required to file, an objection to any such motion or to the UCC Monthly Fee Statements.
- d. When all Class Five Disputed Claims have been resolved and all Allowed General Unsecured Claims have been paid in full in accordance with the terms of the Plan and this Order, the Reorganized Debtors or the Disbursing Agent shall file a notice with the Bankruptcy Court notifying parties in interest of the same (the “Final Claims Resolution Notice”) and shall serve such notice on the Creditors Committee. The Creditors Committee shall have fourteen (14) days from the date of the filing of the Final Claims Resolution Notice to contest the conclusions in the Final Claims Resolution Notice by filing a motion requesting a review of the Final Claims Resolution Notice (a “Motion for Review”). In the event of the filing of a Motion for Review, the parties shall seek an expedited setting with the Bankruptcy Court. The Creditors Committee shall be dissolved on the latest of (a) the date that is fifteen (15) days from the date of the filing of the Final Claims Resolution Notice if no Motion to Review is filed, (b) the date identified in the Bankruptcy Court’s ruling on a Motion for Review, or (c) such other date as shall be agreed to in writing by the Reorganized Debtors and the Creditors Committee. Notwithstanding the disbandment of the Creditors Committee, the Creditors Committee’s rights to pursue fees and expenses pursuant to the terms of the Plan and this Confirmation Order are reserved and preserved.

51.
the following:

In accordance with Section XII.D of the Plan, the Equity Committee shall continue to exist after the Effective Date in accordance with

- a. During the Equity Committee's continued post-Effective Date existence, the Equity Committee shall be authorized to continue to employ its existing legal advisors and financial advisors. The Equity Committee shall not have standing to object to Claims and its post-Effective Date role shall be limited to monitoring and, if necessary, seeking to enforce the Reorganized Debtors' compliance with respect to its treatment of Class Seven Interests and monitoring the Rights Offerings (collectively, "EC Monitoring"). By filing a motion with the Bankruptcy Court, the Equity Committee may seek an expansion of their role.
- b. The Reorganized Debtors are permitted to pay pursuant to this Order all post-Effective Date Equity Committee's professional fees and expenses without further Bankruptcy Court order or approval. The Equity Committee may seek payment from the Reorganized Debtors of up to \$35,000 per month for the payment of its costs and expenses relating to EC Monitoring (the "EC Monthly Cap"). For the avoidance of doubt, the Monthly Cap relates solely to EC Monitoring and not to fees or expenses incurred by the Equity Committee or its professionals post-Effective Date relating to preparation or approval of final fee applications that are compensable pursuant to the terms of the Plan. The Equity Committee may seek an increase in the EC Monthly Cap by filing a motion with the Bankruptcy Court.

- c. Not later than the eighteenth day of each month for the prior month beginning in February 2021 with respect to post-Effective Date fees and expenses incurred relating to EC Monitoring, the Equity Committee shall serve the Reorganized Debtors and their counsel with a fee statement which shall include detailed time records (appropriately redacted for privileged information) for the payment of professional fees (the “EC Monthly Fee Statements”). The Reorganized Debtors shall have ten (10) days from the date of service of the EC Monthly Fee Statements to resolve any objection they may have to the amounts requested in the EC Monthly Fee Statements. In the event the Reorganized Debtors and the Equity Committee are unable to resolve the Reorganized Debtors’ objections, the Reorganized Debtors may file an objection with the Bankruptcy Court not later than the twenty-eighth day of the month in which the EC Monthly Fee Statement was served. If no objection is filed by the twenty-eighth day of the month in which the EC Monthly Fee Statement was served, such amount shall become allowed on a final basis without further order of the Bankruptcy Court and the Reorganized Debtors shall pay the amount requested in the Monthly Fee Statement by the last business day of the month in which the EC Monthly Fee Statement was served. If an objection is filed, the Reorganized Debtors shall pay any undisputed amount requested in the Monthly Fee Statement by the last business day of the month in which the UCC Monthly Fee Statement was served and, as to any disputed amounts, the amounts determined by the Bankruptcy Court to be owed within ten (10) days of the filing of an order by the Bankruptcy Court ruling on any such objection. In the event that the Equity Committee incurs costs and expenses in excess of the EC Monthly Cap, and the Reorganized Debtors in their sole discretion do not agree to pay such amount, the Equity Committee must file a motion with the Bankruptcy Court for approval of such costs and expenses that are either (a) in excess of the EC Monthly Cap or (b) that are otherwise objected to by the Reorganized Debtors and payment of such disputed amounts shall remain subject to approval by the Bankruptcy Court or resolution with the Reorganized Debtors. Notwithstanding the foregoing, the failure by the Equity Committee to file a motion to expand its role or to increase the EC Monthly Cap prior to incurring fees outside the scope of the EC Monitoring or above the EC Monthly Cap shall not create an inference that the fees incurred in excess of the EC Monthly Cap are inappropriate or unreasonable. In the event such a motion is filed, the Reorganized Debtors may file, but shall not be required to file, an objection to any such motion or to the EC Monthly Fee Statements.
- d. When all Class Five Disputed Claims have been resolved and all Allowed General Unsecured Claims have been paid in full in accordance with the terms of the Plan and this Order, the Reorganized Debtors or the Disbursing Agent shall file a notice with the Bankruptcy Court notifying parties in interest of the same (the “Final Claims Resolution Notice”) and shall serve such notice on the Equity Committee. The Equity Committee shall have fourteen (14) days from the date of the filing of the Final Claims Resolution Notice to contest the conclusions in the Final Claims Resolution Notice by filing a motion requesting a review of the Final Claims Resolution Notice (a “Motion for Review”). In the event of the filing of a Motion for Review, the parties shall seek an expedited setting with the Bankruptcy Court. The Equity Committee shall be dissolved on the latest of (a) the date that is fifteen (15) days from the date of the filing of the Final Claims Resolution Notice if no Motion to Review is filed, (b) the date identified in the Bankruptcy Court’s ruling on a Motion for Review, (c) or such other date as shall be agreed to in writing by the Reorganized Debtors and the Equity Committee. Notwithstanding the disbandment of the Equity Committee, the Equity Committee’s rights to pursue fees and expenses pursuant to the terms of the Plan and this Confirmation Order are reserved and preserved.

Q. Non-Material Modifications to the Plan

52. The term Rights Offering Record Date in the Glossary of Defined Terms to the Plan is hereby replaced with the term “Rights Offering/Exchange Determination Date” and amended as indicated below (with the amendments indicated in bold and underlined). All references in the Plan to the term Rights Offering Record Date shall hereby be replaced with the term Rights Offering/Exchange Determination Date as amended below.

Rights Offering/Exchange Determination Record Date means the date established in accordance with the Rights Offering Documents as the ~~record~~ date for determining the holders of Allowed Tuesday Morning Corporation Interests entitled to **exchange their shares of the Existing Common Stock for the New Common Stock and receive** the Rights in the Eligible Offeree Rights Offering. The Rights **Offering/Exchange Determination Record** Date shall occur on the Effective Date or as soon as reasonably practicable after the Effective Date, but shall not be earlier than the Effective Date, and the Debtors shall provide advance public notice of the **anticipated Rights Offering/Exchange Determination Record** Date in accordance with Applicable Law.

53. Each reference to “30th day following the Effective Date” in Section IV.E.4 of the Plan shall hereby be amended as follows:

30th day following the Effective Date (**or if such date is not a Business Day, the next Business Day**).

54. The definitions of Sale Leaseback and Sale Leaseback Counterparty in the Glossary of Defined Terms to the Plan is amended as follows (with the amendments indicated in bold and underlined):

Sale Leaseback means the sale-leaseback transaction pursuant to which the Debtors will consummate a sale of the Debtors’ owned real estate to the Sale Leaseback Counterparty for a ~~\$60,000,000~~ **\$70,250,000** purchase price and a related lease-back of the owned real property to the Reorganized Debtors.

Sale Leaseback Counterparty means ~~Rialto Real Estate Fund IV—Property L.P.~~ **PBV-14303 Inwood Road, LP.**⁴

55. Section XII.D of the Plan is amended as follows (with the amendments indicated in bold and underlined):

At the Confirmation Hearing, the Bankruptcy Court shall determine the scope of the role that the Creditors Committee and the Equity Committee (if any) shall have after the Effective Date and shall also determine the timing and circumstances under which the Creditors Committee or the Equity Committee, as the case may be, shall be dissolved. Subject to any limitations imposed by the Bankruptcy Court in the Confirmation Order, the Reorganized Debtors shall be responsible for paying any fees or expenses incurred by the members of or advisors to the Creditors Committee and the Equity Committee (as applicable) after the Effective Date (including fees and/or expenses incurred preparing and filing final fee applications and obtaining Bankruptcy Court approval of the same) until the dissolution of the Creditors Committee and/or the Equity Committee (as applicable) in accordance with the Bankruptcy Court's determination. **Notwithstanding the foregoing, nothing in the Confirmation Order or the Plan shall be construed to authorize payments under Bankruptcy Code § 330(a)(1) for attorneys' fees for work performed in defending a fee application in court.** The Bankruptcy Court's ruling, including with respect to the proper scope of the Creditors Committee's and the Equity Committee's respective roles, the timing of the dissolution of the Creditors Committee and the Equity Committee, applicable budgets for services to be provided by the respective committees (as applicable), and related matters will be incorporated into the Confirmation Order.

56. The final paragraph of section XII.G of the Plan is amended as follows (with the amendments indicated in bold and underlined):

After the Effective Date, the Reorganized Debtors have authority to send a notice to Entities that request to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Reorganized Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests **and to known Entities whose rights are directly affected by such documents.**

57. Section V.C of the Plan is amended as follows (with amendments indicated in bold and underlined):

⁴ The Debtors previously amended these definitions through the Plan Supplement. However, in the Plan Supplement the name of the new Sale Leaseback Counterparty was incorrectly identified as PBV-1403 Inwood Road, LP instead of PBV-14303 Inwood Road, LP (correction indicated in bold and underlined).

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases that are rejected pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, (3) the Effective Date, or (4) such other date after the Effective Date that the applicable Schedules are altered, amended, modified, or supplemented, but only with respect to any Executory Contract or Unexpired Lease thereby affected. **The Reorganized Debtors shall file a notice with the Bankruptcy Court identifying any Claims that the Reorganized Debtors believe constitute late-filed Claims pursuant to this section V.C and serve such notice on each affected counterparty to an Executory Contract or Unexpired Lease. Affected parties shall have twenty-one days from the date of the filing of such notice to file a motion either contesting that an applicable Claim constitutes a late-filed Claim or requesting authority to file a late-filed claim. In the absence of a ruling by the Bankruptcy affirming that the Claim is not a late-filed Claim or approving a motion for authority to file a late-filed claim,** any Claims arising from the rejection of an Executory Contract or Unexpired Lease not timely filed with the Bankruptcy Court within the time period described in this Section V.C. of the Plan will be disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates or their property.

58. The final sentence of the second paragraph of section V.D of the Plan is amended as follows (with amendments indicated in bold and underlined):

Upon satisfaction of any applicable Allowed Cure Claims, **the Reorganized Debtors shall file a notice with the Bankruptcy Court identifying Proofs of Claim or other applications for payment of Administrative Claims that have been satisfied by payment of such Allowed Cure Claims (a "Cure Satisfaction Notice") and shall serve the Cure Satisfaction Notice on each affected counterparty to an Executory Contract or Unexpired Lease. To the extent an affected counterparty to an Executory Contract or Unexpired Lease contests that its Cure Claims (including Claims asserted in applicable Proofs of Claim or other applications for payment of Administrative Claims) have been fully satisfied as provided in the Cure Satisfaction Notice, within twenty-one (21) days of the filing of the Cure Satisfaction Notice, such counterparties must file a motion with the Bankruptcy Court requesting a determination of any outstanding Cure Claims. In the absence of the filing of a motion requesting a determination of any outstanding Cure Claims, the** Proofs of Claim **or other applications for payment of Administrative Claims** Filed with respect to an Executory Contract or Unexpired Lease **identified in the Cure Satisfaction Notice** ~~that has been assumed~~ shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

R. Resolutions with Taxing Authorities

59. Notwithstanding anything to the contrary in the Plan or this Confirmation Order, with respect to the Claims of the Texas Taxing Authorities⁵ under the Texas Tax Code (the “Texas Taxing Authority Claims”) and Claims of the Maricopa County Treasurer (collectively, the “Ad Valorem Taxing Authorities” and the “Ad Valorem Tax Claims”), (a) the Liens, if any, securing the Ad Valorem Tax Claims shall be retained until the applicable Ad Valorem Tax Claims are paid in full, and (b) the Debtors or the Reorganized Debtors, as applicable, shall pay Allowed Ad Valorem Tax Claims on or before becoming delinquent pursuant to applicable non-bankruptcy law. All rights and defenses of the Debtors and the Reorganized Debtors, and any other interested party under bankruptcy or non-bankruptcy law are reserved and preserved with respect to such Ad Valorem Tax Claims and Liens, including their rights to dispute or object to any claim, Lien, interest, penalties, or any other amounts asserted to be part of the Ad Valorem Tax Claims and to seek subordination of any claims arising from tax penalties, as applicable. The Ad Valorem Taxing Authorities’ Lien priorities, if any, shall not be primed or subordinated by the Liens granted pursuant to the New ABL Credit Facility or the Senior Subordinated Notes, if approved by the Bankruptcy Court in conjunction with the Confirmation of the Plan or otherwise, unless provided otherwise under bankruptcy or non-bankruptcy law.

⁵ Alief ISD, Allen, Allen ISD, Angelina County, Arlington ISD, Bell County, Bexar County, Bowie CAD, Brazos County, Brazoria County, Burleson ISD, Burnett CAD, Cameron County, Carrollton-Farmers Branch ISD, Clear Creek ISD, City of Burleson, City of Friendswood, City of Garland, City of Harlingen, City of Houston, City of Tomball, City of Wichita Falls, City of Waco, Comal County, Crowley ISD, Cypress Fairbanks ISD, Dallas County, Denton County, Ector CAD, El Paso, Ellis County, Fort Bend County, Fort Bend ISD, Friendswood ISD, Frisco ISD, Galveston County, Garland ISD, Grapevine-Colleyville ISD, Grayson County, Gregg County, Guadalupe County, Harris County, Harlingen CISD, Hays County, HC MUD 81, H-FBC MUD 3, Hood CAD, Hidalgo County, Highland Park ISD, Humble ISD, Irving ISD, Jefferson County, Johnson County, Klein ISD, La Porte, La Porte ISD, Lubbock CAD, Kerr County, Kerville ISD, Lewisville ISD, McAllen, McLennan County, Midland County, Midland CAD, Montgomery County, Northwest ISD, Nueces County, Parker CAD, Pasadena ISD, Randall County Tax Office, Rockwall CAD, San Marcos CISD, Smith County, Spring Branch ISD, Tarrant County, Taylor CAD, Tyler ISD, Tomball ISD, Tom Green CAD, Travis County, Victoria County, Waco County, Williamson County, Wise County, and Wichita County.

60. In the event of a default in the payment of the Ad Valorem Tax Claims as provided herein, the Ad Valorem Tax Claims shall provide notice to counsel for the Reorganized Debtors who shall have twenty (20) days from the date of such notice to cure the default. If the default is not cured, the Ad Valorem Tax Claims shall be entitled to pursue collection of all amounts owed pursuant to state law outside the Bankruptcy Court subject to all rights and defenses of the Debtors and the Reorganized Debtors, and any other interested party under bankruptcy or non-bankruptcy law. Failure to pay the 2020 ad valorem taxes prior to the state law delinquency date may constitute an event of default but only as to the relevant Ad Valorem Taxing Authority. In the event that collateral that secures the Claim of one or more of the Ad Valorem Tax Claims is returned to a creditor holding only a Lien that is junior to the Ad Valorem Taxing Authorities' Lien, the Debtors or Reorganized Debtors, as applicable, shall first pay all ad valorem property taxes that are secured by such collateral.

61. Notwithstanding anything in the Plan or this Order to the contrary, the Debtors', the Reorganized Debtors', and the Mississippi Department of Revenues' (the "MDOR") setoff rights under Bankruptcy Code § 553 (if any) and recoupment rights (if any) are preserved. The MDOR shall not be required to file any proofs of claim or requests for payment in the Chapter 11 Cases for any Administrative Claim for liabilities of the kind described in Bankruptcy Code § 503(b)(1)(B) and (C). The Debtors or Reorganized Debtors, as applicable, shall timely submit returns and remit payment, including penalties and interest (if any), for all taxes due or coming, as required under applicable Mississippi state law. Notwithstanding the foregoing, in the event of a dispute regarding the amount of taxes, penalties, or interest owed by the Debtors for the period prior to the Effective Date or whether the Debtors or Reorganized Debtors have failed to timely pay any such amounts as they have come due, either the MDOR or the Reorganized Debtors may petition the Bankruptcy Court by motion to resolve any such disputes and the Bankruptcy Court shall retain exclusive jurisdiction to resolve any such disputes.

62. To the extent the MDOR's Priority Tax Claims, if any, are not paid in full in cash on the Effective Date, such Priority Tax Claims shall, at a minimum, be paid by regular, quarterly installment payments in cash over a period not to exceed five years after the date of the order for relief under Bankruptcy Code § 301, all as required by Bankruptcy Code § 1129(a)(9)(C), along with non-bankruptcy interest in accordance with Bankruptcy Code §§ 511 and 1129(a)(9)(C) and Mississippi state law, as applicable. Without any prior approvals, MDOR may timely amend any Proof of Claim against any Debtor after the bar date applicable to Governmental Units, or the Effective Date, whichever is later, with respect to (a) a pending audit, (b) an audit that may be performed, with respect to any pre- or post-petition tax return, or (c) the filing of a tax return; notwithstanding the foregoing, the rights of the Debtors and the Reorganized Debtors with respect to any such amended Proof of Claim shall be fully reserved and preserved.

63. In the event the MDOR believes there has been a default in payment by the Debtors or the Reorganized Debtors of Priority Unsecured Tax Claims of the MDOR, the MDOR shall send written notice of default to the Debtors or Reorganized Debtors, as applicable, to the address in MDOR's records and to the notice address for the Debtors in section XII.G of the Plan. If such default is not cured within 10 business days after such notice of default is mailed, the MDOR may petition the Bankruptcy Court by motion to adjudicate any such default or related disputes and the Bankruptcy Court shall retain exclusive jurisdiction to resolve any such disputes. For the avoidance of doubt, nothing in this Confirmation Order or the Plan shall affect or relieve the Debtors' or Reorganized Debtors' obligations to timely submit returns and remit payment for all taxes due or coming due under applicable Mississippi state law either prior to or after the Effective Date, in accordance therewith.

S. Miscellaneous Confirmation Provisions

64. Upon entry of this Order, the Debtors, the Reorganized Debtors, and any other Person having duties or responsibilities under the Plan, the Rights Offering Procedures, or this Order, and their respective directors, officers, general partners, agents, trustees, representatives, and attorneys are specifically authorized, empowered, and directed to take any and all actions necessary or appropriate to implement, effectuate, and consummate the Plan, the Plan Documents, the Rights Offerings, and the terms of this Order and the transactions respectively contemplated in those documents, all in accordance with the terms thereof, and are authorized and directed to take all steps necessary and appropriate to implement the Plan terms without the need for further shareholder, member, director or other corporate approvals.

65. This Order is in recordable form and shall be accepted by any filing or recording officer or authority of any applicable governmental unit for filing and recording purposes without further or additional orders, certifications, or other supporting documents. Each federal, state, commonwealth, local, foreign, or other governmental agency is hereby authorized to accept any and all documents, mortgages, and instruments necessary or appropriate to effectuate, implement or consummate the transactions contemplated by the Plan and this Order.

66. Under Bankruptcy Code § 1146(c), the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under the Plan, shall not be taxed under any law imposing a stamp tax or similar tax, including, without limitation, the issuance of the New Common Stock or the closing of the Sale Leaseback Transaction. The appropriate state or local government officials or agents are directed to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

67. To the extent that, under applicable nonbankruptcy law, any of the actions contemplated in the Plan would otherwise require the consent or approval of the holders of Interests in the Debtors, this Order shall constitute such consent or approval, and such actions shall be, and are deemed to have been, taken by unanimous action of the holders of Interests in the Debtors.

68. Pursuant to Bankruptcy Code §§ 1123(a) and 1142(a), the provisions of this Order, the Plan, the Sale Leaseback Documents, and all other agreements and documents executed and delivered pursuant to the Plan shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

69. The Debtors and the Reorganized Debtors shall have the right, to the full extent permitted by Bankruptcy Code § 1142, to apply to the Bankruptcy Court for an order, notwithstanding any otherwise applicable non-bankruptcy law, directing any appropriate entity to execute and deliver an instrument or perform any other act necessary to implement the Plan or the provisions of this Order.

70. This Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or other governmental authority with respect to the implementation or consummation of the Plan and Plan Documents, any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in, or contemplated by, the Plan and the Plan Documents.

71. On and after the Effective Date, pursuant to Bankruptcy Code §§ 105 and 1142, the Bankruptcy Court, except as otherwise provided in the Plan or in this Order, shall retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases, including, but not limited to, jurisdiction over the matters set forth in Article XI of the Plan. For the avoidance of doubt, as set forth in Article XI of the Plan, the Bankruptcy Court shall not retain jurisdiction over the Exit Financing and its related definitive documents.

72. The failure to include specifically any particular provision of the Plan in this Order will not diminish the effectiveness of such provision nor constitute a waiver thereof, it being the intent that the Plan is confirmed in its entirety.

73. The provisions of the Plan and this Order are nonseverable and mutually dependent.

74. All fees and charges chargeable pursuant to 28 U.S.C. § 1930 shall be timely paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. Any outstanding amounts owed under 28 U.S.C. § 1930(a) by any of the Debtors, and any interest thereon pursuant to 31 U.S.C. § 3717, as of the Effective Date shall be paid in full on the Effective Date. Notwithstanding the inclusion of fees and charges under 28 U.S.C. § 1930 in the Plan definition of “Administrative Claim”, the United States Trustee shall not be required to file any proof of claim or request for payment of an Administrative Claim.

75. On the Effective Date the Plan shall be deemed to be substantially consummated under Bankruptcy Code §§ 1101 and 1127.

76. This Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof. The requirements under Bankruptcy Rule 3020(e) that an order confirming a plan is stayed until the expiration of 14 days after entry of the order are hereby waived. This Order shall take effect immediately and shall not be stayed pursuant to Bankruptcy Rules 3020(e), 6004(h), 6006(d), or 7062. If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed by a subsequent order of the Bankruptcy Court, or any other court, such reversal, stay, modification or vacatur shall not affect the validity or enforceability of any act, obligation, indebtedness, liability, priority, or lien incurred or undertaken by the Debtors, or the Reorganized Debtors, as applicable, prior to the effective date of such reversal, stay, modification or vacatur. Notwithstanding any such reversal, stay, modification or vacatur of this Order, any such act or obligation incurred or undertaken pursuant to, or in reliance on, this Order prior to the effective date of such reversal, stay, modification or vacatur shall be governed in all respects by the provisions of this Order, the Plan and the Plan Documents, and shall remain binding on the Debtors or the Reorganized Debtors, as the case may be.

77. In the event of a conflict between the terms and conditions of this Order, the Plan, the Plan Documents, and/or any other supporting document, the terms and conditions of this Order shall control. The provisions of this Order are integrated with each other and are non-severable and mutually dependent unless expressly stated by further order of the Bankruptcy Court.

78. The Challenge Deadline (as defined in the DIP Revolving Financing Order) has occurred, and the stipulations, admissions, findings, and release contained in the DIP Revolving Financing Order shall be binding on the Debtors' Estates and all parties in interest as of the date set forth in the DIP Revolving Financing Order.

79. The Debtors are authorized and directed to pay, on the Effective Date, all accrued and unpaid reasonable and documented fees and expenses, through the Effective Date of (i) the DIP Revolving Facility Agent and (ii) the DIP Real Estate Facility Agent in accordance with and satisfaction of the condition precedent to the occurrence of the Effective Date set forth in section IX.B.5 of the Plan.

80. The Rialto Settlement, as described in paragraph N of this Order, is approved and Rialto is hereby granted the Rialto Administrative Claim in the Chapter 11 Cases in the amount of \$500,000. On the Effective Date, or promptly thereafter, the Reorganized Debtors shall satisfy the Rialto Administrative Claim by making a cash payment to Rialto.

81. On the Effective Date or promptly thereafter, the Debtors shall File a notice of the occurrence of the Effective Date (the “Notice of Effective Date”) with the Bankruptcy Court. As soon as practicable after the occurrence of the Effective Date, the Reorganized Debtors shall serve the Notice of Effective Date on all holders of Claims and Interests, the U.S. Trustee, and other parties in interest, by causing the Notice of Effective Date to be delivered to such parties by first class United States mail. The Reorganized Debtors shall also post the Notice of Effective Date on the website for the Chapter 11 Cases: <https://dm.epiq11.com/case/tuesdaymorning/info>.

T. Additional Plan Modifications

82. The definition of Releasing Party in the Glossary of Defined Terms to the Plan is amended as follows (with the amendments indicated in bold and underlined):

Releasing Party means (i) the holders of all Claims or Interests who (a) vote to accept the Plan or (b) ~~either (1) abstain from voting or (2) vote to reject the Plan and, in the case of either (b)(1) or (2), does~~ do not opt out of the voluntary release contained in Article VIII of the Plan by checking the opt out box on the Ballot and returning it in accordance with the instructions set forth thereon, indicating that they opt not to grant the releases provided in the Plan; and (ii) the holders of Claims or Interests that are Unimpaired under the Plan.

83. Section IX.B.2 of the Plan is amended as follows (with amendments indicated in bold and underlined):

The Plan and the Plan Supplement, including any exhibits, schedules, documents, amendments, modifications, or supplements thereto, and inclusive of any amendments, modifications, or supplements made after the Confirmation Date but before the Effective Date, shall, absent Bankruptcy Court approval, be limited to non-material modifications and shall be in form and substance acceptable to the DIP Revolving Facility Agent, the Equity Committee, and the DIP Real Estate Facility Agent, to the extent required under the DIP Real Estate Facility Credit Agreement; and any post-Effective Date modification of the Plan shall require approval of the Bankruptcy Court;

END OF ORDER

Submitted by:

Ian T. Peck
State Bar No. 24013306
Jarom J. Yates
State Bar No. 24071134
Jordan E. Chavez
State Bar No. 24109883
HAYNES AND BOONE, LLP
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: 214.651.5000
Facsimile: 214.651.5940
Email: ian.peck@haynesboone.com
Email: jarom.yates@haynesboone.com
Email: jordan.chavez@haynesboone.com

ATTORNEYS FOR THE DEBTORS

EXHIBIT A

The Plan

[Filed as Exhibit 99.2 to this Form 8-K]

EXHIBIT B

Opt-Out Parties

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re: § Chapter 11
Tuesday Morning Corporation, *et al.*,¹ §
Debtors. § Case No. 20-31476-HDH-11
§ Jointly Administered

REVISED SECOND AMENDED JOINT PLAN OF REORGANIZATION
OF TUESDAY MORNING CORPORATION, *ET AL.*, PURSUANT TO
CHAPTER 11 OF THE BANKRUPTCY CODE
(CONFIRMED VERSION)

Ian T. Peck
State Bar No. 24013306
Jarom J. Yates
State Bar No. 24071134
Jordan E. Chavez
State Bar No. 24109883
HAYNES AND BOONE, LLP
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: 214.651.5000
Facsimile: 214.651.5940
Email: ian.peck@haynesboone.com
Email: jarom.yates@haynesboone.com
Email: jordan.chavez@haynesboone.com

ATTORNEYS FOR DEBTORS

Dated: December 22, 2020

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Tuesday Morning Corporation (8532) (“TM Corp.”); TMI Holdings, Inc. (6658) (“TMI Holdings”); Tuesday Morning, Inc. (2994) (“TMI”); Friday Morning, LLC (3440) (“FM LLC”); Days of the Week, Inc. (4231) (“DOTW”); Nights of the Week, Inc. (7141) (“NOTW”); and Tuesday Morning Partners, Ltd. (4232) (“TMP”). The location of the Debtors’ service address is 6250 LBJ Freeway, Dallas, TX 75240.

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INTRODUCTION

The Debtors hereby propose this Chapter 11 Plan under Bankruptcy Code section 1121 for the resolution of outstanding Claims against, and Interests in, the Debtors. Holders of Claims or Interests may refer to the Disclosure Statement, filed contemporaneously with the Plan, for a summary and description of the Plan and certain related matters.

ARTICLE I. DEFINED TERMS, RULES OF INTERPRETATION, CONSTRUCTION OF TERMS, COMPUTATION OF TIME, AND GOVERNING LAW

A. *Defined Terms.*

All capitalized terms not defined elsewhere in the Plan shall have the meaning assigned to them in the Glossary of Defined Terms attached hereto as **Exhibit A**. Any capitalized term used in the Plan and not defined herein, but that is defined in the Bankruptcy Code, has the meaning assigned to that term in the Bankruptcy Code. Any capitalized term used in the Plan and not defined herein or in the Bankruptcy Code, but that is defined in the Bankruptcy Rules, has the meaning assigned to that term in the Bankruptcy Rules.

B. *Rules of Interpretation and Construction of Terms.*

For purposes of the Plan: (1) any reference in the Plan to an existing document or exhibit Filed or to be Filed means that document or exhibit as it may have been or may be amended, supplemented, or otherwise modified; (2) unless otherwise specified, all references in the Plan to sections, articles, and exhibits are references to sections, articles, or exhibits of the Plan; (3) the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan in its entirety and not to any particular portion of the Plan; (4) captions and headings contained in the Plan are inserted for convenience and reference only, and are not intended to be part of or to affect the interpretation of the Plan; (5) wherever appropriate from the context, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter gender; (6) unless otherwise specified, all references herein to exhibits are references to the exhibits in the Plan Supplement; (7) any reference to an Entity as a Holder of a Claim or Interest includes the Entity’s successors and assigns; (8) any reference to docket numbers of documents Filed in the Chapter 11 Cases are references to docket numbers under the Bankruptcy Court’s CM/ECF system; and (9) the rules of construction outlined in Bankruptcy Code § 102 and in the Bankruptcy Rules apply to the Plan.

C. *Computation of Time.*

In computing any period, date, or deadline prescribed or allowed in the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. If the date on which a transaction may or must occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. *Governing Law.*

Subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with, applicable federal law, including the Bankruptcy Code and the Bankruptcy Rules.

E. *Reference to Monetary Figures.*

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. *Reference to the Debtors or the Reorganized Debtors.*

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

**ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS**

In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims, Professional Compensation Claims, DIP Revolving Facility Claims, DIP Real Estate Facility Claims and Priority Unsecured Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III hereof.

A. *Administrative Claims.*

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Compensation Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); or (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 10 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter.

Except for Professional Compensation Claims, DIP Revolving Facility Claims, DIP Real Estate Facility Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claim Bar Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 30 days after the Effective Date and (2) 30 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with an order of, the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not File and serve such a request by the Administrative Claim Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

B. *DIP Revolving Facility Claims.*

The DIP Revolving Facility Claims shall be Allowed in an amount equal to the amount of such DIP Revolving Facility Claims accrued or incurred as of the Effective Date, subject to the provisions of the DIP Financing Order. Except to the extent that a holder of an Allowed DIP Revolving Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Revolving Facility Claim, each such Allowed DIP Revolving Facility Claim shall be Paid in Full in Cash by the Debtors on the Effective Date, without setoff, deduction or counterclaim, in accordance with the terms of the Payoff Letter. Upon the indefeasible Payment in Full of the DIP Revolving Facility Claims, on the Effective Date, all liens and security interests granted to secure such Allowed DIP Revolving Facility Claims shall be terminated and of no further force and effect.

C. *DIP Real Estate Facility Claims.*

The DIP Real Estate Facility Claims shall be Allowed in the amount of such DIP Real Estate Facility Claims accrued or incurred as of the Effective Date. Except to the extent that a holder of an Allowed DIP Real Estate Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Real Estate Facility Claim, each holder of an Allowed DIP Real Estate Facility Claim shall be Paid in Full in Cash by the Debtors on the Effective Date without setoff, deduction or counterclaim, in accordance with the terms of the Payoff Letter. Upon the indefeasible Payment in Full of the DIP Real Estate Claims in accordance with the terms of the Plan, on the Effective Date, all liens and security interests granted to secure such Allowed DIP Real Estate Facility Claims shall be terminated and of no further force and effect.

D. *Professional Compensation Claims.*

1. Final Fee Applications and Payment of Professional Compensation Claims.

All requests for payment of Professional Compensation Claims for services rendered and reimbursement of expenses incurred prior to the Effective Date must be Filed no later than the Professional Compensation Claim Bar Date; provided, however, that Ordinary Course Professionals shall be compensated in accordance with the terms of the Ordinary Course Professionals Order. Objections to Professional Compensation Claims must be Filed and served on the Reorganized Debtors and the Professional to whose application the objections are addressed no later than the Professional Compensation Claim Objection Deadline. The Bankruptcy Court shall determine the Allowed amounts of such Professional Compensation Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. On the Effective Date, the Reorganized Debtors shall establish the Professional Compensation Claim Reserve for payment of Allowed Professional Compensation Claims and shall pay such Professional Compensation Claims in Cash in the amount the Bankruptcy Court allows from such reserve and from the Reorganized Debtors' Cash.

2. Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

E. *Priority Unsecured Tax Claims.*

Except to the extent that a holder of an Allowed Priority Unsecured Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Unsecured Tax Claim, each holder of such Allowed Priority Unsecured Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code; provided, however, that the Reorganized Debtors shall have the right to pay any Allowed Priority Unsecured Tax Claim, or the remaining balance of any such Claim, in full in Cash at any time on or after the Effective Date, without premium or penalty.

**ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

A. *Classification in General.*

The Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

B. *Grouping of Debtors for Convenience Only.*

The Plan groups the Debtors together solely for the purpose of describing treatment of Claims and Interests under the Plan and confirmation of the Plan. Although the Plan applies to all of the Debtors, the Plan constitutes seven (7) distinct Plans, one for each Debtor, and for voting and distribution purposes, each Class of Claims will be deemed to contain sub-classes for each of the Debtors, to the extent applicable. To the extent there are no Allowed Claims or Interests with respect to a particular Debtor, such Class is deemed to be omitted with respect to such Debtor. Except as otherwise provided herein, to the extent a holder has a Claim that may be asserted against more than one Debtor, the vote of such holder in connection with such Claims shall be counted as a vote of such Claim against each Debtor against which such holder has a Claim. The grouping of the Debtors in this manner shall not affect any Debtor's status as a separate legal Entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger of consolidation of any legal Entities, or cause the transfer of any Assets, and, except as otherwise provided by or permitted under the Plan, all Debtors shall continue to exist as separate legal Entities.

C. *Summary of Classification of Claims and Interests.*

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Priority Unsecured Claims	Impaired	Entitled to Vote
Class 2	Other Secured Claims	Impaired	Entitled to Vote
Class 3	Secured Tax Claims	Impaired	Entitled to Vote
Class 4	Existing First Lien Credit Facility Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Unimpaired/Impaired	Not Entitled to Vote (Deemed to Accept or Reject depending on treatment)
Class 7	Tuesday Morning Corporation Interests	Impaired	Entitled to Vote
Class 8	Intercompany Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)

D. *Treatment of Claims and Interests.*

1. Class 1 – Other Priority Unsecured Claims

(a) *Classification:* Class 1 consists of any Other Priority Unsecured Claims against any Debtor.

(b) *Treatment:* At the option of the applicable Debtor, each holder of an Allowed Other Priority Unsecured Claim shall receive, on or after the Effective Date, except to the extent that a holder of an Allowed Other Priority Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Unsecured Claim, the following:

(i) Payment in full in Cash of its Allowed Class 1 Claim; or

(ii) Such other treatment as is consistent with the requirements of Bankruptcy Code section 1129(a)(9).

Plan.

(c) *Voting:* Class 1 is Impaired under the Plan. Holders of Allowed Claims in Class 1 are entitled to vote to accept or reject the

2. Class 2 - Other Secured Claims

(a) *Classification:* Class 2 consists of any Other Secured Claims against any Debtor.

(b) *Treatment:* At the option of the applicable Debtor, each holder of an Allowed Other Secured Claim shall receive, on or after the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, the following:

(i) Payment in full in Cash of its Allowed Class 2 Claim;

(ii) The collateral securing its Allowed Class 2 Claim; provided, however, any collateral remaining after satisfaction of such Allowed Class 2 Claim shall revert in the applicable Reorganized Debtor pursuant to the Plan; or

(iii) Reinstatement of its Allowed Class 2 Claim.

Plan.

(c) *Voting:* Class 2 is Impaired under the Plan. Holders of Allowed Claims in Class 2 are entitled to vote to accept or reject the

3. Class 3 – Secured Tax Claims

(a) *Classification:* Class 3 consists of any Secured Tax Claims against any Debtor.

(b) *Treatment:* At the option of the applicable Debtor, each holder of an Allowed Secured Tax Claim shall receive, on or after the Effective Date, except to the extent that a holder of an Allowed Secured Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Tax Claim, the following:

(i) Payment in full in Cash of its Allowed Class 3 Claim;

(ii) The collateral securing its Allowed Class 3 Claim; provided, however, any collateral remaining after satisfaction of such Allowed Class 3 Claim shall revert in the applicable Reorganized Debtor pursuant to the Plan; or

(iii) Such other treatment consistent with the requirements of Bankruptcy Code section 1129(a)(9).

(c) *Voting:* Class 3 is Impaired under the Plan. Holders of Allowed Claims in Class 3 are entitled to vote to accept or reject the Plan.

4. Class 4 – Existing First Lien Credit Facility Claims

(a) *Classification:* Class 4 consists of all Existing First Lien Credit Facility Claims.

(b) *Allowance:* The Existing First Lien Credit Facility Claims shall be Allowed in an amount equal to the amount of the Existing First Lien Credit Facility Claims accrued or incurred as of the Effective Date, without setoff, deduction or counterclaim, and subject to the provisions of the DIP Financing Order.

(c) *Treatment:* Each holder of an Allowed Existing First Lien Credit Facility Claim shall receive, except to the extent that a holder of an Allowed Existing First Lien Credit Facility Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Existing First Lien Credit Facility Claim, Payment in Full, in Cash, of its Allowed Class 4 Claim plus any and all fees, interest (both pre and post-Petition Date), and reimbursement of expenses, and any other amounts owed or arising under the Existing First Lien Credit Documents through the time of Payment in Full, in three equal installments to be paid on the 30th, 60th, and 90th days after the Effective Date (each a “*Payment Date*”). If a Payment Date does not fall on a Business Day, such Payment Date shall be extended to the next Business Day. All liens and security interests granted to secure such Allowed Existing First Lien Credit Facility Claims shall be retained until such payments shall have been made. Further, in the event that the Existing First Lien Agent is the agent for the New ABL Credit Facility, it shall retain the liens and security interests securing the Existing First Lien Credit Facility Claims after such payments are made and have such liens and security interests secure the New ABL Credit Facility.

(d) *Voting:* Class 4 is Impaired under the Plan. Holders of Allowed Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. Class 5 – General Unsecured Claims

(a) *Classification:* Class 5 consists of all General Unsecured Claims.

(b) *Treatment:* Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, each holder of an Allowed Class 5 Claim shall receive payment in full of its Allowed Class 5 Claim from the General Unsecured Cash Fund with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date.

(c) *Voting:* Class 5 is Impaired under the Plan. Holders of Allowed Claims in Class 5 are entitled to vote to accept or reject the Plan.

6. Class 6 – Intercompany Claims

(a) *Classification:* Class 6 consists of all Intercompany Claims.

(b) *Treatment:* On the Effective Date, Class 6 Claims shall be, at the option of the Debtors, either Reinstated or cancelled and released without any distribution

(c) *Voting:* Class 6 is Unimpaired if the Class 6 Claims are Reinstated or Impaired if the Class 6 Claims are cancelled. Holders of Class 6 Claims are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code. Holders of Class 6 Claims are not entitled to vote to accept or reject the Plan

7. Class 7 – Tuesday Morning Corporation Interests

(a) *Classification:* Class 7 consists of all Tuesday Morning Corporation Interests.

(b) *Treatment:* On the Effective Date, each outstanding share of the Existing Common Stock shall remain outstanding. On the Rights Offering Distribution Date, each share of the Existing Common Stock outstanding on the Rights Offering Record Date shall be exchanged for (1) one share of the New Common Stock and (2) a Share Purchase Right entitling the holder to purchase its Pro Rata portion of the Eligible Offeree Rights Offering Common Stock. On the Effective Date, all Class 7 Interests consisting of options, warrants, or other rights, contractual or otherwise, to acquire shares of the Existing Common Stock shall be reinstated and entitle the holder to acquire an equal number of shares of the common stock of Reorganized Tuesday Morning subject to dilution as a result of the issuance of the Rights Offering Common Stock and the issuance of equity securities on and after the Effective Date pursuant to the Management Incentive Plan.

(c) *Voting:* Class 7 is Impaired under the Plan. Holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Intercompany Interests

(a) *Classification:* Class 8 consists of all Intercompany Interests.

(b) *Treatment:* Intercompany Interests shall receive no distribution and shall be Reinstated for administrative purposes only at the election of the Reorganized Debtors.

(c) *Voting:* Class 8 is Unimpaired under the Plan. Holders of Class 8 Interests are deemed to accept the Plan.

E. *Special Provision Governing Unimpaired Claims.*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, all rights in respect of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

F. *Elimination of Vacant Classes.*

Any Class of Claims that does not have a holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

G. *Voting Classes, Presumed Acceptance by Non-Voting Classes.*

Only holders of Allowed Claims in Classes 1, 2, 3, 4, 5, and 7 are entitled to vote to accept or reject the Plan. Holders of Claims in Classes 1, 2, 3, 4, 5, and 7 will receive Ballots containing detailed voting instructions.

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims or Interests in such Class shall be deemed to have accepted the Plan.

H. *Intercompany Interests.*

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests are not being received by holders of such Intercompany Interests on account of their Intercompany Interests but for the purposes of administrative convenience, for the ultimate benefit of the holders of Common Stock, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the holders of Allowed Claims. Any Interest in non-Debtor subsidiaries owned by a Debtor shall continue to be owned by the applicable Reorganized Debtor.

I. *Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.*

If any Class of Claims entitled to vote on the Plan does not vote to accept the Plan, the Debtors may (i) seek confirmation of the Plan under Bankruptcy Code section 1129(b) or (ii) amend or modify the Plan in accordance with Article X of the Plan and the Bankruptcy Code.

J. *Controversy Concerning Impairment.*

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

K. *Subordinated Claims.*

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

L. *No Waiver.*

Nothing contained in the Plan shall be construed to waive a Debtor's or other Person's right to object on any basis to any Claim or Interest.

**ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN**

A. *Corporate Existence.*

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is currently incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

B. *Reorganized Debtors.*

On the Effective Date, the New Board shall be established, and the Reorganized Debtors shall adopt its New Organizational Documents and the Management Incentive Plan. The Reorganized Debtors shall have the authority to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan.

C. *Restructuring Transactions.*

On the Effective Date, the applicable Debtors or the Reorganized Debtors shall enter into any transaction and shall take any actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including the Exit Financing, issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, and one or more transactions consisting of inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations, or other corporate transactions, which transactions shall be described in the Plan Supplement; provided that the Rights Offerings shall be conducted over the time period described in Article IV.E.4 of the Plan. The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

D. *Authorization of New Common Stock*

The issuance and/or authorization of the New Common Stock, by Reorganized Tuesday Morning is authorized without the need for any further corporate action or without any further action by the holders of Claims or Interests.

All of the shares of New Common Stock issued or authorized in connection with the Plan shall be duly authorized, validly issued, fully paid, and non-assessable.

On the Effective Date, the Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued on the Effective Date pursuant to the Plan; provided that the Rights Offerings shall be conducted over the time period described in Article IV.E.4 of the Plan and the Rights Offering Common Stock shall be issued following completion of the Rights Offerings.

E. *Sources of Plan Distributions.*

Distributions under the Plan shall be made with: (1) Cash on hand, including Cash from operations and (2) proceeds of the Exit Financing.

1. Issuance of New Common Stock.

The issuance of the New Common Stock, including options, or other equity awards, if any, reserved for the Management Incentive Plan, by the Reorganized Debtors is authorized without the need for any further corporate action or without any further action by the holders of Claims or Interests. On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall issue all securities, notes, instruments, certificates, and other documents required to be issued on the Effective Date pursuant to the Plan; provided that the Rights Offerings shall be conducted over the time period described in Article IV.E.4 of the Plan and the Rights Offering Common Stock shall be issued following completion of the Rights Offerings.

All of the shares of New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI hereof shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

2. New ABL Credit Facility.

On the Effective Date, the Reorganized Debtors shall be authorized to enter into the New ABL Credit Facility and execute the New ABL Credit Facility Documents substantially in the form contained in the Plan Supplement, and any related agreements or filing without the need for any further corporate or organizational action and without further action by or approval of the Bankruptcy Court.

Confirmation shall be deemed approval of the New ABL Credit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not approved by the Bankruptcy Court previously, and the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the New ABL Credit Facility, including any and all documents required to enter into the New ABL Credit Facility, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the New ABL Credit Facility.

On the Effective Date, (a) upon the granting of Liens in accordance with the New ABL Credit Facility, the agent thereunder shall have valid, binding and enforceable Liens on the collateral specified in the New ABL Credit Facility Documents; and (b) upon the granting of guarantees, mortgages, pledges, Liens and other security interests in accordance with the New ABL Credit Facility Documents, the guarantees, mortgages, pledges, Liens and other security interests granted to secure the obligations arising under the New ABL Credit Facility shall be granted in good faith and shall be deemed not to constitute a fraudulent conveyance or fraudulent transfer, shall not otherwise be subject to avoidance, and the priorities of such Liens and security interests shall be as set forth in the New ABL Credit Facility Documents.

3. Sale Leaseback.

On the Effective Date, the Reorganized Debtors shall be authorized to enter into the Sale Leaseback and execute the Sale Leaseback Documents substantially in the form contained in the Plan Supplement, and any related agreements or filing without the need for any further corporate or organizational action and without further action by or approval of the Bankruptcy Court.

Confirmation shall be deemed approval of the Sale Leaseback (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not approved by the Bankruptcy Court previously, and the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to effectuate the Sale Leaseback, including any and all documents required to be filed or executed in connection with the purchase agreement or the new leases, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the Sale Leaseback and that are in form and substance acceptable to the New ABL Credit Facility Agent.

4. Rights Offerings.

In connection with the consummation of the Plan, the Reorganized Debtors shall consummate the Rights Offering, which shall consist of (1) the Eligible Offeree Rights Offering through which holders of Common Stock that are Eligible Offerees shall be offered Share Purchase Rights to acquire the Eligible Offeree Rights Offering Common Stock in accordance with the Rights Offering Procedures and the Backstop Agreement and (2) the Section 4(a)(2) Rights Offering through which the Backstop Parties shall be offered Share Purchase Rights to acquire the Section 4(a)(2) Rights Offering Common Stock. The Backstop Parties will backstop the Rights Offerings in accordance with the terms and conditions of the Backstop Agreement. The payment of the Backstop Fee and issuance of the Backstop Warrants to the Backstop Parties shall be approved by the Bankruptcy Court pursuant to the Approval Order.

The Share Purchase Rights will be exercisable for a purchase price of \$1.10 per share of the New Common Stock. The Eligible Offeree Share Purchase Rights will be exercisable (1) if the "Aggregate Market Value" of the Tuesday Morning Common Stock equals or exceeds \$32 million (the "**Minimum Value**"), from the Rights Offering Distribution Date through the 30th day following the Effective Date (or if such date is not a Business Day, the next Business Day), with the Eligible Offeree Rights Offering expiring on such 30th day following the Effective Date (or if such date is not a Business Day, the next Business Day) at the time set forth in the Rights Offering Documents, and (2) otherwise, for a period of 30 days commencing on the first day following the Reorganized Debtors' public announcement that a Registration Statement covering the issuance of the shares issuable upon exercise of the Eligible Offeree Share Purchase Rights has been declared effective by the Securities and Exchange Commission. For the purposes, the Aggregate Market Value equals the number of shares of the Tuesday Morning Common Stock outstanding on the Effective Date multiplied by the Effective Time Closing Price. For these purposes, the "**Effective Time Closing Price**" shall be the volume weighted average sale price for shares of the Existing Common Stock for the five trading days ending prior to the date of determination as reported on Bloomberg, and if such price is not so reported, the price determined in the sole discretion of the Rights Agent as being a reasonable equivalent thereof. The proceeds from the Rights Offerings shall be immediately transferred to the General Unsecured Cash Fund and used to pay holders of Allowed General Unsecured Claims.

In the event that condition (2) applies, the Reorganized Debtors shall use reasonable efforts to file a Registration Statement with the Securities and Exchange Commission as soon as practicable following the Effective Date covering the offering and sale of the shares of the Eligible Offeree Rights Offering Common Stock in connection with the Eligible Offeree Share Purchase Rights and to take all reasonable actions to have such Registration Statement declared effective as soon as possible.

5. Senior Subordinated Notes.

On the Effective Date, the Senior Subordinated Notes shall be authorized and the Reorganized Debtors shall be authorized to execute the applicable indenture and related documents and issue the Senior Subordinated Notes. The proceeds of the Senior Subordinated Notes shall be included in the General Unsecured Cash Fund.

F. *Vesting of Assets in the Reorganized Debtors.*

Except with respect to the Liens granted under the New ABL Credit Facility Documents, the Senior Subordinated Notes, or any agreement, instrument, or other document incorporated in the Plan, or as otherwise provided in the Plan, on the Effective Date and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all property in each Estate, all Retained Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Retained Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. The General Unsecured Cash Fund and the Class 5 Disputed Claim Reserved shall be placed in an escrow account or trust account, which escrow account or trust account shall not constitute property of the Debtors or the Reorganized Debtors and shall not be subject to the control of the New ABL Credit Facility Agent or the lenders under the New ABL Facility or the Senior Subordinated Notes, and shall not be subject to any liens, claims (other than the claims of holders of Allowed General Unsecured Claims) or encumbrances, including, but not limited to, the liens of the New ABL Credit Facility or the Senior Subordinated Notes, and such escrow account or trust account shall be administered by the Disbursing Agent, Escrow Agent, or Trustee, as applicable, in accordance with the terms of the Plan and the applicable escrow agreement or trust agreement solely for the benefit of the holders of Allowed General Unsecured Claims. The Reorganized Debtors may not use or dispose of any portion of the General Unsecured Cash Fund, the proceeds of the Senior Subordinated Notes, or the proceeds of the Rights Offerings except as specifically set forth in the Plan. **Failure to include a Cause of Action on the Schedule of Retained Causes of Action shall not constitute a waiver or release of such Cause of Action.**

G. *Cancellation of Existing Securities and Agreements.*

On the Effective Date, except to the extent otherwise provided in the Plan (including the Plan Supplement), all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be cancelled and the obligations of the Debtors and any non-Debtor Affiliate thereunder or in any way related thereto shall be deemed satisfied in full, cancelled, discharged, and of no force or effect. Holders of or parties to such cancelled instruments, securities, and other documentation will have no rights arising from or relating to such instruments, securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to the Plan.

Notwithstanding the foregoing, the DIP Revolving Facility Credit Agreement and Existing First Lien Credit Agreement shall continue in effect to the extent necessary to (i) allow the DIP Revolving Facility Agent and Existing First Lien Agent, in accordance with Article III of the Plan, to make distributions to the holders of DIP Revolving Facility Claims and Existing First Lien Credit Facility Claims; (ii) permit the DIP Revolving Facility Agent and Existing First Lien Agent to appear before the Bankruptcy Court or any other court of competent jurisdiction after the Effective Date; (iii) permit the DIP Revolving Facility Agent and Existing First Lien Agent to perform any functions that are necessary to effectuate the foregoing; and (v) to exercise rights and obligations relating to the DIP Revolving Facility Parties or interests of the Existing First Lien Lenders or both.

Notwithstanding the foregoing, the Tuesday Morning Corporation Interests consisting of options, warrants, or other rights, contractual or otherwise, to acquire shares of the Existing Common Stock and Class 8 Interests will be reinstated on the Effective Date as set forth in Article III.D, and each outstanding share of the Existing Common Stock shall remain outstanding on the Effective Date and shall be exchanged on the Rights Offering Distribution Date for (1) one share of the New Common Stock and (2) a Share Purchase Right entitling the holder to purchase its Pro Rata portion of the Eligible Offeree Rights Offering Common Stock.

H. *Corporate Action.*

On the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including: (1) adoption or assumption, as applicable, of the Employment Obligations; (2) selection of the members of the New Board as identified in the Plan Supplement; (3) authorization and issuance of the Senior Subordinated Notes; (4) implementation of the Rights Offerings and payment of the Backstop Fee and issuance of the Backstop Warrants in accordance with the Plan, the Rights Offering Procedures, and the Backstop Agreement; (5) the exchange on the Rights Offering Distribution Date of each outstanding share of the Existing Common Stock for (a) one share of the New Common Stock and (b) a Share Purchase Right entitling the holder to purchase its Pro Rata portion of the Eligible Offeree Rights Offering Common Stock; (6) reinstatement of the Tuesday Morning Corporation Interests consisting of options, warrants, or other rights, contractual or otherwise, to acquire shares of the Existing Common Stock; (7) the authorization and/or issuance of the New Common Stock; (8) implementation of the Restructuring Transactions; (9) entry into the New ABL Credit Facility Documents, and the Sale Leaseback Documents, as applicable; (10) adoption of the New Organizational Documents; (11) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; and (12) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date).

All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors, as applicable, in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors (as applicable) shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the New Organizational Documents, the New ABL Credit Facility Documents, the Sale Leaseback Documents, the Senior Subordinated Notes, the Rights Offering Common Stock, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV of the Plan shall be effective notwithstanding any requirements under applicable non-bankruptcy law.

I. *New Organizational Documents.*

On or immediately prior to the Effective Date, the New Organizational Documents shall be adopted as may be necessary to effectuate the transactions contemplated by the Plan. Each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities, to the extent required under Bankruptcy Code section 1123(a)(6). The New Organizational Documents will include provisions to restrict the ability of parties to acquire or dispose of shares in Reorganized Tuesday Morning if such acquisition or disposition would cause a change of ownership within the meaning of Section 382 of the Tax Code. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the terms thereof and applicable law. The New Organizational Documents shall be included in the Plan Supplement.

J. *Directors and Officers of the Reorganized Debtors.*

As of the Effective Date, the terms of the current members of the board of directors of the Debtors shall expire, and the initial boards of directors, including the New Board, and the officers of each of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. The New Board shall initially consist of 9 members, three of which will be appointed by the Backstop Parties in accordance with the terms of the Director Agreement, one of which will be selected by the Equity Committee, one of which will be Steven Becker, the Tuesday Morning Corporation CEO, and the remaining four members of the board will be selected from among the membership of the current board by mutual agreement among the current board, the Equity Committee and the Backstop Parties. The members of the New Board will be identified in the Plan Supplement, to the extent known at the time of filing. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the New Board and any Person proposed to serve as an officer of the Reorganized Debtors shall be disclosed at or before the Confirmation Hearing, in each case to the extent the identity of such proposed director or officer is known at such time. To the extent any such director or officer of the Reorganized Debtors is an Insider, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

K. *Effectuating Documents; Further Transactions.*

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

On and after the Effective Date, the Reorganized Debtors shall use commercially reasonable efforts to cause the Tuesday Morning Corporation Interests to be registered on The NASDAQ Stock Market LLC or other national securities exchange to the extent the Tuesday Morning Corporation Interests satisfy any such listing requirements.

L. *Section 1146 Exemption.*

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; (5) the grant of collateral as security for the New ABL Credit Facility or the Senior Subordinated Notes, as applicable; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

M. *Director and Officer Liability Insurance.*

On or before the Effective Date, the Debtors shall purchase and maintain directors and officers liability insurance coverage for the period following the Effective Date. The Debtors shall use their best efforts to obtain directors and officers liability insurance coverage on terms no less favorable to the insureds than the Debtors' existing director and officer coverage and with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director and officer coverage upon placement.

N. *Management Incentive Plan.*

On the Effective Date, the New Board shall adopt the Management Incentive Plan for the Reorganized Debtors.

O. *Employee and Retiree Benefits.*

Unless otherwise provided herein, all employee wages, compensation, and benefit programs in place for the Debtors' current employees, as of the Effective Date, shall be assumed by the Reorganized Debtors and shall remain in place as of the Effective Date, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans consistent with past practice and subject to further modification and amendment as may be deemed appropriate by the Reorganized Debtors in their business judgment. Notwithstanding the foregoing, pursuant to Bankruptcy Code section 1129(a)(13), from and after the Effective Date, all retiree benefits (as such term is defined in Bankruptcy Code section 1114), if any, shall continue to be paid in accordance with applicable law. Nothing herein shall be deemed an assumption of any disputed Claims by the Debtors' former employees alleging a right to recover severance awards, benefits, or any other form of compensation not explicitly awarded by the Debtors.

P. *Retained Causes of Action.*

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with Bankruptcy Code section 1123(b)(3), the Reorganized Debtors shall retain and shall have the exclusive right, authority, and discretion to (without further order of the Bankruptcy Court) determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, or withdraw, or litigate to judgment any and all Retained Causes of Action that the Debtors or the Estates may hold against any Entity, whether arising before or after the Petition Date. The Debtors reserve and shall retain the foregoing Retained Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases. Because the Debtors are proposing to pay all of their unsecured creditors in full, the Debtors will not pursue avoidance and recovery of preferential transfers under Bankruptcy Code § 547 and waive all rights to pursue preference actions under Bankruptcy Code § 547.

Unless a Retained Cause of Action is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order of the Bankruptcy Court, the Debtors expressly reserve such Retained Cause of Action (including any counterclaims) for later adjudication by the Reorganized Debtors. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Retained Causes of Action (including counterclaims) on or after the Confirmation of the Plan.

**ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. *Assumption and Rejection of Executory Contracts and Unexpired Leases.*

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases, not previously assumed or rejected pursuant to an order of the Bankruptcy Court entered on or prior to the Confirmation Date, will be deemed assumed, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors prior to the Confirmation Date; (2) with respect to Executory Contracts, but not Unexpired Leases, such Executory Contracts as are subject to a motion to reject Executory Contracts that is pending on the Confirmation Date; (3) are specifically designated on the Schedule of Rejected Contracts and Leases served prior to the commencement of the Confirmation Hearing; or (4) are the subject of Article IV.O of the Plan.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases set forth in the Plan, the Schedule of Assumed Contracts and Leases, the Schedule of Rejected Contracts and Leases, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Throughout the Chapter 11 Cases, the Debtors have been engaged in negotiations with landlords of the Debtors' Leases. In connection with those negotiations, the Debtors and certain landlords agreed to the terms of amendments for certain applicable Leases. The Schedule of Assumed Contracts and Leases will identify the Leases to be assumed, as modified by such negotiations.

Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revert in and be fully enforceable by the Reorganized Debtors in accordance with its terms to the extent consistent with the Bankruptcy Code, except as such terms are modified by agreement of the counterparty to such Executory Contract or Unexpired Lease or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Schedules identified in Article V of the Plan and in the Plan Supplement at any time through and including the Effective Date.

In the event that an Executory Contract with a Governmental Unit is subject to an assignment by the Debtors, such assignment shall require the consent of the United States to the extent required by applicable non-bankruptcy law.

B. *Indemnification Obligations.*

All indemnification provisions, consistent with applicable law, currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the Effective Date on terms no less favorable to such current directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date.

C. *Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases that are rejected pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, (3) the Effective Date, or (4) such other date after the Effective Date that the applicable Schedules are altered, amended, modified, or supplemented, but only with respect to any Executory Contract or Unexpired Lease thereby affected. The Reorganized Debtors shall file a notice with the Bankruptcy Court identifying any Claims that the Reorganized Debtors believe constitute late-filed Claims pursuant to this section V.C and serve such notice on each affected counterparty to an Executory Contract or Unexpired Lease. Affected parties shall have twenty-one days from the date of the filing of such notice to file a motion either contesting that an applicable Claim constitutes a late-filed Claim or requesting authority to file a late-filed claim. In the absence of a ruling by the Bankruptcy Court affirming that the Claim is not a late-filed Claim or approving a motion for authority to file a late-filed claim, any Claims arising from the rejection of an Executory Contract or Unexpired Lease not timely Filed with the Bankruptcy Court within the time period described in this Section V.C of the Plan will be disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.D.5 hereof.

D. *Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.*

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Notwithstanding anything herein to the contrary, upon assumption of an Unexpired Lease, the Debtors or Reorganized Debtors, as applicable, shall remain responsible for and be obligated to pay any accrued or accruing, but not yet due and unbilled, obligations arising under an Unexpired Lease including, but not limited to, amounts for common area maintenance charges, taxes, year-end adjustments or reconciliations, utilities, insurance, and other indemnity obligations arising under the term of an Unexpired Lease, regardless of whether such amounts relate to a period on or before or after the Petition Date, provided that all rights of the Reorganized Debtors to assert claims, defenses, affirmative defenses, or rights of setoff or recoupment with respect to any such asserted obligations shall be fully preserved. Upon satisfaction of any applicable Allowed Cure Claims, the Reorganized Debtors shall file a notice with the Bankruptcy Court identifying Proofs of Claim or other applications for payment of Administrative Claims that have been satisfied by payment of such Allowed Cure Claims (a "Cure Satisfaction Notice") and shall serve the Cure Satisfaction Notice on each affected counterparty to an Executory Contract or Unexpired Lease. To the extent an affected counterparty to an Executory Contract or Unexpired Lease contests that its Cure Claims (including Claims asserted in applicable Proofs of Claim or other applications for payment of Administrative Claims) have been fully satisfied as provided in the Cure Satisfaction Notice, within twenty-one (21) days of the filing of the Cure Satisfaction Notice, such counterparties must file a motion with the Bankruptcy Court requesting a determination of any outstanding Cure Claims. In the absence of the filing of a motion requesting a determination of any outstanding Cure Claims, the Proofs of Claim or other applications for payment of Administrative Claims Filed with respect to an Executory Contract or Unexpired Lease identified in the Cure Satisfaction Notice shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

E. *Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.*

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtors contracting from non-Debtor counterparties to rejected Executory Contracts or Unexpired Leases.

F. *Insurance Policies.*

Each of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Effective Date, (1) the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims and (2) such insurance policies and any agreements, documents, or instruments relating thereto shall revert in the Reorganized Debtors.

G. *Modifications, Amendments, Supplements, Restatements, or Other Agreements.*

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

H. *Reservation of Rights.*

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Assumed Contracts and Leases or Schedule of Rejected Contracts and Leases, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease under the Plan.

I. *Nonoccurrence of Effective Date.*

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Executory Contracts and Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

J. *Contracts and Leases Entered into After the Petition Date.*

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or the Reorganized Debtors liable thereunder in the ordinary course of their business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

**ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS**

A. *Timing and Calculation of Amounts to Be Distributed.*

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims or in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as to the Existing First Lien Credit Facility Claims and as otherwise provided in the Plan, holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. *Disbursing Agent.*

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors.

C. *Rights and Powers of Disbursing Agent.*

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; and (c) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred on or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes), and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

D. *Delivery of Distributions and Undeliverable or Unclaimed Distributions.*

1. Record Date for Distribution.

Except as otherwise provided for herein, as of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors, or its respective agents, shall be closed, and the Debtors, or its respective agents shall not be required to make any further changes in the record holders of any of the Claims or Interests. The Debtors or the Disbursing Agent shall have no obligation to recognize any transfer of the Claims or Interests occurring on or after the Distribution Record Date. The Disbursing Agent and Debtors shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable. For the avoidance of doubt, the Distribution Record Date shall not apply to publicly held securities, including without limitation the Tuesday Morning Corporation Interests, or the Existing First Lien Credit Facility Claims. Distributions to holders of Class 7 Interests comprised of Existing Common Stock shall be made on the Rights Offering Record Date and shall be made in accordance with the Rights Offering Procedures.

2. Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make distributions to holders of Allowed Claims and Allowed Interests (as applicable) as of the Distribution Record Date at the address for each such holder as indicated on the Debtors' records as of the date of any such distribution; *provided, however*, that the manner of such distributions shall be determined at the discretion of the Reorganized Debtors; *provided further, however*, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that holder. Notwithstanding the foregoing, distributions to holders of Class 7 Interests shall be made on the Rights Offering Record Date and shall be made in accordance with the Rights Offering Procedures.

3. Minimum Distributions.

To the extent Cash is distributed under the Plan, no Cash payment of less than \$50.00 shall be made to a holder of an Allowed Claim on account of such Allowed Claim, and such amounts shall be retained by Reorganized Debtors.

4. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any holder of Allowed Claims is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any holder of Claims to such property shall be discharged and forever barred.

E. *Manner of Payment.*

1. All distributions to the holders of Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the Reorganized Debtors.

2. All distributions of the Share Purchase Rights and the Rights Offering Common Stock under the Plan, as well as the Backstop Fee to the Backstop Parties, shall be made by the Disbursing Agent on behalf of the Reorganized Debtors.

3. At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

4. All distributions pursuant to Article II.B, Article II.C., and Article III.D.4 shall be made by the Disbursing Agent in accordance with the terms of the Payoff Letter(s).

F. *Distributions to Holders of Class 5 General Unsecured Claims.*

1. Distributions on account of Disputed Class 5 General Unsecured Claims shall be held in the Class 5 Disputed Claims Reserve until such Claims have been either Allowed or Disallowed.

2. To the extent a Disputed Class 5 General Unsecured Claim becomes Allowed, the Disbursing Agent shall distribute to the holder of the Allowed Class 5 General Unsecured Claim payment in full of its Allowed Class 5 Claim from the Class 5 Disputed Claims Reserve and/or the General Unsecured Cash Fund with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date.

3. To the extent a Disputed Class 5 General Unsecured Claim becomes Disallowed, the distribution reserved for such Claim shall be distributed to the General Unsecured Cash Fund. In no event shall holders of Class 5 General Unsecured Claims be entitled to payment in excess of the amount of their Allowed General Unsecured Claims with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date. In the event that all Disputed Class 5 General Unsecured Claims have been resolved and paid in full with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date and all remaining Allowed Class 5 General Unsecured Claims have been paid in full with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date, any remaining funds held in the Class 5 Disputed Claims Reserve or the General Unsecured Cash Fund shall be transferred from the escrow or trust account holding the General Unsecured Cash Fund to the possession of the Reorganized Debtors and shall thereafter be subject to the liens of the New ABL Credit Facility and the Senior Subordinated Notes, subject to the terms of any intercreditor agreement between such parties.

G. *Securities Act Exemption*

Pursuant to section 1145 of the Bankruptcy Code, (1) the issuance of the New Common Stock and the Eligible Offeree Share Purchase Rights to Eligible Offerees in exchange for shares of the Existing Common Stock and (2) the issuance of the Eligible Offeree Rights Offering Common Stock shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale of securities. In addition, such New Common Stock and the Eligible Offeree Rights Offering Common Stock will be freely tradable in the U.S. by the recipients thereof under section 1145 of the Bankruptcy Code and other provisions of applicable securities laws, subject in the case of section 1145 of the Bankruptcy Code to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and subject to any restrictions in the Reorganized Debtors' New Organizational Documents.

Notwithstanding the foregoing, if the Aggregate Market Value on the Effective Date is less than Minimum Value, the Eligible Offeree Rights Offering will not be conducted as an offering exempt from registration under Section 1145 and instead the Company will conduct the Eligible Offeree Rights Offering as a registered offering as described above under Section IV.E.4.

Pursuant to Section 4(a)(2) of the Securities Act, the issuance of the Section 4(a)(2) Share Purchase Rights, the Section 4(a)(2) Rights Offering Common Stock, the Backstop Warrants, the shares of the New Common Stock issuable pursuant to the Backstop Warrants, and the Senior Subordinated Notes shall be exempt from the registration requirements of Section 5 of the Securities Act. As a result, such securities will be "restricted securities". Pursuant to the Backstop Agreement, Tuesday Morning will agree to file a Registration Statement with the Securities and Exchange Commission covering the resale of the securities acquired by the Backstop Parties pursuant to the Backstop Agreement.

Should the Reorganized Debtors elect, on or after the Effective Date, to reflect all or any portion of the ownership of the New Common Stock and Eligible Offeree Share Purchase Rights issuable in exchange for the Existing Common Stock, or the Eligible Offeree Rights Offering Common Stock through the facilities of DTC, the Reorganized Debtors shall not be required to provide any further evidence other than the Plan or Final Order with respect to the treatment of such applicable portion of such securities and such Plan or Final Order shall be deemed to be legal and binding obligations of the Reorganized Debtors in all respects.

H. *Compliance with Tax Requirements.*

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

I. *Allocations.*

Except as to the Existing First Lien Credit Facility Claims, distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

J. *No Postpetition Interest on Claims.*

Unless otherwise specifically provided for in the Plan or the Confirmation Order and excluding the Existing First Lien Credit Facility Claims, or as otherwise required by applicable bankruptcy and non-bankruptcy law, postpetition interest shall not accrue or be paid on any prepetition Claims against the Debtors, and no holder of a prepetition Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such prepetition Claim.

K. *Foreign Currency Exchange Rate.*

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Petition Date.

L. *Setoffs and Recoupment.*

Except as expressly provided in the Plan, each Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtor(s) and holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided, however*, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable holder. In no event shall any holder of Claims against, or Interests in, the Debtors be entitled to recoup any such Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such holder actually has performed such recoupment and provided notice thereof in writing to the Debtors in accordance with Article XII.G of the Plan on or before the Effective Date, notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of recoupment. Notwithstanding anything to the contrary herein, including without limitation in Article VIII of the Plan, the Plan shall not affect the rights of counterparties to the Debtors' assumed Unexpired Leases to (i) setoff or recoup a security deposit held pursuant to the terms of an applicable Unexpired Lease in accordance with the terms of such Unexpired Lease or other applicable law; (ii) assert applicable rights of setoff or recoupment, if any, in connection with Claims reconciliation involving such counterparties' Claims against the Debtors or Reorganized Debtors; or (iii) assert setoff or recoupment as a defense, if applicable, to any claim or action by the Debtors, the Reorganized Debtors, or any successors of the Debtors or Reorganized Debtors, as applicable.

M. *Claims Paid or Payable by Third Parties.*

1. Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further action, order, or approval of the Bankruptcy Court, other than the filing of a notice with the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by the Debtors' Insurers.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the holder of such Allowed Claim has reasonably exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement to pay, and payment of, such Claim, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, other than the filing of a notice with the Bankruptcy Court disclosing that such Claim has been paid by the applicable insurer.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

**ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT,
UNLIQUIDATED, AND DISPUTED CLAIMS**

A. *Claims Administration Responsibilities.*

After the Effective Date, the Reorganized Debtors shall have the primary authority to: (1) File, withdraw, or litigate to judgment, objections to Claims or Interests; (2) settle or compromise any Disputed Claim by filing a notice of such settlement or compromise with the Bankruptcy Court without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises by filing a notice of such adjustment to the Claims Register with the Bankruptcy Court without any further notice to or action, order, or approval by the Bankruptcy Court. After the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Interests or Claims immediately prior to the Effective Date.

B. *Estimation of Claims and Interests.*

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim or Interest that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

C. *Adjustment to Claims or Interests without Objection.*

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors by filing a notice of such adjustment or expungement with the Bankruptcy Court and serving such notice on the holders of affected Claims or Interests without any further notice to or action, order, or approval of the Bankruptcy Court. If no objection to such adjustment or expungement is filed within twenty-one days of the date of service of such notice on holders of affected Claims or Interests, such adjustment or expungement shall be deemed approved by the Bankruptcy Court.

D. *Time to File Objections to Claims.*

Except as otherwise specifically provided in the Plan, any objections to Claims shall be Filed on or before 120 days after the Effective Date, provided that the Reorganized Debtors may seek to further extend the deadline for filing objections to Claims by filing a motion with the Bankruptcy Court, on notice to the Creditors Committee and the master service list. The rights of the Creditors Committee and holders of Claims that remain subject to an objection to object to any such request to extend the deadline for filing objections shall be fully preserved.

E. *Disallowance of Claims or Interests.*

Except as otherwise specifically provided in the Plan, any Claims or Interests held by Entities from which property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims or Interests may not receive any distributions on account of such Claims until such time as any objection to those Claims or Interests have been settled or a Bankruptcy Court order with respect thereto has been entered.

All Claims Filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as provided herein or otherwise agreed, any and all Proofs of Claim Filed after the Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely Filed by a Final Order.

F. *Amendments to Claims or Interests.*

On or after the Effective Date, a Claim or Interest may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action; provided, however, that Governmental Units shall not be required to obtain authorization of the Bankruptcy Court or the Reorganized Debtors to File or amend a Proof of Claim prior to November 23, 2020, which is the bar date applicable to Governmental Units pursuant to section 502(b)(9) of the Bankruptcy Code.

G. *No Distributions Pending Allowance.*

If an objection to a Claim or Interest or portion thereof is Filed as set forth in Article VII.D hereof, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

H. *Distributions After Allowance.*

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless otherwise required under the Plan or applicable bankruptcy law.

**ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

A. *Discharge of Debtors.*

Pursuant to Bankruptcy Code section 1141(d), and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date. Notwithstanding anything contained herein, the foregoing discharge and release shall not effect a discharge or release with respect to the Debtors' obligation to pay interest payments on the Existing First Lien Credit Facility Claims or the treatment of Claims and Interests pursuant to and consistent with the terms of the Plan.

B. *Release of Liens.*

Except as otherwise provided in the Plan, or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to reinstate in accordance with Article III.D.2 hereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. On and after the Effective Date, any holder of such Secured Claim (and the applicable agents for such holder), at the expense of the Reorganized Debtors, shall be authorized and directed to release any collateral or other property of any Debtor (including any Cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

Without limiting the automatic release provisions of the immediately preceding paragraph: (i) except for distributions required under Article II.B, Article II.C, and Article III.D.4, no other distribution hereunder shall be made to or on behalf of any Claim holder unless and until such holder executes and delivers to the Debtors or Reorganized Debtors such release of liens or otherwise turns over and releases such Cash, pledge or other possessory liens; and (ii) any such holder that fails to execute and deliver such release of liens within 180 days of the Effective Date shall be deemed to have no Claim against the Debtors or their assets or property in respect of such Claim and shall not participate in any distribution hereunder.

C. *Releases by the Debtors.*

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of- court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the Disclosure Statement, the DIP Real Estate Facility, the DIP Revolving Facility, the Plan (including the Plan Supplement), or any Restructuring Transactions including the Exit Financing, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Real Estate Facility, the DIP Revolving Facility, the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release (i) any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan and (ii) claims and causes of action for actual fraud, willful misconduct, or gross negligence of such applicable Released Party as determined by Final Order of the Bankruptcy Court.

D. *Releases by Holders of Claims and Interests.*

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the DIP Real Estate Facility, the DIP Revolving Facility, the Plan (including the Plan Supplement), or any Restructuring Transactions including the Exit Financing, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release (i) any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan and (ii) claims and causes of action for actual fraud, willful misconduct, or gross negligence of such applicable Released Party as determined by Final Order of the Bankruptcy Court.

Notwithstanding anything to the contrary in the Plan, the United States shall not be deemed a Releasing Party under the Plan unless the United States votes to accept the Plan or votes to reject the Plan and does not opt out on the Ballot; provided, however, that the foregoing shall not (a) limit the scope of discharge granted to the Debtors under section 524 and 1141 of the Bankruptcy Code; or (b) affect the releases provided by the Debtors and other parties under the Plan.

E. *Exculpation.*

The Exculpated Parties shall not have or incur any liability to any holder of a Claim or Interest, for any act, event, or omission from the Petition Date to the Effective Date in connection with or arising out of the Chapter 11 Cases, the confirmation of the Plan, the Consummation of the Plan, the administration of the Plan or the assets and property to be distributed pursuant to the Plan (including unclaimed property under the Plan), unless such Entity's action is determined as (i) bad faith; (ii) actual fraud; (iii) willful misconduct; or (iv) gross negligence, in each case by a Final Order of a court of competent jurisdiction. Each Entity may reasonably rely upon the opinions of its counsel, certified public accountants, and other experts or professionals.

F. *Injunction.*

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all holders of Claims and Interests and their respective current and former employees, agents, officers, directors, principals, and direct and indirect Affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan. Each holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in this Article VIII.F of the Plan.

G. *Protections Against Discriminatory Treatment.*

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

H. *Reimbursement or Contribution.*

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent or (2) the relevant holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

**ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION
AND CONSUMMATION OF THE PLAN**

A. *Conditions Precedent to Confirmation.*

The following are conditions precedent to confirmation of the Plan that shall be satisfied or waived in writing in accordance with Article IX.C of the Plan:

1. The Bankruptcy Court shall have approved a Disclosure Statement with respect to the Plan in form and substance acceptable to the Debtors, the Equity Committee, the DIP Revolving Facility Agent, and the DIP Real Estate Facility Agent, to the extent required under the DIP Real Estate Facility Credit Agreement;
2. The Bankruptcy Court shall have approved the Rights Offering Procedures in form and substance satisfactory to the Equity Committee;
and
3. The Confirmation Order, the Plan, and the Plan Documents shall be in form and substance acceptable to the Debtors, the Equity Committee, the DIP Revolving Facility Agent, and the DIP Real Estate Facility Agent, to the extent required under the DIP Real Estate Facility Credit Agreement.

B. *Conditions Precedent to Effectiveness.*

The following are conditions precedent to the occurrence of the Effective Date, each of which shall be satisfied or waived in writing in accordance with Article IX.C of the Plan:

1. The Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Debtors, the Equity Committee, the DIP Revolving Facility Agent, and the DIP Real Estate Facility Agent, to the extent required under the DIP Real Estate Facility Credit Agreement; and the Confirmation Order shall be a Final Order and shall not (a) have been reversed or vacated, (b) be subject to a then-effective stay, or (c) without the consent of the DIP Revolving Facility Agent or the Equity Committee, have been modified or amended;

2. The Plan and the Plan Supplement, including any exhibits, schedules, documents, amendments, modifications, or supplements thereto, and inclusive of any amendments, modifications, or supplements made after the Confirmation Date, shall, absent Bankruptcy Court approval, be limited to non-material modifications and shall be in form and substance acceptable to the DIP Revolving Facility Agent, the Equity Committee, and the DIP Real Estate Facility Agent, to the extent required under the DIP Real Estate Facility Credit Agreement; and any post-Effective Date modification of the Plan shall require approval of the Bankruptcy Court;

3. The New Organizational Documents shall have been in place, effective and filed where required;

4. The Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan; and

5. The Debtors shall have Paid in Full all accrued and unpaid reasonable and documented fees and expenses, through the Effective Date of (i) the DIP Revolving Facility Agent and (ii) the DIP Real Estate Facility Agent.

C. *Waiver of Conditions.*

The conditions to Confirmation and the Effective Date set forth in this Article IX may be waived only with the prior written consent of (i) the Debtors, (ii) the DIP Revolving Facility Agent, (iii) the DIP Real Estate Facility Agent as to Article IX.B.5(ii), and (iv) the Equity Committee, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

D. *Effect of Failure of Conditions.*

If Consummation does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors, Claims, or Interests; (2) prejudice in any manner the rights of the Debtors, any holders of Claims or Interests, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any holders of Claims or Interests, or any other Entity.

**ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN**

A. *Modification and Amendments.*

Except as otherwise specifically provided in the Plan, the Debtors reserve the right, with the consent of the DIP Revolving Facility Agent and the Equity Committee to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to those restrictions on modifications set forth in the Plan and the requirements of section 1127 of the Bankruptcy Code, Rule 3019 of the Federal Rules of Bankruptcy Procedure, and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, each of the Debtors expressly reserves its respective rights, with the consent of the DIP Revolving Facility Agent and the Equity Committee, to revoke or withdraw, or, to alter, amend, or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. *Effect of Confirmation on Modifications.*

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the Solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. *Revocation or Withdrawal of Plan.*

The Debtors reserve the right, with the consent of the DIP Revolving Facility Agent and the Equity Committee, to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity.

**ARTICLE XI.
RETENTION OF JURISDICTION**

To the fullest extent permitted by applicable law, and notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or relating to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;
2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;
4. ensure that distributions to holders of Allowed Claims and Allowed Interests (as applicable) are accomplished pursuant to the provisions of the Plan;
5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;
6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
7. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
10. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;
11. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII hereof and enter such orders as may be necessary to implement such releases, injunctions, and other provisions;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.M hereof;
13. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
14. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;
15. enter an order concluding or closing the Chapter 11 Cases;
16. adjudicate any and all disputes arising from or relating to distributions under the Plan;
17. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
18. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions and released granted in the Plan, including under Article VIII hereof, regardless of whether such termination occurred prior to or after the Effective Date;
22. enforce all orders previously entered by the Bankruptcy Court; and
23. hear any other matter not inconsistent with the Bankruptcy Code.

Notwithstanding the foregoing, the Bankruptcy Court shall not retain jurisdiction over the Exit Financing and its related definitive documents.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. *Immediate Binding Effect.*

Subject to Article IX.A hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including, for the avoidance of doubt, the Plan Supplement) shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

B. *Additional Documents.*

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. *Payment of Statutory Fees.*

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. *Statutory Committee and Cessation of Fee and Expense Payment.*

At the Confirmation Hearing, the Bankruptcy Court shall determine the scope of the role that the Creditors Committee and the Equity Committee (if any) shall have after the Effective Date and shall also determine the timing and circumstances under which the Creditors Committee or the Equity Committee, as the case may be, shall be dissolved. Subject to any limitations imposed by the Bankruptcy Court in the Confirmation Order, the Reorganized Debtors shall be responsible for paying any fees or expenses incurred by the members of or advisors to the Creditors Committee and the Equity Committee (as applicable) after the Effective Date (including fees and/or expenses incurred preparing and filing final fee applications and obtaining Bankruptcy Court approval of the same) until the dissolution of the Creditors Committee and/or the Equity Committee (as applicable) in accordance with the Bankruptcy Court's determination. Notwithstanding the foregoing, nothing in the Confirmation Order or the Plan shall be construed to authorize payments under Bankruptcy Code § 330(a)(1) for attorneys' fees for work performed in defending a fee application in court. The Bankruptcy Court's ruling, including with respect to the proper scope of the Creditors Committee's and the Equity Committee's respective roles, the timing of the dissolution of the Creditors Committee and the Equity Committee, applicable budgets for services to be provided by the respective committees (as applicable), and related matters will be incorporated into the Confirmation Order.

E. *Reservation of Rights.*

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Interests prior to the Effective Date.

F. *Successors and Assigns.*

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

G. *Notices.*

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. Counsel to Debtors:

Haynes and Boone, LLP
2323 Victory Ave, Suite 700
Dallas, Texas 75219
Attn: Ian T. Peck, Jarom J. Yates, and Jordan E. Chavez

2. Counsel to DIP Revolving Facility Agent:

Vinson & Elkins, LLP
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attn: William L. Wallander and Bradley R. Foxman

3. Counsel to the DIP Real Estate Facility Agent

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attn: John C. Longmire and Andrew S. Mordkoff

4. Counsel to the Creditors Committee:

Montgomery McCracken Walker & Rhoads LLP
437 Madison Avenue, 24th Floor
New York, New York 10022
Attn: David M. Banker, Gilbert R. Saydah, and Edward L. Schnitzer

and

Munsch Hardt Kopf & Harr, P.C.
500 N. Akard Street, Suite 3800
Dallas, Texas 75201
Attn: Kevin M. Lippman and Deborah M. Perry

5. Counsel to the Equity Committee:

Pachulski Stang Ziehl & Jones LLP
780 Third Avenue, 34th Floor
New York, New York 10017
Attn: Robert J. Feinstein, Bradford J. Sandler, and Shirley S. Cho

After the Effective Date, the Reorganized Debtors have authority to send a notice to Entities that request to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Reorganized Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests and to known Entities whose rights are directly affected by such documents.

H. *Term of Injunctions or Stays.*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

I. *Entire Agreement.*

Except as otherwise indicated, the Plan (including, for the avoidance of doubt, the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

J. *Exhibits.*

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at <https://dm.epiq11.com/case/tuesdaymorning/>. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

K. *Nonseverability of Plan Provisions.*

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

L. *Votes Solicited in Good Faith.*

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

M. *Closing of Chapter 11 Cases.*

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

N. *Waiver or Estoppel.*

Each holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. *Controlling Document.*

In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant provision in the Plan shall control (unless stated otherwise in such Plan document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

Dated: December 22, 2020

Tuesday Morning Corporation

on behalf of itself and all other Debtors

By: */s/ Steven R. Becker*

Steven R. Becker

Chief Executive Officer

Tuesday Morning Corporation

EXHIBIT A

GLOSSARY OF DEFINED TERMS

Administrative Claim means a Claim, Cause of Action, right, or other liability, or the portion thereof, that is entitled to priority under Bankruptcy Code sections 503(b), 507(a)(2), and 507(b), including (i) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and/or in connection with operating the Debtors' businesses (such as wages, salaries, or payments for goods and services); (ii) Professional Compensation Claims; and (iii) all fees and charges assessed against the Estates under 28 U.S.C. § 1930. The term Administrative Claim specifically excludes all Intercompany Claims.

Administrative Claim Bar Date means the first Business Day that is thirty (30) days after the Effective Date or such earlier deadline established by an order of the Bankruptcy Court.

Affiliate has the meaning prescribed in Bankruptcy Code section 101(2).

Allowed [...] Claim means an Allowed Claim in the particular Class or category specified.

Allowed [...] Interest means an Allowed Interest in the particular Class or category specified.

Allowed means, with respect to any Claim, except as otherwise provided in the Plan, a Claim allowable under Bankruptcy Code section 502: (a) for which a Proof of Claim was timely Filed, and as to which the deadline for objecting to Claims has passed as provided in the Plan or any other Final Order of the Bankruptcy Court and no objection or other challenge to allowance thereof has been Filed, or if an objection or challenge has been timely Filed, such Claim is allowed by Final Order; (b) for which a Proof of Claim is not Filed and that has been listed in a Debtors' Schedules of Assets and Liabilities and is not listed as disputed, contingent, or unliquidated and as to which the deadline for objecting to Claims has passed as provided in the Plan or any other Final Order of the Bankruptcy Court and; or (c) that is deemed allowed under the Plan. For purposes of determining the amount of an Allowed Claim there shall be deducted therefrom the amount of any claim that the Debtors may hold against the Creditor or equity security holder under Bankruptcy Code section 553 or under the doctrines of setoff or recoupment. With respect to Interests, an Interest shall be allowed to the extent such Interest is reflected in the Debtors' books and records or identified as a share of Existing Common Stock on the Rights Offering Record Date in accordance with the Rights Offering Procedures.

Allowed Claim means any Claim that is Allowed.

Approval Order means Final Order or Final Orders approving the Disclosure Statement and Rights Offering Procedures.

Avoidance Actions means any and all actual or potential Claims and Causes of Action to avoid a transfer of property or an obligation incurred by any of the Debtors pursuant to any applicable section of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the Bankruptcy Code, or under similar or related state or federal statutes and common law.

Backstop Agreement means the agreement entered into by the Debtors and the Backstop Parties, and attached to the Disclosure Statement as Exhibit 5, as may be amended, supplemented, or modified from time to time in accordance with the terms thereof, setting forth, among other things, the terms and conditions of the Rights Offerings and the Backstop Commitment.

Backstop Commitment Letter means the commitment letter entered into by and among the Debtors and the Backstop Parties.

Backstop Fee means 5% of the Backstop Commitment to be paid to the Backstop Parties in Section 4(a)(2) Rights Offering Common Stock in accordance with the terms of the Backstop Agreement.

Backstop Parties means, at any time and from time to time, the parties that have committed to backstop the Rights Offerings and are signatories to the Backstop Agreement, solely in their capacities as such, to the extent provided in the Backstop Agreement.

Backstop Commitment means \$40 million in proceeds to be raised through the Rights Offerings and backstopped by the Backstop Parties.

Backstop Warrants mean the warrants to purchase shares of the New Common Stock issuable to the Backstop Parties in accordance with the terms of the Backstop Agreement.

Ballot means the applicable form or forms of ballot(s) to be distributed to holders of Claims or Interests entitled to vote on the Plan and on which the acceptance or rejection of the Plan is to be indicated.

Bankruptcy Code means title 11 of the United States Code, 11 U.S.C. §§ 101–1532.

Bankruptcy Court means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the local bankruptcy rules prescribed by the Bankruptcy Court.

Bar Date means August 28, 2020, the date established by the Bankruptcy Court by which Proofs of Claim must be Filed with respect to such Claims, other than Administrative Claims, Claims held by Governmental Units, holders of Claims for rejection damages relating to the rejection of Executory Contracts or Unexpired Leases, or other Claims or Interests for which the Bankruptcy Court entered an order excluding the holders of such Claims or Interests from the requirement of Filing Proofs of Claim. For holders of Claims for rejection damages relating to the rejection of Executory Contracts or Unexpired Leases, the Bar Date is the later to occur of (i) August 28, 2020 or (ii) thirty (30) days after the date on which an Order approving the rejection of such Executory Contract or Unexpired Lease has been entered.

Beneficial Holder Ballot means the Ballot applicable to a beneficial holder of Tuesday Morning Corporation Interests.

Business Day means any day other than a Saturday, Sunday, or a “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

Cash means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

Causes of Action means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) Avoidance Actions; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

Chapter 11 Cases means the bankruptcy cases commenced by the Debtors on May 27, 2020, by the filing of voluntary Chapter 11 petitions in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Numbers 20-31476, 20-31477, 20-31478, 20-31479, 20-31480, 20-31481, 20-31482, jointly administered under Case Number 20-31476.

Claim means a “claim,” as defined in Bankruptcy Code section 101(5), Filed against any of the Debtors.

Claims and Balloting Agent means Epiq Corporate Restructuring, LLC.

Claims Register means the official register of Claims maintained by the Claims and Balloting Agent.

Class means a category of Claims or Interests as described in the Plan pursuant to Bankruptcy Code section 1122(a).

Class 5 Disputed Claims Reserve means a reserve that is part of the General Unsecured Cash Fund to be held in the escrow account or trust account, as applicable, for the benefit of the holders of Disputed Claims in Class 5 pending allowance, in an amount equal to the estimated amount of the Allowed portion of such General Unsecured Claims (as determined in accordance with Article VI.F.3 of the Plan). The Class 5 Disputed Claims Reserve shall be placed in the same escrow account or trust account, as applicable, as the remaining portions of the General Unsecured Cash Fund and shall be subject to the same treatment as the other funds comprising the General Unsecured Cash Fund except as otherwise explicitly provided for in the Plan.

CM/ECF means the Bankruptcy Court's Case Management and Electronic Case Filing system.

Common Stock means the Existing Common Stock, the Rights Offering Common Stock, and the New Common Stock.

Confirmation means the Bankruptcy Court's entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article IX.A of the Plan having been (a) satisfied or (b) waived pursuant to Article IX.C of the Plan.

Confirmation Date means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket maintained for the Chapter 11 Cases.

Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan.

Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129.

Consummation means the occurrence of the Effective Date.

Creditor has the meaning prescribed in Bankruptcy Code section 101(10).

Creditors Committee means the official committee of unsecured creditors appointed in the Chapter 11 Cases on June 9, 2020 and its respective members (but solely in their capacity as such).

Cure Claim means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to Bankruptcy Code section 365.

Debtor means one of the Debtors.

Debtors means, collectively, Tuesday Morning Corporation; TMI Holdings, Inc.; Tuesday Morning, Inc.; Friday Morning, LLC; Days of the Week, Inc.; Nights of the Week, Inc.; and Tuesday Morning Partners, Ltd., whose Chapter 11 Cases are being jointly administered by the Bankruptcy Court under case number 20-31476-HDH-11.

DIP Credit Agreements means, collectively, the DIP Real Estate Facility Credit Agreement and the DIP Revolving Facility Credit Agreement.

DIP Facilities means, collectively, the DIP Revolving Facility and the DIP Real Estate Facility.

DIP Revolving Facility Financing Order means the *Final Order (i) Authorizing Debtors to (a) Use Cash Collateral on a Limited Basis and (b) Obtain Postpetition Financing on a Secured, Superpriority Basis, (ii) Granting Adequate Protection, and (iii) Granting Related Relief*, dated June 26, 2020 [Docket No. 331] entered in the Chapter 11 Cases.

DIP Parties means, collectively, the DIP Term Facility Parties and the DIP Revolving Facility Parties.

DIP Revolving Facility means the first lien super-priority revolving credit facility, provided by the DIP Revolving Facility Lenders in connection with the DIP Revolving Facility Credit Agreement and approved by the Bankruptcy Court on a final basis pursuant to the DIP Revolving Facility Financing Order.

DIP Revolving Facility Agent means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the DIP Revolving Facility Credit Agreement.

DIP Revolving Facility Claim means a Claim held by any of the DIP Revolving Facility Parties arising under or relating to the DIP Revolving Facility Credit Agreement or the DIP Revolving Facility Financing Order, including any and all fees, interest, and accrued but unpaid interest and fees arising under the DIP Revolving Facility Credit Agreement, and all obligations thereunder.

DIP Revolving Facility Credit Agreement means the Senior Secured Super Priority Debtor-in-Possession Credit Agreement dated as of May 29, 2020, as amended, restated, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, by and among Tuesday Morning Corporation, as holdings, Tuesday Morning Inc., as borrower, the other Debtors as guarantors, the DIP Revolving Facility Agent, and the DIP Revolving Facility Lenders.

DIP Revolving Facility Lenders means the lenders party to the DIP Revolving Facility Credit Agreement.

DIP Revolving Facility Parties means, collectively, the DIP Revolving Facility Agent, the DIP Revolving Facility Lenders, the Issuing Bank (as defined under the DIP Revolving Facility Credit Agreement) and the Secured Bank Product Providers (as defined under the DIP Revolving Facility Credit Agreement).

DIP Real Estate Facility means the senior term loan facility in an aggregate principal amount of \$25 million, plus accrued but unpaid interest, provided by the DIP Real Estate Facility Lenders in connection with the DIP Real Estate Facility Credit Agreement and approved by the Bankruptcy Court on a final basis pursuant to the DIP Real Estate Facility Financing Order.

DIP Real Estate Facility Agent means Franchise Group, Inc., in its capacities as administrative agent and collateral agent under the DIP Real Estate Facility Credit Agreement.

DIP Real Estate Facility Claim means a Claim held by any of the DIP Real Estate Facility Parties arising under or relating to the DIP Real Estate Facility Credit Agreement or the DIP Real Estate Facility Financing Order, including any and all fees, interests paid in kind, and accrued but unpaid interest and fees arising under the DIP Real Estate Facility Credit Agreement.

DIP Real Estate Facility Credit Agreement means the Senior Secured Super Priority Debtor-in-Possession Delayed Draw Term Loan Agreement dated as of July 10, 2020, as hereafter amended, restated, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, by and among Tuesday Morning Corporation, as holdings, Tuesday Morning, Inc., as borrower, the other Debtors as guarantors, the DIP Real Estate Facility Agent, and the DIP Real Estate Facility Lenders.

DIP Real Estate Facility Lenders means the lenders party to the DIP Real Estate Facility Agreement.

DIP Real Estate Facility Parties means, collectively, the DIP Real Estate Real Facility Lenders and the DIP Real Estate Facility Agent.

Director Agreement means the Director Agreement as defined in Section 6.7(b) of the Backstop Agreement. A form of the Director Agreement shall be included in the Plan Supplement.

Disbursing Agent means the Reorganized Debtors, or the Entity or Entities selected by the Debtors or the Reorganized Debtors (including, if applicable, the escrow agent or trustee of the account holding the General Unsecured Cash Fund), as applicable, to make or facilitate distributions pursuant to the Plan. In the event the Debtors select an Entity other than the Reorganized Debtors to serve as the Disbursing Agent, the Debtors shall include a form of the proposed agreement with such Entity in the Plan Supplement.

Disclosure Statement means the disclosure statement (including all exhibits and schedules thereto or referenced therein) regarding the Plan, as may be amended, modified, or supplemented in a manner acceptable to the DIP Revolving Facility Agent.

Disputed Claim means a Claim that is not an Allowed Claim and for which the Court has not entered an order resolving and/or liquidating such Claim.

Distribution Record Date means the Confirmation Date; provided, however, that the Distribution Record Date shall not apply to publicly held securities.

Effective Date means the date that is the first Business Day after the Confirmation Date, on which (a) no stay of the Confirmation Order is in effect, and (b) all conditions to the effectiveness of the Plan have been satisfied or waived as provided in the Plan.

Eligible Offeree means any holder of Existing Common Stock as of the Rights Offering Record Date.

Eligible Offeree Rights Offering means the offering of Share Purchase Rights to Eligible Offerees to purchase shares of the Eligible Offeree Rights Offering Common Stock to be issued by Reorganized Tuesday Morning pursuant to the Plan.

Eligible Offeree Rights Offering Common Stock means shares of the New Common Stock issuable pursuant to the Eligible Offeree Rights Offering in accordance with the Plan and the Rights Offering Procedures for an aggregate purchase price of up to \$24,000,000.

Eligible Offeree Share Purchase Rights means the rights to be distributed to each Eligible Offeree which will enable each Eligible Offeree to purchase its Pro Rata share of the Eligible Offeree Rights Offering Common Stock issuable in the Eligible Offeree Rights Offering, on the terms and conditions set forth in the Rights Offering Documents.

Employment Obligations means any existing obligations to employees to be assumed, reinstated, or honored, as applicable, in accordance with Article IV.O of the Plan and the Management Incentive Plan in accordance with Article IV.N of the Plan.

Entity means any Person, estate, trust, Governmental Unit, or United States trustee, as set forth in Bankruptcy Code section 101(15).

Equity Committee means the Official Committee of Equity Security Holders appointed by the Office of the United States Trustee in these Chapter 11 Cases as reflected in Docket No. 1151, as may be amended from time to time, and its respective members (but solely in their capacity as such).

Estate Property means all right, title, and interest in and to any and all property of every kind or nature, owned by the Debtors or their Estates on the Petition Date as defined by Bankruptcy Code section 541.

Estates means the bankruptcy estates of the Debtors and all Estate Property comprising the Debtors' bankruptcy estates within the meaning of Bankruptcy Code section 541.

Exculpated Parties means, collectively, the Debtors, the DIP Parties, the Creditors Committee, the Equity Committee, and the Existing First Lien Parties, and with respect to each of the foregoing Entities, any of their respective current officers, directors, members, professionals, advisors, accountants, attorneys, investment bankers, consultants, employees, agents and other representatives (but solely in their capacity as such).

Executory Contract means an executory contract or unexpired lease as such terms are used in Bankruptcy Code section 365, including all operating leases, capital leases, and contracts to which any Debtor is a party or beneficiary.

Existing Common Stock means the existing and outstanding shares of Tuesday Morning Corporation and any unexpired options, units or other rights to acquire shares of Tuesday Morning Corporation.

Existing First Lien Agent means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the Existing First Lien Credit Agreement.

Existing First Lien Credit Agreement means the Credit Agreement originally dated as of August 18, 2015, as amended by that certain Corrective Amendment dated October 17, 2015 and as further amended by that certain Second Amendment dated as of January 29, 2019, by and among Tuesday Morning, Inc., as borrower, the Existing First Lien Agent and the Existing First Lien Lenders.

Existing First Lien Credit Documents means, collectively, the Existing First Lien Credit Agreement and all loan and security documents, guaranties, mortgages, pledges, instruments, and other agreements related thereto and/or executed in connection therewith.

Existing First Lien Credit Facility means the credit made available for borrowing under the Existing First Lien Credit Documents.

Existing First Lien Credit Facility Claims means the Claims held by any of the Existing First Lien Lenders arising under or relating to the Existing First Lien Credit Documents, including any and all fees, interest (both pre and post-Petition Date), and reimbursement of expenses, and any other amounts owed or arising under the Existing First Lien Credit Documents, but excluding any portion of the Existing First Lien Credit Facility Claims that have been repaid or rolled into the Administrative Expense Claims pursuant to the DIP Orders or otherwise paid during the case.

Existing First Lien Lenders means, collectively, the banks and other financial institutions that are lenders under the Existing First Lien Credit Agreement.

Existing First Lien Parties means, collectively, the Existing First Lien Agent and the Existing First Lien Lenders.

Exit Financing means, collectively, the New ABL Credit Facility, the Sale Leaseback, the Senior Subordinated Notes, and the Rights Offerings.

File, Filed, or Filing means, as to any document or pleading, properly and timely file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

Final Order means an order or judgment (a) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired; or (b) in the event an appeal, writ of certiorari, or motion for reargument or rehearing has been Filed, such judgment or order has not been reversed, modified, stayed, or amended.

GAAP means generally accepted accounting principles as in effect from time to time in the United States.

General Unsecured Cash Fund means a cash fund to be established on the Effective Date or as soon as practicable after the Effective Date and placed in an escrow account or trust account subject to an escrow agreement or trust agreement, as applicable, with the terms of the escrow agreement or trust agreement to be reasonably acceptable to the Debtors, the Creditors Committee, the Equity Committee, the New ABL Credit Facility Agent, and the Senior Subordinated Noteholders. The Debtors shall select the Entity to serve as the escrow agent or trustee, provided that such Entity shall be reasonably acceptable to the Creditors Committee, the Equity Committee, the New ABL Credit Facility Agent, and the Senior Subordinated Noteholders. For the avoidance of doubt, the escrow agent or trustee shall not be any of the Reorganized Debtors or an employee, manager, officer or director of the Reorganized Debtors. The escrow account or trust account shall not be in the name of the Debtors or the Reorganized Debtors, shall not be property of the Reorganized Debtors, and shall not be subject to the control of the New ABL Credit Facility Agent or the lenders under the New ABL Facility or the Senior Subordinated Notes, and shall not be subject to any liens, claims (other than the Allowed Claims of Holders of Allowed General Unsecured Claims) or encumbrances, including, but not limited to, the liens of the New ABL Credit Facility or the Senior Subordinated Notes, and which shall be administered by the Disbursing Agent, the escrow agent, and/or the trustee, as applicable, in accordance with the terms of the Plan and the applicable escrow agreement or trust agreement solely for the benefit of the holders of Allowed General Unsecured Claims. The initial amount of the General Unsecured Cash Fund shall be \$86.3 million and shall include, without limitation, the proceeds of the Sale Leaseback and the Senior Subordinated Notes (less the payment of applicable transaction costs and related closing costs) which shall be transferred immediately to the General Unsecured Cash Fund upon the earlier to occur of (a) the receipt of such proceeds or (b) upon the establishment of the escrow account or trust account. The proceeds of the Rights Offerings (which proceeds shall be received at completion of the Rights Offerings as described in Article IV.E.4 of the Plan) shall be transferred immediately upon receipt to the General Unsecured Cash Fund. The amount of the General Unsecured Cash Fund will be increased as necessary to ensure that the total amount of the General Unsecured Cash Fund is sufficient to satisfy all Allowed General Unsecured Claims in full with interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date. For the avoidance of doubt, the reference in the Plan to "payment in full" or "paid in full" with respect to a Class 5 General Unsecured Claim shall mean the payment of 100% of the face amount of the Allowed General Unsecured Claim plus interest from the Petition Date through the payment date at the federal judgment rate in effect as of the Petition Date, subject to a different rate in the event that the Bankruptcy Court determines that the Debtors are obligated to pay interest to holders of Allowed General Unsecured Claims at the contract rate or state law rate rather than the federal judgment rate. The Reorganized Debtors shall maintain a residual interest in the funds held in the General Unsecured Cash Fund in excess of the Allowed Claims of holders of Allowed General Unsecured Claims subject to the final resolution of all General Unsecured Claims and payment in full of all Allowed General Unsecured Claims after such final resolution has occurred. Any remaining funds shall be transferred to the Reorganized Debtors in accordance with Section VI.F.3 of the Plan. The liens of the New ABL Facility and the Senior Subordinated Notes shall attach to the Reorganized Debtors' residual interest in the General Unsecured Cash Fund in accordance with the New ABL Credit Facility Documents, the terms of the Senior Subordinated Notes, and any related intercreditor agreement.

General Unsecured Claim means an Unsecured Claim that is not: (a) an Administrative Claim; (b) a Professional Compensation Claim; (c) a Priority Unsecured Tax Claim; (d) an Other Priority Unsecured Claim; or (e) an Intercompany Claim.

Governmental Unit means any governmental unit, as defined in Bankruptcy Code section 101(27).

Impaired or **Impairment** means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of Bankruptcy Code section 1124.

Insider has the meaning set forth in Bankruptcy Code section 101(31).

Intercompany Claim means any Claim held by a Debtor or an Affiliate against a Debtor.

Intercompany Interest means an Interest in a Debtor other than Tuesday Morning Corporation held by another Debtor or by a non-debtor Affiliate of a Debtor.

Interest means any equity security (as defined in section 101(16) of the Bankruptcy Code) of a Debtor, including all ordinary shares, common stock, preferred stock, or other instrument evidencing any fixed or contingent ownership interest in any Debtor, whether or not transferable, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest in a Debtor, that existed immediately before the Effective Date.

Judicial Code means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

Lien means a lien, security interest, or other interest or encumbrance as defined in Bankruptcy Code section 101(37) asserted against any Estate Property.

Management Incentive Plan means the management incentive plan that shall authorize the board of directors or a committee thereof to make future grants to officers and directors of the Reorganized Debtors of New Common Stock or rights to acquire New Common Stock, which may take the form of an amendment to the Tuesday Morning Corporation 2014 Long-Term Incentive Plan.

Master Ballot means the Ballot to be completed by a Nominee by compiling the votes and other information from the Beneficial Holder Ballots.

New ABL Credit Facility means a senior secured revolving asset-based lending facility in the amount of \$110 million on the terms set forth in the New ABL Credit Facility Documents.

New ABL Credit Facility Agent means the administrative agent and collateral agent under the New ABL Credit Facility.

New ABL Credit Facility Documents means all agreements, documents, and instruments delivered or entered into in connection with the New ABL Credit Facility.

New Board means the board of directors of the Reorganized Debtors selected in accordance with Article IV.I of the Plan. The identities and affiliations of the members of the New Board shall be identified in the Plan Supplement on or before the date of the Confirmation Hearing, to the extent known at such time.

New Common Stock means the new shares of common stock of Reorganized Tuesday Morning Corporation to be authorized and/or issued on the Effective Date, including the Rights Offering Common Stock, the shares of common stock to be issued in exchange for the outstanding shares of the Existing Common Stock, and any shares of common stock authorized and/or issued on the Effective Date in connection with the Management Incentive Plan.

New Organizational Documents means the documents providing for corporate governance of the Reorganized Debtors, including charters, bylaws, operating agreements, or other organizational documents, as applicable, which shall be included in the Plan Supplement.

Nominee means an Entity through which a beneficial holder who holds Tuesday Morning Corporation Interests in “streetname” may vote on the Plan.

Ordinary Course Professional means a Professional employed and retained pursuant to the Ordinary Course Professionals Order.

Ordinary Course Professionals Order means the *Order Authorizing Employment and Payment of Professionals Utilized in the Ordinary Course of Business* [Docket No. 452] entered in the Chapter 11 Cases.

Other Priority Unsecured Claim means any Claim entitled to priority status pursuant to section 507(a) of the Bankruptcy Code that is not (a) an Administrative Claim, (b) a Professional Compensation Claim, or (c) a Priority Unsecured Tax Claim.

Other Secured Claim means any Secured Claim that is not a DIP Revolving Facility Claim, DIP Real Estate Facility Claim, Secured Tax Claim, Existing First Lien Credit Facility Claim, or an Existing Second Lien Claim. Other Secured Claims shall not include any such Claims secured by Liens that are avoidable, unperfected, subject to subordination, or otherwise unenforceable.

Paid in Full or **Payment in Full** means, with respect to the DIP Revolving Facility claims, “Full Payment” of such Claim within the meaning of such phrase as defined in Section 1.01 of the DIP Revolving Facility Credit Agreement.

Payoff Letter means the payoff letters to be entered into by the Debtors, the DIP Revolving Facility Agent, and the DIP Real Estate Facility Agent, pursuant to which, among other things, (a) the DIP Revolving Facility Claims are to be Paid in Full and (b) the Existing First Lien Credit Facility Claim (excluding the Refinancing Accommodation Fee to the extent not payable pursuant to the terms of the Creditor Support Agreement) are to be Paid in Full.

Person means and includes natural persons, corporations, limited partnerships, general partnerships, joint ventures, trusts, land trusts, business trusts, unincorporated organizations, or other legal entities, regardless of whether they are governments, agencies, or political subdivisions thereof.

Petition Date means May 27, 2020, the date on which the Debtors commenced the Chapter 11 Cases.

Plan means the Chapter 11 plan Filed by the Debtors, as such document may be amended or modified.

Plan Distribution means a payment or distribution to holders of Allowed Claims, Allowed Interests, or other eligible Entities under the Plan.

Plan Documents means, collectively those documents in furtherance of Consummation of the Plan and/or to be executed in order to consummate the transactions contemplated under the Plan, which may be Filed by the Debtors with the Bankruptcy Court.

Plan Supplement means the compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan (in each case, (a) in form and substance satisfactory to the Debtors and DIP Revolving Facility Agent and (b) as may be altered, amended, modified, or supplemented from time to time in accordance with the terms of the Plan and in accordance with the Bankruptcy Code and Bankruptcy Rules) to be Filed by the Debtors no later than five days before the Voting Deadline or such later date as may be approved by the Bankruptcy Court, including the following, as applicable (1) New Organizational Documents; (2) the New ABL Credit Facility Documents (3) the Sale Leaseback Documents; (4) the Schedule of Assumed Contracts and Leases; (5) the Schedule of Rejected Contracts and Leases; (6) the Schedule of Retained Causes of Action; (7) the Payoff Letter; (8) remaining Backstop Documents, including without limitation the Director Agreement; (9) the transaction documents for the Senior Subordinated Notes; (10) in the event that the Debtors select an Entity other than the Debtors to serve as the Disbursing Agent, the Debtors will include in the Plan Supplement a copy of the proposed agreement between the Debtors or Reorganized Debtors, as applicable, and the Entity selected to serve as the Disbursing Agent; (11) a form of the proposed escrow agreement or trust agreement for the escrow account or trust account in which the General Unsecured Cash Fund shall be deposited (which shall include provisions for a successor to the Disbursing Agent to give instructions to the escrow agent or trustee in the event the Disbursing Agent becomes unable to provide appropriate direction) along with the identity of the Entity proposed by the Debtors to serve as the trustee or escrow agent; (12) the identity of the members of the New Board, to the extent known at the time of the filing of the Plan Supplement; and (13) a summary of the Management Incentive Plan and related documents and information.

Priority Unsecured Tax Claim means an Unsecured Claim, or the portion thereof, that is entitled to priority in payment under Bankruptcy Code section 507(a)(8).

Professional means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

Professional Compensation Claim means a Claim for compensation or reimbursement of expenses of a Professional incurred on and after the Petition Date and prior to the Effective Date, including fees and expenses incurred in preparing final fee applications and participating in hearings on such applications, and requested in accordance with the provisions of Bankruptcy Code sections 326, 327, 328, 330, 331, 503(b) or 1103.

Professional Compensation Claim Bar Date means forty-five (45) days after the Effective Date.

Professional Compensation Claim Objection Deadline means twenty-four (24) days after the Professional Compensation Claim Bar Date.

Professional Compensation Claim Reserve means an amount of Cash to be estimated by the Debtors prior to the Effective Date and sufficient to satisfy Professional Compensation Claims, and together with any remaining Carve-Out (as defined in DIP Revolving Facility Financing Order), shall be deposited into a segregated interest bearing account in the name of the Reorganized Debtors and shall only be used for payment and satisfaction of such Claims.

Proof of Claim means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases by the applicable Bar Date.

Pro Rata means the proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

Reinstate, Reinstated, or Reinstatement means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with Bankruptcy Code section 1124.

Released Party means, collectively, and in each case solely in their capacities as such: (a) the Debtors; (b) the Reorganized Debtors, (c) the DIP Parties; (d) the Existing First Lien Parties; (e) the Creditors Committee, (f) the Equity Committee, (g) the Backstop Parties, and (h) with respect to each of the foregoing Entities, such Entity's predecessors, professionals, successors, assigns, subsidiaries, Affiliates, managed accounts and funds, current and former officers and directors, principals, shareholders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, and such Entities' respective heirs, executors, estates, servants, and nominees.

Releasing Party means (i) the holders of all Claims or Interests who (a) vote to accept the Plan or (b) vote to reject the Plan and do not opt out of the voluntary release contained in Article VIII of the Plan by checking the opt out box on the Ballot and returning it in accordance with the instructions set forth thereon, indicating that they opt not to grant the releases provided in the Plan; and (ii) the holders of Claims or Interests that are Unimpaired under the Plan.

Reorganized Debtors means, collectively, a Debtor, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date.

Reorganized Tuesday Morning means Tuesday Morning Corporation, or Tuesday Morning Corporation's successor or assign by merger, consolidation, or otherwise, on and after the Effective Date.

Restructuring Transactions means the transactions described in Article IV.C of the Plan.

Retained Causes of Action means all Causes of Action that belong to the Debtors.

Rights Offerings means the Eligible Offeree Rights Offering and the Section 4(a)(2) Rights Offering.

Rights Offering Common Stock means the Eligible Offeree Rights Offering Common Stock and the Section 4(a)(2) Rights Offering Common Stock.

Rights Offering Distribution Date shall be the date of issuance of the Share Purchase Rights, which shall occur as soon as reasonably practicable following the Rights Offering Record Date.

Rights Offering Documents means, collectively, the Backstop Commitment Letter, the Backstop Agreement, and any and all other agreements, documents, and instruments delivered or entered into in connection with the Rights Offerings, including the Rights Offering Procedures.

Rights Offering Procedures means the procedures governing the Rights Offerings attached as an exhibit to the Backstop Agreement, and which shall be in form and substance acceptable to the Backstop Parties.

Rights Offering/Exchange Determination Date means the date established in accordance with the Rights Offering Documents as the date for determining the holders of Allowed Tuesday Morning Corporation Interests entitled to exchange their shares of the Existing Common Stock for the New Common Stock and the Rights in the Eligible Offeree Rights Offering. The Rights Offering/Exchange Determination Date shall occur on the Effective Date or as soon as reasonably practicable after the Effective Date, but shall not be earlier than the Effective Date, and the Debtors shall provide advance public notice of the anticipated Rights Offering/Exchange Determination Date in accordance with Applicable Law.

Sale Leaseback means the sale-leaseback transaction pursuant to which the Debtors will consummate a sale of the Debtors' owned real estate to the Sale Leaseback Counterparty for a \$70,250,000 purchase price and a related lease-back of the owned real property to the Reorganized Debtors.

Sale Leaseback Documents means all agreements, documents, and instruments delivered or entered into in connection with the Sale Leaseback.

Sale Leaseback Counterparty means PBV-14303 Inwood Road, LP.

Schedules means, collectively, the Schedule of Assumed Contracts and Leases, Schedule of Rejected Contracts and Leases, and Schedule of Retained Causes of Action.

Schedules of Assets and Liabilities means the schedules of assets and liabilities Filed by the Debtors in the Chapter 11 Cases, as may be amended, modified, or supplemented.

Schedule of Assumed Contracts and Leases means the schedule of Executory Contracts and Unexpired Leases to be assumed, and, if applicable, assigned, by the Debtors, to be Filed as part of the Plan Supplement.

Schedule of Rejected Contracts and Leases means the schedule of Executory Contracts and Unexpired Leases to be rejected by the Debtors, to be Filed as part of the Plan Supplement.

Schedule of Retained Causes of Action means the Retained Causes of Action set forth on the schedule to be Filed as part of the Plan Supplement.

Section 4(a)(2) Rights Offering means the offering of Share Purchase Rights to the Backstop Parties to purchase shares of the Section 4(a)(2) Rights Offering Common Stock to be issued by Reorganized Tuesday Morning pursuant to the Plan.

Section 4(a)(2) Rights Offering Common Stock means (1) shares of the New Common Stock issuable pursuant to the Eligible Offeree Rights Offering in accordance with the Plan and the Rights Offering Procedures for an aggregate purchase price of up to \$16,000,000, and (2) any additional shares of New Common Stock the Backstop Parties are required to purchase pursuant to the Backstop Commitment and the additional shares of New Common Stock issued to the Backstop Parties in payment of the Backstop Fee and pursuant to the Backstop Warrants.

Section 4(a)(2) Share Purchase Rights means the rights to be distributed to the Backstop Parties to purchase the Section 4(a)(2) Rights Offering Common Stock described in clause (1) of the definition of Section 4(a)(2) Rights Offering Common Stock, on the terms and conditions set forth in the Rights Offering Documents.

Secured Claim means a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

Secured Tax Claim means a Secured Claim for taxes held by a Governmental Unit, including cities, counties, school districts, and hospital districts, (a) entitled by statute to assess taxes based on the value or use of real and personal property and to obtain an encumbrance against such property to secure payment of such taxes or (b) entitled to obtain an encumbrance on property to secure payment of any tax claim specified in Bankruptcy Code section 507(a)(8). Secured Tax Claims shall not include any such Claims secured by liens/security interests that are avoidable, unperfected, subject to subordination, or otherwise unenforceable.

Securities Act means the Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law.

Senior Subordinated Noteholders means Tensile Capital Management LLC, as well as select co-investors and their successors and assigns.

Senior Subordinated Notes means the subordinated notes issued to the Senior Subordinated Noteholders in exchange for a cash payment of \$25 million. The terms of the Senior Subordinated Notes are described on **Appendix A** to the Plan. The purchase amount of the Senior Subordinated Notes shall be \$25 million.

Share Purchase Rights means the Eligible Offeree Share Purchase Rights and the Section 4(a)(2) Share Purchase Rights.

Solicitation means solicitation in accordance with the Approval Order of (a) votes under the Plan and (b) the Share Purchase Rights.

Solicitation Materials means the Disclosure Statement (including all exhibits and appendices), Ballot, and any other materials to be used in the Solicitation of votes on the Plan.

Subordinated Claim means a Claim that is subordinated to General Unsecured Claims pursuant to (a) a contract or agreement, (b) a Final Order declaring that such Claim is subordinated in right or payment, or (c) any applicable provision of the Bankruptcy Code, including Bankruptcy Code section 510, or other applicable law. Subordinated Claims specifically include any Claim for punitive damages provided for under applicable law.

Tuesday Morning Corporation Interests means any Interest in Tuesday Morning Corporation that existed immediately before the Effective Date.

Tuesday Morning means Debtor Tuesday Morning Corporation.

Unexpired Lease means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

Unimpaired means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not impaired within the meaning of Bankruptcy Code section 1124.

United States means the United States of America and all agencies thereof.

Unsecured Claim means a Claim that is not a Secured Claim. The term specifically includes any tort Claims or contractual Claims or Claims arising from damage or harm to the environment and, pursuant to Bankruptcy Code section 506(a), any Claim of a Creditor against the Debtors to the extent that such Creditor's Claim is greater than the value of the Lien securing such Claim (including, without limitation, any Existing Second Lien Deficiency Claim), any Claim for damages resulting from rejection of any Executory Contract or Unexpired Lease under Bankruptcy Code section 365, and any Claim not otherwise classified under the Plan.

Voting Deadline means December 16, 2020 at 5:00 p.m., prevailing Central Time, which is the deadline established by the Bankruptcy Court pursuant to the Approval Order for submitting a Ballot to accept or reject the Plan.

Voting Record Date means November 11, 2020.

Appendix A
Commitment Letter and Terms of Senior Subordinated Notes

[Previously filed as Exhibit 10.2 to the Company's Form 8-K filed November 19, 2020]
