

**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

**INSTRUCTIONS TO BENEFICIAL OWNER OFFERING FORM AND
CERTIFICATION FOR RIGHTS OFFERING IN CONNECTION WITH THE FIRST
AMENDED JOINT PLAN OF REORGANIZATION OF TUESDAY MORNING
CORPORATION, *ET AL.*, PURSUANT TO CHAPTER 11 OF
THE BANKRUPTCY CODE**

Offer Available to Owners of outstanding shares Tuesday Morning Corporation
Existing Common Stock as of the Rights Offering/Exchange Determination Date

THE EXPIRATION DATE FOR THE EXERCISE OF RIGHTS IS 4:00 P.M.
(PREVAILING CENTRAL TIME) ON FEBRUARY 1, 2021 (THE 30TH
DAY FOLLOWING THE EFFECTIVE DATE OF THE PLAN, OR IF
SUCH DAY IS NOT A BUSINESS DAY, THE NEXT BUSINESS DAY),
SUBJECT TO EXTENSION (THE “RIGHTS EXPIRATION TIME”).

To Owners of outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date:

On November 15, 2020, Tuesday Morning Corporation and its affiliated debtors and debtors-in-possession (the “Debtors”), filed the *Second Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code* Docket No. 1634 (as amended from time to time, the “Plan”) and the *Amended Disclosure Statement in Support of the First Amended Joint Plan of Reorganization of Tuesday Morning Corporation, et al., Pursuant to Chapter 11 of the Bankruptcy Code* Docket No. 1634 (as amended from time to time, the “Disclosure Statement”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”). Copies of the Plan and Disclosure Statement are available in electronic format online at <https://dm.epiq11.com/case/tuesdaymorning> or a paper copy can be requested from the Claims and Balloting Agent by emailing

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.

TuesdayMorningInfo@epiqglobal.com or through the Debtors' chapter 11 case website by submitting an inquiry at <https://dm.epiq11.com/case/tuesdaymorning/info>.

Pursuant to the Plan and the rights offering procedures attached as Exhibit 2 to the Backstop Motion (the "Rights Offering Procedures"),² the Debtors will offer rights (each, a "Right") to each owner of outstanding shares of Existing Common Stock³ that is an Eligible Offeree to participate in a Rights offering (the "Eligible Offeree Rights Offering") of an aggregate amount purchase price of \$24 million (the "Eligible Offeree Rights Offering Amount"). You have received the attached Beneficial Owner Offering Form because you were a Beneficial Owner of the outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date.

Except as described in the following sentence, the Debtors are commencing the Eligible Offeree Rights Offering as soon as reasonably practicable following the Rights Offering/Exchange Determination Date (as defined below), and the deadline for Eligible Offerees to exercise their Rights (the "Rights Offering Expiration Time") will be **4:00 p.m. Central Time on February 1, 2021 (the 30th day following the effective date of the Plan (the "Effective Date"), or if such day is not a Business Day, the next Business Day)**. In the event the Aggregate Market Value (as defined in the Plan) is less than \$32 million on the Effective Date, the Eligible Offeree Rights Offering shall commence on the first day following the Reorganized Debtors' public announcement that a Registration Statement covering the issuance of the shares issuable in the Eligible Offeree Rights Offering has been declared effective by the Securities and Exchange Commission and the Rights Offering Expiration Time shall be 4:00 p.m. Central Time on the 30th day following commencement of the Eligible Offeree Rights Offering. Simultaneously with the Eligible Offeree Rights Offering, the Debtors shall conduct the Section 4(a)(2) Rights Offering (as defined below) (the Eligible Offeree Rights Offering and the Section 4(a)(2) Rights Offering are referred to together as the "Rights Offerings").

Each Eligible Offeree is receiving Rights, in an amount not to exceed its pro rata share of such Eligible Offeree Rights Offering Amount based upon a fraction (expressed as a percentage) the numerator of which is the number of outstanding shares of the Existing Common Stock owned by the Eligible Offeree as of January 4, 2021 (the date and time fixed for the determination of the Eligible Offerees whose shares of the Existing Common Stock will be exchanged for the New Common Stock and the Rights (the "Rights Offering/Exchange Determination Date") and the denominator of which is the aggregate number of shares of all Existing Common Stock outstanding as of the Rights Offering/Exchange Determination Date. The Rights Offering/Exchange Determination Date 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. The Rights entitle such Eligible Offeree to purchase their pro rata share of New Common Stock (the "Eligible Offeree Rights Offering Common Stock"), at a per

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Backstop Motion, the Rights Offering Procedures or the Plan, as applicable.

³ Only holders of "Existing Common Stock" consisting of outstanding shares of the Company on the Rights Offering/Exchange Determination Date shall receive Rights (with each share of Existing Common Stock outstanding on the Rights Offering Exchange/Determination Date exchanged for one share of New Common Stock and the Rights). Holders of options and other rights to acquire shares of the Company's Common Stock shall not receive Rights.

share purchase price of \$1.10 (the “Purchase Price”) up to the Eligible Offeree Rights Offering Amount on the terms and conditions set forth in the Plan, Rights Offering Procedures, and the Backstop Agreement.

Each Eligible Offeree may exercise all, some, or none of its pro rata share of the Rights, and the Rights Offering funds for such Eligible Offeree will be adjusted accordingly. No fractional shares of Eligible Offeree Rights Offering Common Stock will be issued in the Rights Offering. All share allocations will be calculated and rounded down to the nearest whole share.

In the event the Eligible Offeree Rights Offering Amount is determined to be less than \$24 million, and as a result each of the Eligible Offerees funded an amount into the Rights Offering Escrow Account in excess of their portion of the Eligible Offeree Rights Offering (such excess, “Excess Rights Offering Funds”), the Subscription Agent shall, as soon as reasonably practicable after the Effective Date, return all Excess Rights Offering Funds held in the Rights Offering Escrow Account to each respective Eligible Offeree, without any interest.

For a complete description of the Rights Offerings, please see the Rights Offering Procedures. A copy of the Rights Offering Procedures is enclosed with this Beneficial Owner Offering Form. Please utilize the attached Beneficial Owner Offering Form to calculate your election, which must be processed by your Subscription Nominee⁴. Please follow the directions of your Subscription Nominee with respect to the transmission of your instructions to your Subscription Nominee.

TO ELECT TO PARTICIPATE IN THE ELIGIBLE OFFEREE RIGHTS OFFERING YOU MUST BE AN ELIGIBLE OFFEREE AND,

SINCE YOU HELD YOUR OUTSTANDING SHARES OF EXISTING COMMON STOCK AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE THROUGH A SUBSCRIPTION NOMINEE, PROVIDE YOUR INSTRUCTIONS TO YOUR SUBSCRIPTION NOMINEE WITH SUFFICIENT TIME FOR YOUR INSTRUCTIONS TO BE PROCESSED AND DELIVERED BY YOUR SUBSCRIPTION NOMINEE TO THE SUBSCRIPTION AGENT THROUGH THE DEPOSITORY TRUST COMPANY’S AUTOMATED SUBSCRIPTION OFFER PROGRAM (“ASOP”) BEFORE THE RIGHTS EXPIRATION TIME.

PAYMENTS IN CONNECTION WITH YOUR EXERCISE OF THE RIGHTS,

SINCE YOU HELD YOUR OUTSTANDING SHARES OF EXISTING COMMON STOCK AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE THROUGH A SUBSCRIPTION NOMINEE, PAYMENT WILL BE MADE VIA ASOP. PAYMENTS MADE VIA ASOP BY YOUR SUBSCRIPTION NOMINEE ON OR BEFORE THE RIGHTS EXPIRATION TIME WILL BE AUTOMATICALLY MADE BY THE DEPOSITORY TRUST COMPANY (“DTC”) TO THE SUBSCRIPTION AGENT.

⁴ Your “Subscription Nominee” is an applicable broker, dealer, commercial bank, trust company, financial institution or other agent or nominee in whose name your outstanding shares of Tuesday Morning Corporation common stock were registered or held of record as of the Rights Offering/Exchange Determination Date.

IF YOU FAIL TO COMPLY WITH THESE PROCEDURES, THE EXERCISE MAY BE VOID AND YOUR RIGHTS WILL BE CANCELLED.

IF YOU HELD YOUR OUTSTANDING SHARES OF EXISTING COMMON STOCK AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE THROUGH A SUBSCRIPTION NOMINEE, PLEASE CONTACT YOUR SUBSCRIPTION NOMINEE FOR FURTHER INSTRUCTIONS AS TO SUBMITTING THIS BENEFICIAL OWNER OFFERING FORM OR OTHER REQUIRED INSTRUCTIONS AND SUBMITTING THE PAYMENTS IN CONNECTION WITH YOUR EXERCISE OF THE RIGHTS.

If you held your outstanding shares of Existing Common Stock as of the Rights Offering/Exchange Determination Date through a Subscription Nominee, the payments made by you through your Subscription Nominee in connection with your exercise of the Rights via ASOP will be held and maintained by the Subscription Agent, who will wire such funds via ASOP. Neither the Subscription Nominee nor the Subscription Agent will use such funds for any other purpose prior to the Closing Date and shall not encumber or permit such funds to be encumbered with any lien or similar encumbrance. Interest will not be paid on any such funds.

* * * * *

A Beneficial Owner Offering Form or the related ASOP instruction shall be deemed not to have been properly completed until all defects and irregularities have been waived or cured within such time as the Debtors determine in good faith, in consultation with the Backstop Party. The Debtors reserve the right, but are under no obligation, to give notice to any Eligible Offeree regarding any defect or irregularity in connection with any purported exercise of the Rights by such Eligible Offeree. The Debtors may, but are under no obligation to, permit such defect or irregularity in any Beneficial Owner Offering Form to be cured; *provided, however*, that neither the Debtors (including any of their respective officers, directors, employees, agents or advisors) nor the Subscription Agent shall incur any liability for any failure to give such notification.

Instructions. To exercise the Rights pursuant to the Eligible Offeree Rights Offering:

1. **Complete** Item 1 by filling in the number of outstanding shares of Existing Common Stock you held as of the Rights Offering/Exchange Determination Date in the blank space provided.
2. **Complete** the calculation in Item 2a.
3. **Complete** Item 2b indicating the amount of Rights that you wish to exercise based on your holdings of the outstanding shares of Existing Common Stock as of the Rights Offering/Exchange Determination Date and the amount of Rights Offering Funds corresponding to your exercise of the Rights.
4. **Complete** the information and certification requested in Item 4.

5. **Execute** the Beneficial Owner Offering Form Signature Page or, since you held your outstanding shares of Existing Common Stock as of the Rights Offering/Exchange Determination Date through a Subscription Nominee, otherwise provide your instructions to your Subscription Nominee in sufficient time for your instructions to be processed and delivered by your Subscription Nominee to the Subscription Agent on or before the Rights Expiration Time.
6. **Deliver Payment of the Rights Offering Funds** indicated in Item 2b:

Since you held your outstanding shares of Existing Common Stock as of the Rights Offering/Exchange Determination Date through a Subscription Nominee, to the Subscription Nominee in accordance with instructions of your Subscription Nominee.

7. **Questions.** Questions relating to the Rights Offering Procedures, the proper completion of the Beneficial Owner Offering Form or any of the requirements for exercising the Rights or otherwise participating in the Eligible Offeree Rights Offering should be directed to your Subscription Nominee or the Subscription Agent at (855) 917-3492 (Toll Free U.S.) or (503) 520-4429 (Non U.S.).

The Disclosure Statement sets forth important information that should be carefully read and considered by each Eligible Offeree prior to making a decision to participate in the Eligible Offeree Rights Offering, including the sections entitled “Certain Risk Factors to Be Considered” and “Financial Projections and Feasibility” contained therein. A copy of the Disclosure Statement has been distributed to each owner and is also available in electronic format online at <https://dm.epiq11.com/case/tuesdaymorning> or a paper copy can be requested from the Claims and Balloting Agent by emailing TuesdayMorningInfo@epiqglobal.com or through the Debtors’ chapter 11 case website by submitting an inquiry at <https://dm.epiq11.com/case/tuesdaymorning/info>.

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**BENEFICIAL OWNER OFFERING FORM AND CERTIFICATION FOR RIGHTS
OFFERING IN CONNECTION WITH THE FIRST AMENDED JOINT PLAN OF
REORGANIZATION OF TUESDAY MORNING CORPORATION, *ET AL.*, PURSUANT
TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Tuesday Morning Corporation outstanding shares of
Existing Common Stock as of the Rights
Offering/Exchange Determination Date

RIGHTS EXPIRATION TIME

THE EXPIRATION DATE FOR THE EXERCISE OF RIGHTS IS
4:00 P.M. (PREVAILING CENTRAL TIME) ON FEBRUARY 1, ,
2021 (THE 30TH DAY FOLLOWING THE EFFECTIVE DATE OF
THE PLAN, OR IF SUCH DAY IS NOT A BUSINESS DAY, THE
NEXT BUSINESS DAY), SUBJECT TO EXTENSION

THIS FORM SHOULD BE COMPLETED BY BENEFICIAL OWNERS AND DELIVERED, SINCE YOU HELD YOUR OUTSTANDING SHARES OF TUESDAY MORNING CORPORATION EXISTING COMMON STOCK AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE THROUGH A SUBSCRIPTION NOMINEE, TO YOUR SUBSCRIPTION NOMINEE, OR OTHERWISE FOLLOW THE DIRECTIONS OF YOUR SUBSCRIPTION NOMINEE WITH RESPECT TO DELIVERY OF YOUR SUBSCRIPTION INSTRUCTIONS AND PAYMENT.

Please consult the Rights Offering Procedures enclosed with this Beneficial Owner Offering Form and attached as an exhibit to the Backstop Motion for additional information with respect to this Beneficial Owner Offering Form. You should review the Rights Offering Procedures, the Disclosure Statement, the Plan and the instructions contained herein before you elect to participate in the Eligible Offeree Rights Offering. You may wish to seek legal advice concerning the Eligible Offeree Rights Offering. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Rights Offering Procedures, the Backstop Motion, or the Plan, as applicable.

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.

Your receipt of this Beneficial Owner Offering Form does not signify that you are or are not an Eligible Offeree.

Item 1. Amount of Tuesday Morning Corporation Interests. The owner of the outstanding shares of Tuesday Morning Corporation Existing Common Stock identified below beneficially owned outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date in the following amount:

(In the space provided above, please indicate the number of outstanding shares of the Tuesday Morning Corporation Existing Common Stock you owned as of the Rights Offering/Exchange Determination Date. Do not include options or other rights to acquire shares.)

Item 2. Rights. Pursuant to the Plan and the Rights Offering Procedures, the Eligible Offeree is entitled to participate in the Rights Offering by paying, on a pro rata basis, its allocated portion of the Rights Offering Amount for the Rights offered to owners of outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date. To calculate your subscription amount, review and complete Items 2a and 2b further below.

Formula for Calculation of the Maximum Pro Rata Share of Rights Offering Amount. The maximum pro rata share of the Rights Offering Amount based on the amount of outstanding shares of Tuesday Morning Corporation Existing Common Stock for which the Eligible Offeree indicated in Item 1 above may subscribe is calculated as follows (please see Item 2a for the direct calculation of the number of Rights associated with your share amount):

$$\begin{array}{rclclcl} \text{_____} & \div & \mathbf{46,842,596} & \times & \mathbf{100} & = & \text{_____} \\ \text{(Insert Amount from Item 1} & & \text{(Total number} & & & & \text{(Percentage equal to} \\ \text{Number of outstanding shares of} & & \text{of outstanding shares of} & & & & \text{maximum pro rata} \\ \text{Tuesday Morning Corporation} & & \text{Tuesday Morning} & & & & \text{share of Rights} \\ \text{Existing Common Stock Held as} & & \text{Corporation Existing} & & & & \text{Offering Amount} \\ \text{of the Rights Offering/Exchange} & & \text{Common Stock as of the} & & & & \text{rounded down to} \\ \text{Date))} & & \text{Rights} & & & & \text{nearest 1/1000th of} \\ & & \text{Offering/Exchange} & & & & \text{a percent (three} \\ & & \text{Determination Date)} & & & & \text{decimal places)} \end{array}$$

Formula for Rights Offering Funds. The Rights Offering Funds are based on the following formula (please see Item 2b below for the direct calculation of the Rights Offering Funds associated with your exercise of Rights).

$$\frac{\text{_____}}{\text{(percentage of Eligible Offeree Rights Offering Amount the Eligible Offeree elects to purchase with respect to its outstanding shares of Existing Common Stock as of the Rights Offering/Exchange Determination Date. The percentage cannot be greater than the \% equal to the maximum pro rata share of the Eligible Offeree Rights Offering Amount in Item 2a.)}} \times \$24,000,000.00 = \$\text{_____}$$

(Compute payment for Rights rounded to nearest one dollar)

ITEM 2a. CALCULATION OF NUMBER OF RIGHTS:

BOX 2A:

$$\text{_____} \times 0.46577653 = \boxed{\text{_____}}$$

(Insert Amount from Item 1 (Number of outstanding shares of Tuesday Morning Corporation Existing Common Stock Held as of the Rights Offering/Exchange Date))

Round DOWN to nearest whole number for the number of Rights you are entitled to exercise.

ITEM 2b. CALCULATION OF RIGHTS OFFERING FUNDS: By filling in the following blanks or otherwise following the directions of your Nominee with respect to the exercise of Rights, the Eligible Offeree is electing to purchase the amount of Rights corresponding to the Eligible Offeree Rights Offering Amount specified below, on the terms of and subject to the conditions set forth in the Rights Offering Procedures.

BOX 2B:

$$\text{_____} \times \$1.10 = \$\boxed{\text{_____}}$$

Insert the Number of Rights you wish to exercise (may not exceed the number of Rights shown in BOX 2A above)

Total Rights Offering Funds to be paid in connection with the Number of Rights being exercised.

Rights Offering Funds. The “Rights Offering Funds” is the aggregate payment of the Eligible Offeree for the Rights that the Eligible Offeree is electing to purchase with respect to its outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date and is equal to the product of the equation in Item 2b above.

Item 3 Payment of the Rights Offering Funds for Beneficial Owners Who Held the outstanding shares of Tuesday Morning Corporation Existing Common Stock as of the Rights Offering/Exchange Determination Date through a Subscription Nominee.

Payment with respect to the Rights is due on or before the Rights Expiration Time, to be made in accordance with the instructions provided by your Subscription Nominee.

Payment of the Rights Offering Funds must be delivered to the Subscription Nominee in accordance with its instructions Failure of your Subscription Nominee to submit your instructions through ASOP by the Rights Expiration Time and thereby remit payment of the Rights Offering Funds will result in the forfeiture and revocation of the Eligible Offeree's Rights.

Item 4. Eligible Offeree Certifications.

General Certification. I certify that: (i) I am an authorized signatory of the Eligible Offeree indicated below and that such Eligible Offeree held as of the Rights Offering/Exchange Determination Date the amount of outstanding shares of Tuesday Morning Corporation Existing Common Stock listed under Item 1 above; (ii) I have, and such Eligible Offeree has, received a copy of the Plan and the Disclosure Statement; and (iii) I understand, and such Eligible Offeree understands, that the exercise of the Rights is subject to all the terms and conditions set forth in the Disclosure Statement, the Plan, and the Rights Offering Procedures.

SIGNATURE

Date: _____, 2021

Name of Eligible Offeree:

(Print or Type)

Signature: _____

Name of Person Signing: _____

Title: _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

Fax: _____

E-Mail: _____

PLEASE RETURN THIS BENEFICIAL OWNER OFFERING FORM TO YOUR SUBSCRIPTION NOMINEE IF YOU HELD YOUR OUTSTANDING SHARES OF TUESDAY MORNING CORPORATION EXISTING COMMON STOCK AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE THROUGH A SUBSCRIPTION NOMINEE.

DO **NOT** RETURN THIS FORM TO THE SUBSCRIPTION AGENT UNLESS YOU WERE THE DIRECT HOLDER OF RECORD OF THE OUTSTANDING SHARES OF TUESDAY MORNING CORPORATION EXISTING COMMON STOCK ON THE STOCK TRANSFER REGISTRATION BOOKS OF TUESDAY MORNING CORPORATION AS OF THE RIGHTS OFFERING/EXCHANGE DETERMINATION DATE.