TUESDAY MORNING CORP/DE
Form 10-Q
April 30, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-19658

TUESDAY MORNING CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**75-2398532**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

6250 LBJ Freeway

Dallas, Texas 75240

(Address, including zip code, of principal executive offices)

(972) 387-3562

(Registrant s telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at April 25, 2012
Common Stock, par value $0.01 per share	41,831,418

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Forward-Looking Statements

This Quarterly Report on Form 10-Q 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. These statements may be found throughout this Form 10-Q particularly under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations, among others. Forward-looking statements typically are identified by the use of terms such as may, will, should, expect, anticipate, believe, estimate, intend and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our future results of operations, our future financial position, and our business outlook or state other forward-looking information.

Readers are referred to Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended June 30, 2011 for examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. These risks, uncertainties and events also include, but are not limited to, the following:

- *uncertainties regarding our ability to open stores and relocate existing stores in new and existing markets and operate these stores on a profitable basis;*
- *conditions affecting consumer spending and consumer confidence and the impact, depth and duration of current economic conditions;*
- *increased or new competition;*
- *our ability to operate information systems and implement new technologies effectively;*
- *our ability to safeguard our customers personal information and other secure data;*
- *our ability to continue to attract buying opportunities and anticipate customer demand;*
- *loss of or disruption in our centralized distribution center;*
- *our freight costs and thus our cost of goods sold are impacted by changes in fuel prices;*
- *loss or departure of one or more members of our senior management or other key management personnel;*
- *our ability to generate strong cash flows from our operations;*
- *an increase in the cost or a disruption in the flow of our imported products;*
- *our success in implementing our marketing, advertising and promotional efforts;*

- *our ability to attract and retain quality sales, distribution center and other associates in large numbers;*
- *seasonal and quarterly fluctuations; and*
- *fluctuations in our comparable store results.*

The forward-looking statements made in this Form 10-Q relate only to events as of the date on which the statements were made. Except as may be required by law, we undertake no obligation to update our forward-looking statements to reflect events and circumstances after the date on which the statements were made or to reflect the occurrence of unanticipated events.

The terms Tuesday Morning, the Company, we, us and our as used in this Quarterly Report on Form 10-Q refer to Tuesday Morning Corporation and its subsidiaries.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Tuesday Morning Corporation

Consolidated Balance Sheets

March 31, 2012 and June 30, 2011

(In thousands, except for per share data)

	March 31, 2012 (unaudited)	June 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 38,984	$ 19,400
Inventories	261,722	264,361
Prepaid expenses and other current assets	11,113	13,684
Deferred income taxes	79	447
Total current assets	311,898	297,892
Property and equipment, net	75,093	76,982
Deferred financing costs	2,752	2,504
Other assets	1,636	1,778
Total Assets	$ 391,379	$ 379,156
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 91,580	$ 81,047
Accrued liabilities	29,017	28,760
Income taxes payable	366	65
Total current liabilities	120,963	109,872
Revolving credit facility		
Deferred rent	3,339	3,198
Deferred income taxes	4,943	5,297
Income tax payable - non current	575	655
Total Liabilities	129,820	119,022
Commitments and contingencies		
Stockholders equity:		
Preferred stock, par value $0.01 per share, authorized 10,000,000 shares; none issued or outstanding		
Common stock, par value $0.01 per share, authorized 100,000,000 shares; 43,524,496 shares issued and 41,867,402 outstanding at March 31, 2012 and 43,185,203 shares issued and outstanding at June 30, 2011	435	432

Additional paid-in capital		209,443		208,130
Retained earnings		57,582		51,661
Accumulated other comprehensive loss		(37)		(89)
Less: 1,657,094 common shares in treasury, at cost, at March 31, 2012		(5,864)		
Total Stockholders Equity		261,559		260,134
Total Liabilities and Stockholders Equity	$	391,379	$	379,156

The accompanying notes are an integral part of these consolidated financial statements.

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Tuesday Morning Corporation

Consolidated Statements of Operations (unaudited)

(In thousands, except for per share data)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Nine Months Ended March 31, 2012	Nine Months Ended March 31, 2011
Net sales	$ 172,699	$ 174,316	$ 616,406	$ 626,384
Cost of sales	107,135	107,620	381,054	385,711
Gross profit	65,564	66,696	235,352	240,673
Selling, general and administrative expenses	71,661	71,941	224,463	221,031
Operating income (loss)	(6,097)	(5,245)	10,889	19,642
Other income (expense):				
Interest income				2
Interest expense	(395)	(791)	(1,842)	(2,313)
Other income (expense), net	(13)	89	136	476
	(408)	(702)	(1,706)	(1,835)
Income (loss) before income taxes	(6,505)	(5,947)	9,183	17,807
Income tax expense (benefit)	(2,260)	(2,312)	3,262	6,826
Net income (loss)	$ (4,245)	$ (3,635)	$ 5,921	$ 10,981
Earnings (Loss) Per Share				
Net income (loss) per common share:				
Basic	$ (0.10)	$ (0.08)	$ 0.14	$ 0.26
Diluted	$ (0.10)	$ (0.08)	$ 0.14	$ 0.25
Weighted average number of common shares:				
Basic	41,622	42,660	42,156	42,419
Diluted	41,622	42,660	42,702	43,004
Dividends per common share	$	$	$	$

The accompanying notes are an integral part of these consolidated financial statements.

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Tuesday Morning Corporation

Consolidated Statements of Cash Flows (unaudited)

(In thousands)

	Nine Months Ended March 31, 2012	Nine Months Ended March 31, 2011
Net cash flows from operating activities:		
Net income	$ 5,921	$ 10,981
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,061	12,327
Amortization of financing fees	611	764
Deferred income taxes	14	412
Loss on disposal of assets	375	194
Stock-based compensation	1,472	1,305
Other non-cash items	53	(246)
Change in operating assets and liabilities:		
Inventories	2,238	(46,848)
Prepaid and other assets	2,713	(296)
Accounts payable	25,144	13,978
Accrued liabilities	112	(4,143)
Deferred rent	141	(29)
Income taxes payable	221	284
Net cash provided by (used in) operating activities	50,076	(11,317)
Net cash flows from investing activities:		
Proceeds from sale of assets		50
Capital expenditures	(9,548)	(17,034)
Net cash used in investing activities	(9,548)	(16,984)
Net cash flows from financing activities:		
Repayments under revolving credit facility	(92,338)	(89,380)
Proceeds under revolving credit facility	92,338	103,180
Change in cash overdraft	(14,466)	(3,269)
Excess tax benefit from the exercise of employee stock options	217	557
Payments of debt financing costs	(859)	
Purchases of treasury stock	(5,864)	
Proceeds from the exercise of stock options	28	49
Net cash provided by (used in) financing activities	(20,944)	11,137
Change in cash and cash equivalents	19,584	(17,164)
Cash and cash equivalents, beginning of period	19,400	23,522
Cash and cash equivalents, end of period	$ 38,984	$ 6,358

The accompanying notes are an integral part of these consolidated financial statements.

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Tuesday Morning Corporation

Notes to Consolidated Financial Statements (unaudited)

1. Basis of presentation The unaudited consolidated interim financial statements included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. These financial statements include all adjustments, consisting only of those of a normal recurring nature, which, in the opinion of management, are necessary to present fairly the results of the interim periods presented and should be read in conjunction with the consolidated financial statements and notes thereto in our Form 10-K for the year ended June 30, 2011. Due to the seasonal nature of our business, the results of operations for the quarter are not indicative of the results to be expected for the entire fiscal year.

The balance sheet at June 30, 2011 has been derived from the audited consolidated financial statements at that date but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto included in our Form 10-K for the year ended June 30, 2011. We operate our business as a single operating segment.

2. Stock-based compensation We have established the Tuesday Morning Corporation 1997 Long-Term Equity Incentive Plan, as amended (the 1997 Plan), the Tuesday Morning Corporation 2004 Long-Term Equity Incentive Plan, as amended (the 2004 Plan), and the Tuesday Morning Corporation 2008 Long-Term Equity Incentive Plan (the 2008 Plan) which allow for the granting of stock-based compensation, including stock options and restricted stock to directors, officers and key employees of, and certain other key individuals who perform services for the Company, and its subsidiaries. All shares available under the 1997 Plan have been granted and the 1997 Plan was terminated pursuant to its terms as of December 29, 2007. Equity awards may no longer be granted under the 1997 Plan but existing options granted under the plan may still be exercisable. Equity awards may be subject to forfeiture if certain performance requirements are not met under the 2004 and 2008 Plans.

Performance Shares and Performance Units. As of March 31, 2012, there were 160,000 performance shares and 160,000 performance units outstanding with a weighted average grant date value of $3.56 per share under the 2008 Plan. Each performance share represents a contingent right to receive one share of common stock and each performance unit represents a contingent right to receive $8.00 in cash. As such, performance units are accounted for as a liability award. The performance shares and performance units vest in one-third tranches over a three year period, subject to the Company s achievement of a performance target during an applicable performance period. Any unvested performance shares and performance units at the end of the performance period are rolled over and become eligible to vest in subsequent performance periods. Any performance share and performance units that are unvested as of the close of business on October 31, 2015 will lapse and be forfeited as of such time. As of March 31, 2012, there was no intrinsic value for the performance units or the performance shares.

Stock Options. The 1997 Plan authorized grants of options to purchase up to 4,800,000 shares of authorized, but unissued common stock. The 2004 Plan and the 2008 Plan authorize grants of options to purchase up to 2,000,000, and 2,500,000 shares, respectively, of authorized, but unissued common stock. Stock options are awarded with a strike price at a fair market value equal to the average of the high and low trading prices of our common stock on the date of grant under the 1997 Plan and the 2004 Plan. Stock options are awarded with a strike price at a fair market value equal to the closing price of our common stock on the date of the grant under the 2008 Plan.

Options granted under the 1997 Plan and the 2004 Plan typically vest over periods of three to five years and expire ten years from the date of grant while options granted under the 2008 Plan typically vest over periods of one to three years and expire ten years from the date of grant. Options granted under the 2004 Plan and the 2008 Plan may have certain performance requirements in addition to service terms. If the performance conditions are not satisfied, the options are forfeited. No options with performance conditions were outstanding as of March 31, 2012. The exercise prices of stock options outstanding on March 31, 2012 range between \$0.63 and \$35.23, which represents market value on the grant date. There were 340,312 and 234,372 shares available for grant under the 2004 Plan and the 2008 Plan, respectively, at March 31, 2012.

Restricted Stock. Restricted stock awards are not transferable, but bear certain rights of common stock ownership including voting and dividend rights. Shares are valued at the fair market price at the date of award. As of March 31, 2012, there were 221,748 shares of restricted stock outstanding with vesting periods of one to three years and a weighted average grant date fair value of \$3.81 per share under the 2004 Plan and 2008 Plan.

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Stock-based compensation costs were recognized as follows (in thousands):

	Three Months Ended March 31, 2012	Nine Months Ended March 31, 2012
Total cost of stock-based compensation during the period	$ 337	$ 1,071
Amounts capitalized in ending inventory	(162)	(498)
Amounts recognized in expense previously capitalized	304	899
Amounts charged against income for the period before tax	$ 479	$ 1,472

3. Comprehensive Income or Loss Comprehensive income or loss is defined as net income or loss plus the change in equity during a period from transactions and other events, excluding those resulting from investments by and distributions to stockholders. We account for foreign currency forward contracts as cash flow hedges in accordance with ASC 815 (formerly SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities. Changes in the fair value of the contracts that are considered to be effective are recorded in other comprehensive income or loss until the hedged item is recorded in earnings. Effective cash flow hedges are reclassified out of other comprehensive income or loss and into cost of sales when the hedged inventory is sold. Ineffective cash flow hedges are recorded in other income or loss and were immaterial for the periods presented. The effect of foreign exchange contracts on our financial position or results of operations has historically been immaterial. Comprehensive loss for the quarters ended March 31, 2012 and 2011 was $4.2 million and $3.9 million, respectively, while comprehensive income for the nine month periods ended March 31, 2012 and 2011 was $6.0 million and $10.7 million, respectively.

4. Commitments and Contingencies During 2001 and 2002, we were named as a defendant in three complaints filed in the Superior Court of California in and for the County of Los Angeles. The plaintiffs sought to certify a statewide class made up of some of our current and former employees, which they claim are owed compensation for overtime wages, penalties and interest. The plaintiffs also sought attorney s fees and costs. In October 2003, we entered into a settlement agreement with a sub-class of these plaintiffs consisting of managers-in-training and management trainees which was paid in November 2005 with no material impact to our financial statements. A store manager class was certified. However, in August 2008, our motion for de-certification of the class of store managers was granted, thereby dismissing their class action claim. The California Court of Appeals upheld the trial court s de-certification order and the California Supreme Court has declined to review that decision. We settled the individual claims of two plaintiffs in the lawsuit with no material impact on our financial statements. In addition, approximately 81 individual plaintiffs initially chose to pursue their claims individually and have filed separate lawsuits against us alleging overtime violations. Some of these cases have been voluntarily dismissed and others have been settled. There are now approximately 43 separate lawsuits pending. Eleven of the individual lawsuits have been tried. We won six of these cases, are awaiting a decision in one case and judgments have been entered against us in four cases. In these four cases we have filed Notices of Appeal. We do not expect these decisions to have a material impact on our results of operations or financial position. Several of the other individual cases are scheduled for trial this year.

A similar lawsuit, which also alleges claims concerning meal and rest periods, was filed in Orange County, California in 2004, by managers, managers-in-training and assistant managers, and an amended complaint was filed in July 2007. In December 2008, the plaintiffs abandoned their class action claim and elected to pursue their individual claims as well as claims under California s Private Attorney General Act with respect to such allegations. The Court has found in our favor on all claims and a final judgment has been entered. The plaintiffs have chosen not to pursue an appeal. A companion lawsuit alleging the same claims was filed in Orange County Superior Court in December 2008 on behalf of approximately thirty-four additional individual plaintiffs. This lawsuit includes a claim under California s Private Attorney General Act. The Court has scheduled the matter for trial in May 2012 and it is unclear at this time whether such trial will involve one or all plaintiffs. We do not expect this case to have a material impact on our results of operations or financial position.

In July 2009, a lawsuit alleging failure to pay overtime compensation was filed in Alabama by a former store manager. The plaintiff sought to certify a class action made up of current and former store managers. In fiscal 2010, we filed a request with the court to deny this motion. The court has not ruled, and no trial date has been set. We will rigorously defend our position at trial, and we do not expect these complaints to have a material impact on our results of operations or financial position.

In December 2008, a class action lawsuit was filed by hourly, non-exempt employees in the Superior Court of California in and for the County of Los Angeles, alleging claims covering meal and rest period violations. The putative class action has now been limited to Senior Sales Associates in California during the class period. The plaintiffs have filed a motion for class certification. We do not expect this complaint to have a material impact on our results of operations or financial position.

We intend to vigorously defend all pending actions. We do not believe these or any other legal proceedings pending or threatened against us would have a material adverse effect on our financial condition or results of operations.

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5. Earnings (loss) per common share The following table sets forth the computation of basic and diluted earnings (loss) per common share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
(in thousands, except per share data)	**2012**	**2011**	**2012**	**2011**
Net income (loss)	$ (4,245)	$ (3,635)	$ 5,921	$ 10,981
Less: Income to participating securities			(48)	(164)
Income (loss) available to common shares	$ (4,245)	$ (3,635)	$ 5,873	$ 10,817
Weighted average common shares outstanding - basic	41,622	42,660	42,156	42,419
Effect of diluted stock equivalents			546	585
Weighted average common shares outstanding - diluted	41,622	42,660	42,702	43,004
Net income (loss) per common share - basic	$ (0.10)	$ (0.08)	$ 0.14	$ 0.26
Net income (loss) per common share - diluted	$ (0.10)	$ (0.08)	$ 0.14	$ 0.25

For the quarters ended March 31, 2012 and 2011, 1,863,435 and 1,797,612 options, respectively, were excluded because their inclusion would have been anti-dilutive. For the nine months ended March 31, 2012 and 2011, 1,842,594 and 1,775,450 options, respectively, were excluded because their inclusion would have been anti-dilutive. Additionally, 221,748 and 391,038 restricted shares were outstanding at March 31, 2012 and 2011, respectively.

6. Revolving Credit Facility We have a credit agreement providing for an asset-based, five-year senior secured revolving credit facility (the Revolving Credit Facility) in the amount of up to $180.0 million. Our indebtedness under the Revolving Credit Facility is secured by a lien on substantially all of our assets. On November 17, 2011, we entered into a third amendment to the Revolving Credit Facility. This amendment, among other things, extended the maturity date of the Revolving Credit Facility from December 15, 2013 to November 17, 2016 and removed the clean down provision. The Revolving Credit Facility contains certain restrictive covenants, which affect, among others, our ability to incur liens or incur additional indebtedness, sell assets or merge or consolidate with any other entity. In addition, we are currently required to maintain availability under the Revolving Credit Facility of not less than $18.0 million. As of March 31, 2012, we were in compliance with all required covenants. Interest expense of $0.4 million for the quarter ended March 31, 2012 was due to commitment fees of $0.2 million and the amortization of financing fees of $0.2 million.

At March 31, 2012, we had no outstanding amounts under the Revolving Credit Facility, $8.3 million of outstanding letters of credit and availability of $120.9 million under the Revolving Credit Facility subject to minimum availability requirements as discussed above. Letters of credit under the Revolving Credit Facility are primarily for self-insurance purposes. We incur commitment fees of 0.375% on the unused portion of the Revolving Credit Facility. Any borrowing under the Revolving Credit Facility incurs interest at LIBOR or the prime rate, depending on the type of borrowing, plus an applicable margin. These rates are increased or reduced as our average daily availability changes.

7. Income Taxes Tuesday Morning Corporation or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, Tuesday Morning Corporation is no longer subject to U.S. state and local income tax examinations by tax authorities for years before 2007. The Internal Revenue Service has concluded an examination of the Company for all tax years ended on or before June 30, 2009. The effective tax rates for the quarters and nine months ended March 31, 2012 and March 31, 2011 were 34.7% and 35.5% compared to 38.9% and 38.3%, respectively. The effective tax rate was lower in the quarter and nine months ended March 31, 2012 as compared to the quarter and nine months ended March 31, 2011 due to an increase in tax credits for fiscal 2012.

8. Cash and Cash Equivalents Credit card receivables of $6.4 million and $3.6 million at March 31, 2012 and June 30, 2011, respectively, from MasterCard, Visa, Discover and American Express, as well as highly liquid investments with an original maturity date of three months or less, are considered to be cash equivalents.

9. Recent Accounting Pronouncements In June 2011, an accounting standard update was issued that eliminates the option to present the components of other comprehensive income in the statement of equity and requires the presentation of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. This update does not change the items that must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This accounting standard update is not effective for the Company until July 1, 2012, and will be applied retrospectively. This update will not have an impact on our financial condition, results of operations or cash flows.

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This standard amends the disclosure guidance with respect to fair value measurements for both interim and annual reporting periods. Specifically, this standard

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requires separate disclosure of significant transfers of assets or liabilities between Level 1 and Level 2 fair value measurements, and separate disclosures of fair value measurements for purchases, sales, issuances and settlements that use unobservable inputs (Level 3), and more robust disclosure of the valuation techniques and inputs used to measure recurring and nonrecurring fair value measurements (e.g., Level 2 and Level 3 measurements). These more robust disclosures and separate disclosure of significant transfers of assets or liabilities between Level 1 and Level 2 fair value measurements was effective for us as of December 15, 2009. The separate disclosures of fair value measurements for purchases, sales and settlements that use unobservable inputs (Level 3) was effective beginning with our fiscal year beginning July 1, 2011. However, at this time, the Company does not have any material Level 1, 2 or 3 assets or liabilities that require disclosure.

In April 2011, the FASB issued Accounting Standards Update No. 2011-04: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The Amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Specifically, the amendments clarify the intent around applying existing fair value measurements and disclosure requirements, as well as, those that change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. These amendments are to be applied prospectively for annual periods beginning after December 15, 2011, and early application is not permitted. Due to the level of immateriality of the Level 1, 2 and 3 assets and liabilities that are addressed with these amendments, the Company does not believe that any of these amendments will have a material effect on its consolidated financial statements.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited Consolidated Financial Statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q.

Introduction

We operated 852 discount retail stores in 43 states as of March 31, 2012. We sell upscale, decorative home accessories, housewares, and famous maker gifts which we purchase at below wholesale prices. Our stores have periodic sales events that occur in each month except January and July. As we conduct physical inventories at all of our stores, we are normally closed for up to one week during the months of January and July, which traditionally have been weaker months for retailers. We purchase first quality, brand name merchandise at closeout prices and, in turn, sell it at prices significantly below those generally charged by department stores and specialty and catalog retailers. We do not sell seconds, irregulars, refurbished or factory rejects.

Business Overview

The retail home furnishings industry has been negatively impacted by increased supply and competition within an already highly competitive promotional environment, a trend we believe is likely to continue in the near term and potentially longer. As a closeout retailer of home furnishings, we currently compete against a diverse group of retailers, including department and discount stores, specialty, catalogue and e-commerce retailers and mass merchants, which sell, among other products, home furnishing and related products similar and often identical to those we sell. We also compete in particular markets with a substantial number of retailers that specialize in one or more types of home furnishing and houseware products that we sell. Some of these competitors have substantially greater financial resources than we do. Our competitors greater financial resources allow them to initiate and sustain aggressive price competition, initiate broader marketing campaigns that reach a larger customer base, fund ongoing promotional events and communicate more frequently with existing and potential customers.

In response to the ongoing competition in the retail home furnishings and housewares industries, we continue to focus internally on various strategic initiatives that we believe have and will continue to offset the impact of this trend including, but not limited to:

- evaluating our monthly direct mail advertising vehicle to create more excitement surrounding each monthly event and draw more customer traffic to our stores;

- focusing on our Internet business to more effectively utilize this channel to increase sales to our existing customers as well as attract new customers;

- continuing to review the individual contributions of the existing store base and making decisions about the future of individual store locations, including whether to close or relocate them;

- striving to provide a merchandise assortment that evolves and adapts to the changing needs and preferences of our customer base;

- seeking to improve overall supply chain efficiency, including an ongoing review of operational practices such as freight costs, vendor payment terms, distribution processes and increasing inventory turns;

- expanding the current customer base;

- increasing cost efficiency; and

- striving to optimize our purchasing of inventory to best match customer demand.

We also continue to closely monitor and control our markdowns of inventory to avoid marking down items that continue to sell through at reasonable rates. Markdowns during the third quarter of fiscal 2012 were 4.9% of sales versus 4.8% of sales for the same period last year. We believe this strategy has contributed and will continue to contribute to overall margin by focusing our markdowns on inventory that is truly slow moving and not marking down items on the basis of age in inventory alone. This strategy is designed to exclude markdowns on opportunistic buys which are too large for us to sell through in one year. However, if our sales forecasts are not achieved, we may be required to record additional markdowns that could exceed historical levels. The effect of a 0.5% markdown in the value of our inventory at March 31, 2012 would result in a decline in gross profit and loss per share for the third quarter of fiscal 2012 of $1.3 million and $0.02, respectively. Under current economic conditions, forecasts can vary significantly from the actual results we achieve.

Our ability to continuously attract buying opportunities for closeout merchandise, and to anticipate consumer demand as closeout merchandise becomes available, represents an uncertainty in our business. By their nature, specific closeout merchandise items are generally only available from manufacturers or vendors on a non-recurring basis. As a result, we do not have long-term contracts with our vendors for supply, pricing or access to products, but make individual purchase decisions, which are often for large quantities. Although we have many sources of merchandise and do not foresee any shortage of closeout merchandise in the near future, we cannot assure that manufacturers or vendors will continue to make desirable closeout merchandise available to us in quantities or on terms acceptable to us or that our buyers will continue to identify and take advantage of appropriate buying opportunities. Since this uncertainty is a by-product of our business, we expect it to be an ongoing risk.

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The stability of our earnings is also heavily influenced by macroeconomic factors. As the economy improves or worsens our business is often similarly impacted. Macroeconomic factors, such as the current conditions in the debt and housing markets and unemployment, have impacted and will continue to impact our business by decreasing the disposable income of our existing and potential customers. A decline in consumer confidence levels also has a negative impact on consumers ability and willingness to spend discretionary income. At this time, we view the direction of the economy to be uncertain, which does not allow us a high degree of visibility or certainty with respect to our future earnings.

Net sales for the third quarter of fiscal 2012 were approximately $172.7 million, a decrease of 0.9% compared to the same period last year. Comparable store sales for the quarter ended March 31, 2012, decreased by 3.2% compared to the same period last year which was primarily due to a 1.8% decrease in traffic and a 1.4% decrease in average ticket. Net loss for the quarter was $4.2 million and loss per share was $0.10.

We continue to remain focused on our long-term growth and profitability. The home furnishings and high end decorative sectors of the U.S. economy continue to be challenged by the highly competitive promotional environment and weakness in the housing and debt markets.

We opened five new stores and closed 14 existing stores during the third quarter of fiscal 2012. In addition, we relocated 14 existing stores during the third quarter of fiscal 2012.

Store Openings/Closings

	Nine Months Ended March 31, 2012	**Nine Months Ended March 31, 2011**	**Fiscal Year Ended June 30, 2011**
Stores open at beginning of period	861	852	852
Stores opened during the period	20	21	44
Stores closed during the period	(29)	(33)	(35)
Stores opened at end of period	852	840	861

Results of Operations

The following table sets forth certain financial information from our consolidated statements of operations expressed as a percentage of net sales. Our business is highly seasonal, with a significant portion of our net sales and most of our operating income generated in the quarter ending December 31, which includes the holiday season. There can be no assurance that the trends in sales or operating results will continue in the future.

	Three Months Ended March 31,	**Nine Months Ended March 31,**

	2012	2011	2012	2011
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	62.0	61.7	61.8	61.6
Gross profit	38.0	38.3	38.2	38.4
Selling, general and administrative expense	41.5	41.3	36.4	35.3
Operating income (loss)	(3.5)	(3.0)	1.8	3.1
Net interest and other income (expense)	(0.3)	(0.4)	(0.3)	(0.3)
Income (loss) before income taxes	(3.8)	(3.4)	1.5	2.8
Income tax expense (benefit)	(1.3)	(1.3)	0.5	1.0
Net income (loss)	(2.5)%	(2.1)%	1.0%	1.8%

Three Months Ended March 31, 2012

Compared to the Three Months Ended March 31, 2011

During the third quarter of fiscal 2012, net sales decreased to $172.7 million from $174.3 million, a decrease of $1.6 million, or 0.9%, compared to the quarter ended March 31, 2011. The decrease in third quarter sales was primarily due to a 3.2% decrease in comparable store sales. The decrease in comparable sales for the third quarter of fiscal 2012 was comprised of a 1.8% decrease in traffic and a 1.4% decrease in average ticket, partially offset by new store sales.

Gross profit decreased $1.1 million, or 1.6%, to $65.6 million for the third quarter ended March 31, 2012 compared to $66.7 million for the same quarter last year. The decrease in gross profit dollars was primarily attributable to lower sales volume of $1.6 million.

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As a percentage of net sales, gross profit was 38.0% for the quarter ended March 31, 2012 compared to 38.3% for the same quarter in fiscal 2011, due to a minor shift in product mix and slightly higher markdowns in fiscal 2012 compared to 2011.

Selling, general and administrative expenses decreased $0.2 million, or 0.3%, to $71.7 million for the third quarter of fiscal 2012 from $71.9 million for the same quarter last year. As a percentage of net sales, selling, general and administrative expenses increased by 0.2% to 41.5% in the third quarter of fiscal 2012 from 41.3% in the same quarter last year, primarily due to lower sales volume. On a per store basis, selling, general and administrative expenses decreased 1.8% year over year.

The income tax benefit for the quarters ended March 31, 2012 and 2011 was $2.3 million. The effective tax rates for the quarters ended March 31, 2012 and March 31, 2011 were 34.7% and 38.9%, respectively. The effective tax rate was lower in the three months ended March 31, 2012 as compared to the three months ended March 31, 2011 due to an increase in tax credits for fiscal 2012.

Nine Months Ended March 31, 2012

Compared to the Nine Months Ended March 31, 2011

During the nine months ended March 31, 2012, net sales decreased to $616.4 million from $626.4 million, a decrease of $10.0 million, or 1.6%, compared to the nine months ended March 31, 2011. The decrease was primarily due to a 4.1% decrease in comparable store sales. The decrease in comparable sales for the first nine months of fiscal 2012 was comprised of a 3.5% decrease in traffic and a 0.6% decrease in average ticket, partially offset by new store sales.

Gross profit decreased $5.3 million, or 2.2%, to $235.4 million for the nine months ended March 31, 2012 as compared to $240.7 million for the same nine month period last year. The decrease in gross profit dollars was primarily due to lower net sales. In the nine month period ended March 31, 2012, our gross profit percentage decreased to 38.2% from 38.4% for the same period last year. This decrease of 0.2% in gross profit percentage was primarily due to slightly higher markdowns and freight costs offset by somewhat higher product margins.

Selling, general and administrative expenses during the nine months ended March 31, 2012 increased $3.5 million, or 1.6%, to $224.5 million from $221.0 million for the nine months ended March 31, 2011. As a percentage of net sales, selling, general and administrative expenses increased 1.1% to 36.4% in the first nine months of fiscal 2012 from 35.3% in the same period last year. The increase was primarily due to the loss of expense leverage on lower sales volume in addition to higher rent expense from having more stores this year. An increase in square footage in certain new and relocated stores during the trailing 12 months also contributed to the higher rent expense. On a per store basis, selling, general and administrative expenses remained flat year over year.

The income tax expense for the nine month periods ended March 31, 2012 and 2011 was $3.3 million and $6.8 million, respectively, reflecting an effective tax rate of 35.5% and 38.3%, respectively. The effective tax rate was lower in the nine months ended March 31, 2012 as compared to the nine months ended March 31, 2011 due to an increase tax credits for fiscal year 2012.

Liquidity and Capital Resources

We have financed our operations with funds generated from operating activities and borrowings under our Revolving Credit Facility. Our borrowings have historically peaked during October as we build inventory levels prior to the holiday selling season. Given the seasonality of our business, the amount of borrowings under our revolving credit facility may fluctuate materially depending on various factors, including the time of year, our needs and the opportunity to acquire merchandise inventory. We have no off-balance sheet arrangements or transactions with unconsolidated, limited purpose or variable interest entities, nor do we have material transactions or commitments involving related persons or entities.

Net cash provided by operating activities for the nine months ended March 31, 2012 was $50.1 million whereas net cash used in operating activities for the nine months ended March 31, 2011 was $11.3 million. The $50.1 million of cash provided by operating activities for the nine months ended March 31, 2012 was primarily due to a decrease in inventory of $2.2 million, a decrease in prepaid assets of $2.5 million, an increase in accounts payable of $25.1 million, and net income, excluding depreciation and amortization of $17.6 million. There were no significant changes to our vendor payment policy during this time.

Capital expenditures are primarily associated with new store openings or relocations, existing store maintenance, or enhancements to warehouse and office equipment and systems, and totaled $9.5 million and $17.0 million for the nine months ended March 31, 2012 and 2011, respectively. The decrease in capital expenditures was primarily related to merchandise systems implementations that occurred during fiscal 2011 that did not reoccur in fiscal 2012. We expect to spend approximately $5.5 million for additional capital expenditures during the remainder of fiscal 2012, which will primarily include systems improvements, the opening of new stores, relocations of existing stores, enhancements of selected stores, fixtures for existing stores and purchases of equipment for our distribution center and corporate office.

On August 22, 2011, the Company s Board of Directors adopted a share repurchase program pursuant to which the Company is authorized to repurchase from time to time shares of Common Stock, up to a maximum of $5.0 million in aggregate purchase price for

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all such shares (the Repurchase Program). On January 20, 2012, the Company s Board of Directors increased the authorization for stock repurchases under the Repurchase Program from $5.0 million to a maximum of $10.0 million. The Repurchase Program does not have an expiration date and may be suspended or discontinued at any time. The Board will evaluate the Repurchase Program each year and there can be no assurances as to the number of shares of Common Stock the Company will repurchase. During the nine-month period ended March 31, 2012, 1,657,094 shares were repurchased under the Repurchase Program at an average cost of $3.51 per share and for a total cost (excluding commissions) of approximately $5.9 million. All such shares were purchased by the Company in open-market transactions.

We have a credit agreement providing for an asset-based, five-year senior secured Revolving Credit Facility (the Revolving Credit Facility) in the amount of up to $180.0 million. Our indebtedness under the credit facility is secured by a lien on substantially all of our assets. On November 17, 2011, we entered into a third amendment to the Revolving Credit Facility. This amendment, among other things, extended the maturity date of the Revolving Credit Facility from December 15, 2013 to November 17, 2016 and removed the clean down provision. The Revolving Credit Facility contains certain restrictive covenants, which affect, among others, our ability to incur liens or incur additional indebtedness, sell assets or merge or consolidate with any other entity. In addition, we are currently required to maintain availability under the Revolving Credit Facility of not less than $18.0 million. As of March 31, 2012, we were in compliance with all required covenants. Interest expense of $0.4 million for the quarter ended March 31, 2012 was due primarily to commitment fees of $0.2 million, and the amortization of financing fees of $0.2 million.

At March 31, 2012, we had no outstanding amounts under the Revolving Credit Facility, $8.3 million of outstanding letters of credit and availability of $120.9 million under the Revolving Credit Facility subject to minimum availability requirements as discussed above. Letters of credit under the Revolving Credit Facility are primarily for self-insurance purposes. We incur commitment fees of 0.375% on the unused portion of the Revolving Credit Facility. Any borrowing under the Revolving Credit Facility incurs interest at LIBOR or the prime rate, depending on the type of borrowing, plus an applicable margin. These rates are increased or reduced as our average daily availability changes.

Recent Accounting Pronouncements

In June 2011, an accounting standard update was issued that eliminates the option to present the components of other comprehensive income in the statement of equity and requires the presentation of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. This update does not change the items that must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This accounting standard update is not effective for the Company until July 1, 2012 and will be applied retrospectively. This update will not have an impact on our financial condition, results of operations or cash flows.

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This standard amends the disclosure guidance with respect to fair value measurements for both interim and annual reporting periods. Specifically, this standard requires separate disclosure of significant transfers of assets or liabilities between Level 1 and Level 2 fair value measurements, and separate disclosures of fair value measurements for purchases, sales, issuances and settlements that use unobservable inputs (Level 3), and more robust disclosure of the valuation techniques and inputs used to measure recurring and nonrecurring fair value measurements (e.g., Level 2 and Level 3 measurements). These more robust disclosures and separate disclosure of significant transfers of assets or liabilities between Level 1 and Level 2 fair value measurements was effective for us as of December 15, 2009. The separate disclosures of fair value measurements for purchases, sales and settlements that use unobservable inputs (Level 3) was effective beginning with our fiscal year beginning July 1, 2011. However, at this time, the Company does not have any material Level 1, 2 or 3 assets or liabilities that require disclosure.

In April 2011, the FASB issued Accounting Standards Update No. 2011-04: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The Amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Specifically, the amendments clarify the intent around applying existing fair value measurements and disclosure requirements, as well as, those that change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. These amendments are to be applied prospectively for annual periods beginning after December 15, 2011, and early application is not permitted. Due to the level of immateriality of the Level 1, 2 and 3 assets and liabilities that are addressed with these amendments, the Company does not believe that any of these amendments will have a material effect on its consolidated financial statements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market prices and rates, such as foreign currency exchange and interest rates. Based on our market risk sensitive instruments outstanding as of March 31, 2012, we have determined that there was no material market risk exposure to our consolidated financial position, results of operations or cash flows as of such date. Our market risk is discussed in more detail in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011. We do not enter into derivatives or other financial instruments for trading or speculative purposes. We have not been significantly affected by any changes in the foreign currency exchange rate or interest rate market risks since June 30, 2011. The effect of foreign exchange contracts on our financial position or results of operations has historically been, and continue to be, immaterial.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Based on our management s evaluation (with participation of our principal executive officer and our principal financial officer), our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective as of March 31, 2012 to ensure that information required to be disclosed by us in this Quarterly Report on Form 10-Q was (1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and (2) accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our chief executive officer and chief financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

During 2001 and 2002, we were named as a defendant in three complaints filed in the Superior Court of California in and for the County of Los Angeles. The plaintiffs sought to certify a statewide class made up of some of our current and former employees, which they claim are owed compensation for overtime wages, penalties and interest. The plaintiffs also sought attorney s fees and costs. In October 2003, we entered into a settlement agreement with a sub-class of these plaintiffs consisting of managers-in-training and management trainees which was paid in November 2005 with no material impact to our financial statements. A store manager class was certified. However, in August 2008, our motion for de-certification of the class of store managers was granted, thereby dismissing their class action claim. The California Court of Appeals upheld the trial court s de-certification order and the California Supreme Court has declined to review that decision. We settled the individual claims of two plaintiffs in the lawsuit with no material impact on our financial statements. In addition, approximately 81 individual plaintiffs initially chose to pursue their claims individually and have filed separate lawsuits against us alleging overtime violations. Some of these cases have been voluntarily dismissed and others have been settled. There are now approximately 43 separate lawsuits pending. Eleven of the individual lawsuits have been tried. We won six of these cases, are awaiting a decision in one case and judgments have been entered against us in four cases. In these four cases we have filed Notices of Appeal. We do not expect these decisions to have a material impact on our results of operations or financial position. Several of the other individual cases are scheduled for trial this year.

A similar lawsuit, which also alleges claims concerning meal and rest periods, was filed in Orange County, California in 2004, by managers, managers-in-training and assistant managers, and an amended complaint was filed in July 2007. In December 2008, the plaintiffs abandoned their class action claim and elected to pursue their individual claims as well as claims under California s Private Attorney General Act with respect to such allegations. The Court has found in our favor on all claims and a final judgment has been entered. The plaintiffs have chosen not to pursue an appeal. A companion lawsuit alleging the same claims was filed in Orange County Superior Court in December 2008 on behalf of approximately thirty-four additional individual plaintiffs. This lawsuit includes a claim under California s Private Attorney General Act. The Court has scheduled the matter for trial in May 2012 and it is unclear at this time whether such trial will involve one or all plaintiffs. We do not expect this case to have a material impact on our results of operations or financial position.

In July 2009, a lawsuit alleging failure to pay overtime compensation was filed in Alabama by a former store manager. The plaintiff sought to certify a class action made up of current and former store managers. In fiscal 2010, we filed a request with the court to deny this motion. The court has not ruled, and no trial date has been set. We will rigorously defend our position at trial, and we do not expect these complaints to have a material impact on our results of operations or financial position.

In December 2008, a class action lawsuit was filed by hourly, non-exempt employees in the Superior Court of California in and for the County of Los Angeles, alleging claims covering meal and rest period violations. The putative class action has now been limited to Senior Sales Associates in California during the class period. The plaintiffs have filed a motion for class certification. We do not expect this complaint to have a material impact on our results of operations or financial position.

We intend to vigorously defend all pending actions. We do not believe these or any other legal proceedings pending or threatened against us would have a material adverse effect on our financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes from our risk factors previously disclosed in Item 1A. Risk Factors of our Form 10-K for the fiscal year ended June 30, 2011.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of equity securities during the three months ended March 31, 2012 are listed in the following table:

Period	Total Number of Shares Repurchased(1)		Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(2)(3)
January 1 through January 31	257,372	$	3.33	257,372	$	4,851,375
February 1 through February 29	87,814	$	3.57	84,814	$	4,534,892
March 1 through March 31	113,125	$	3.50	113,125	$	4,135,667
Total	458,311	$	3.42	455,311	$	4,135,667

(1) Includes shares of Common Stock withheld by the Company in connection with the vesting of equity awards under the Company s equity incentive plans.

(2) Excludes commissions.

(3) On August 22, 2011, the Company s Board of Directors adopted a share repurchase program pursuant to which the Company is authorized to repurchase from time to time shares of Common Stock, up to a maximum of $5.0 million in aggregate purchase price for all such shares (the Repurchase Program).On January 20, 2012, the Company s Board of Directors increased the authorization for stock repurchases under the Repurchase Program from $5.0 million to a maximum of $10.0 million. The Repurchase Program does not have an expiration date and may be suspended or discontinued at any time. The Board will evaluate the Repurchase Program each year and there can be no assurances as to the number of shares of Common Stock the Company will repurchase. As of March 31, 2012, a total of 1,657,094 shares had been repurchased under the Repurchase Program for a total cost (excluding commissions) of approximately $5.9 million, of which 1,598,599 shares were purchased by the Company in open-market transactions and 58,495 shares were withheld by the Company in connection with the vesting of equity awards under the Company s equity incentive plans.

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Item 6. Exhibits

Exhibit Number	Description
3.1.1	Certificate of Incorporation of Tuesday Morning Corporation (the Company) (incorporated by reference to Exhibit 3.1 to the Company s Registration Statement on Form S-4 (File No. 333-46017) as filed with the Securities and Exchange Commission (the Commission) on February 10, 1998)
3.1.2	Certificate of Amendment to the Certificate of Incorporation of the Company dated March 25, 1999 (incorporated by reference to Exhibit 3.3 to the Company s Registration Statement on Form S-1/A (File No. 333-74365) as filed with the Commission on March 29, 1999)
3.1.3	Certificate of Amendment to the Certificate of Incorporation of the Company dated May 7, 1999 (incorporated by reference to Exhibit 3.1.3 to the Company s Form 10-Q as filed with the Commission on May 2, 2005)
3.2	Amended and Restated By-laws of the Company dated December 14, 2006 (incorporated by reference to Exhibit 3.1 to the Company s Form 8-K as filed with the Commission on December 20, 2006)
10.1	Form of Performance Unit Award Agreements under the Tuesday Morning Corporation 2008 Long-Term Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company s Form 8-K as filed with the Commission on February 17, 2012).
10.2	Form of Performance Stock Award Agreement under the Tuesday Morning Corporation 2008 Long-Term Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company s Form 8-K as filed with the Commission on February 17, 2012).
10.3	Second Amendment to Amended and Restated Employee Agreement, dated February 16, 2012, by and between the Company and Kathleen Mason (incorporated by reference to Exhibit 10.3 to the Company s Form 8-K as filed with the Commission on February 17, 2012).
10.4	Second Amendment to Employment Agreement, dated February 16, 2012, by and between the Company and Michael Marchetti (incorporated by reference to Exhibit 10.4 to the Company s Form 8-K as filed with the Commission on February 17, 2012).
31.1	Certification by the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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32.1	Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C §1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
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101.SCH	XBRL Taxonomy Schema Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Definition Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**

101.PRE	XBRL Taxonomy Presentation Linkbase Document**

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*The certifications attached hereto as Exhibit 32.1 and Exhibit 32.2 are furnished with this Quarterly Report on Form 10-Q and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

** These exhibits are furnished herewith. In accordance with Rule 406T of Regulation S-T, these exhibits are not deemed to be filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are not deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under theses sections.

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SIGNATURE

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 thereunto duly authorized.

	TUESDAY MORNING CORPORATION (Registrant)	
DATE: April 30, 2012	By:	/s/ STEPHANIE BOWMAN Stephanie Bowman, Executive Vice President, Chief Financial Officer, Treasurer and Secretary

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