

**TUESDAY MORNING CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**  
*Effective as of November 11, 2014*

The Board of Directors (the "Board") of Tuesday Morning Corporation (the "Company") has adopted these Corporate Governance Guidelines ("Guidelines"), in order to assist the Board in the exercise of its responsibilities and to provide an effective corporate governance framework for the Company.

The Guidelines are necessarily subject to review and modification from time to time by the Board as the Board may deem appropriate and in the best interests of the Company and its stockholders, and as required by applicable laws and regulations. These Guidelines are not intended to modify the Company's Certificate of Incorporation, as amended, or Amended and Restated Bylaws.

**I. Role of the Board.**

The business and affairs of the Company shall be managed by or under the direction of the Board. In all actions taken by the Board, the directors shall exercise their business judgment in a manner that they reasonably believe to be in the best interests of the Company. In discharging their obligations, the Board and each of its committees, and each member of the Board and such committees, shall be entitled to rely, in good faith, on the records of the Company and on the information, opinions, reports or statements of, or other information prepared or presented to them by, officers and other employees of the Company or its subsidiaries, or counsel, public accountants or other persons as to matters which the Board or committee believes to be within the professional or expert competence of such persons and who have been selected with reasonable care by or on behalf of the Company.

**II. Specific Functions of the Board.**

At Board meetings, the Board shall, as determined to be appropriate by the Board, review and discuss reports by management, board committees, outside auditors and other consultants and advisors. Such reports may address, among other things, the performance of the Company, its business plans and long-term strategy, potential opportunities, as well as challenges facing the Company. In addition to its general oversight of management, the Board or a committee thereof shall also perform a number of specific functions, including:

1. Selecting, evaluating and compensating the Chief Executive Officer;
2. Providing oversight regarding the selection, evaluation, development and compensation of senior management;
3. Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
4. Reviewing, and where appropriate, approving and overseeing policies for corporate conduct, including disclosure controls and procedures, accounting and financial

controls, compliance systems and controls, and other policies or codes designed to maintain the financial, legal and ethical integrity of the company; and

5. Evaluating periodically the overall effectiveness of the Board.

The Company's senior officers, under the direction of the Chief Executive Officer, are responsible for the operations of the Company and the implementation of the Company's policies, procedures and strategies, subject to the oversight of the Board.

### **III. Board Committees.**

The Board has three committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Board may add new committees, as it deems advisable for purposes of fulfilling its primary responsibilities. The Board shall appoint the committee members and committee chairpersons according to criteria that it determines to be in the best interests of the Company and its stockholders, in accordance with the listing standards of The Nasdaq Stock Market LLC and any other applicable laws and regulations and upon the recommendation of the Nominating and Governance Committee. The charters of each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, which may be published on the Company's website at [www.tuesdaymorning.com](http://www.tuesdaymorning.com), are fully incorporated herein and set forth, among other things, the purposes, duties, responsibilities and composition of, and qualifications of the members of, each such committee. The duties of the three committees may be described briefly as follows:

- **Audit Committee:** The Audit Committee oversees the Company's accounting and financial reporting processes and the audits and reviews of, and other attestation services related to, the Company's financial statements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent accountants employed by the Company.
- **Compensation Committee:** The Compensation Committee assists the Board in discharging the Board's responsibilities relating to compensation of the Company's directors and executive officers. The Compensation Committee oversees and reviews executive compensation programs, benefits, policies, and practices with a view to attracting, motivating, and retaining qualified directors, executive officers and other key employees of the Company.
- **Nominating and Governance Committee:** The Nominating and Governance Committee oversees the identification, selection and qualification of candidates for the Board; and evaluates and recommends to the Board candidates for election or reelection as directors. The Nominating and Governance Committee also develops and recommends to the Board and periodically reviews and assesses the corporate governance guidelines.

The Board committees also perform the functions set forth in their respective charters that are incorporated herein.

#### **IV. Composition of the Board.**

**A. Size of the Board.** In accordance with the Company's Amended and Restated Bylaws, the number of directors shall be established from time to time by resolution of Board. The Nominating and Governance Committee shall develop and periodically review policies regarding the size and composition of the Board and shall make recommendations to the Board regarding changes to the size and composition of the Board.

**B. Election of the Board.** All directors of the Company are elected by the stockholders of the Company every year. Between annual stockholders meetings, the Board may elect directors to fill any vacancies and newly created directorships in accordance with the Company's Amended and Restated Bylaws.

**C. Independent Directors.** The Board shall be comprised of at least a majority of directors who, upon the determination of the Board, are independent of the Company and its management, in accordance with the listing standards of The Nasdaq Stock Market LLC and any other applicable laws and regulations. The Board shall review, on an annual basis, the independence of members of the Board.

**D. Qualifications.** Candidates for the Board shall be recommended annually to the Board by the Nominating and Governance Committee in accordance with the policies and criteria adopted by the Nominating and Governance Committee.

#### **V. Conflicts of Interest.**

The Board expects its members, as well as officers and employees of the Company, to act ethically at all times and to adhere to the Company's Code of Business Conduct and to the extent applicable, the Company's Related Party Transaction Policy.

#### **VI. Meetings of the Board of Directors.**

**A. Meetings of the Board.** The Board shall have a regular meeting at least four times a year, as determined by the Board, and may have special meetings as called pursuant to the Company's Amended and Restated Bylaws. Each director is expected to regularly attend meetings of the Board, and of those committees of the Board on which the director may serve, with the understanding that on occasion the director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Corporate Secretary and Chairman of the Board or the chairperson of the appropriate committee in advance of such meeting. Each member of the Board is encouraged to attend the annual meeting of stockholders.

**B. Meeting Materials.** Information, data and other materials relevant to the matters to be considered at each meeting of the Board shall be, to the extent practicable, distributed in writing or electronically to the Board sufficiently prior to the meeting to permit review by members of the Board in advance of the meeting. Directors are expected to review these materials before the meeting. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate.

**C. Meetings of Independent Directors.** The independent directors of the Company shall regularly meet in executive session, without the presence of the Company's management. These executive session discussions may include such topics as the independent directors determine.

**D. Director Access to Employees.** The Board expects that specified senior officers of the Company will regularly attend Board and committee meetings, present proposals and otherwise assist in the work of the Board. The Board shall have access to the Company employees, through such procedures as may be established by the Chairman of the Board, for the purposes of obtaining all the information necessary for the Board to fulfill its duties. The Company's management, at the discretion of the Board, is permitted to invite any employee to any meeting of the Board at which such employee's presence and expertise would be helpful to the Board in having a full understanding of an issue under consideration.

**E. Access to Independent Advisors.** The Board shall also have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors as it deems appropriate. The Board shall have sole authority to approve the fees of such consultants or advisors and other retention terms as it deems appropriate, all at the Company's expense.

## **VII. Compensation of Directors.**

Executive officers of the Company who serve on the Board shall not receive any additional compensation from the Company for such service, unless otherwise determined by the Board or the Compensation Committee. The Compensation Committee periodically reviews and approves changes with respect to compensation, incentive compensation plans, and equity-based plans for directors of the Company.

## **VIII. Director Orientation and Annual Evaluations.**

The Company shall be responsible for orienting new members to its practices and procedures. The Nominating and Governance Committee shall administer a process for the Board and each Board committee to annually evaluate its own performance.

## **IX. Indemnification of Directors and Officers.**

The Company shall provide reasonable directors' and officers' liability insurance for directors and officers and shall indemnify directors and officers to the fullest extent provided by the Company's Amended and Restated Bylaws.

## **X. Code of Business Conduct.**

The Company has adopted a Code of Business Conduct ("Code of Conduct"), which applies to all employees of the Company and its subsidiaries as well as to directors and officers of the Company and its subsidiaries. The Board or, if delegated by the Board, the Audit Committee shall periodically review the Code of Conduct and approve, or make recommendations to the Board regarding, appropriate changes.