



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE TILE SHOP HOLDINGS, INC.)
STOCKHOLDER DERIVATIVE) C.A. No. 10884-VCG
LITIGATION)

SCHEDULING ORDER

WHEREAS, the Parties to the above-captioned, derivative action (the “Action”) have entered into a Stipulation and Agreement of Settlement, Compromise, and Release dated as of April 11, 2018 (the “Stipulation”), which provides for settlement and dismissal of the Action upon the terms and conditions set forth in the Stipulation;

WHEREAS, Plaintiffs have made an application, pursuant to Court of Chancery Rule 23.1, for entry of a scheduling order in accordance with the Stipulation, approving the form and content of the notice of the Settlement to Tile Shop Holdings, Inc. (“Tile Shop”) Stockholders and scheduling the date and time for the Settlement Hearing;

WHEREAS, the Court having read and considered the Stipulation and the exhibits attached thereto; the Stipulation being sufficient to warrant notice to Tile Shop Stockholders; and all Parties have consented to the entry of this Scheduling Order;

NOW THEREFORE, IT IS HEREBY ORDERED, this 26th day of April, 2018, as follows:

1. **Definitions**: Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings as they have in the Stipulation.

2. **Settlement Hearing**: The Court will hold a settlement fairness hearing (the “Settlement Hearing”) on August 23, 2018, at 1:30 p.m., at the Delaware Court of Chancery, Sussex County Court of Chancery Courthouse, 34 The Circle, Georgetown, DE 19947, for the following purposes: (a) to determine whether Plaintiffs and Plaintiffs’ Counsel have adequately represented the interests of Tile Shop and its stockholders; (b) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to Plaintiffs, Tile Shop and Tile Shop’s Stockholders, and should be approved by the Court; (c) to determine whether an Order and Final Judgment substantially in the form attached to the Stipulation as Exhibit A should be entered dismissing the Action on the terms set forth in the Stipulation; (d) to determine whether the application by Plaintiffs’ Counsel for an award of attorneys’ fees and reimbursement of litigation expenses, and for incentive awards to Plaintiffs (“Fee and Expense Application”), should be approved; (e) to hear and consider any objections to the Settlement and/or to the Fee and Expense Application; and (f) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

3. The Court may adjourn the Settlement Hearing and approve the proposed Settlement with such modifications as the Parties may agree to without further notice to Tile Shop Stockholders.

4. **Manner of Giving Notice:** Notice of the Settlement and the Settlement Hearing shall be given by Tile Shop as follows:

(a) No later than sixty (60) calendar days before the Settlement Hearing (the “Notice Date”), Tile Shop shall mail, or cause to be mailed, a copy of the Notice, substantially in the form attached to the Stipulation as Exhibit B, by first-class mail or other mail service if mailed outside the United States, to each Person who was a stockholder of record of Tile Shop common stock as of the date that the Stipulation was executed (other than the Director Defendants) at his, her, or its last known address appearing in the stock transfer records maintained by or on behalf of Tile Shop as of the close of business on the date that the Stipulation was filed with the Court (the “Record Date”). Tile Shop shall use reasonable efforts to give notice to nominee stockholders such as brokerage firms and others who hold Tile Shop shares of record but not as beneficial owners. Such nominee stockholders are directed, within seven (7) calendar days of their receipt of the Notice, to either forward copies of the Notice to their beneficial owners or to provide Tile Shop with lists of the names and addresses of the beneficial owners, so that Tile Shop

may send the Notice promptly to such identified beneficial owners. Nominee stockholders who elect to send the Notice to their beneficial owners shall send a statement to Tile Shop confirming that the mailing was made as directed.

(b) No later than fourteen (14) days prior to the Settlement Hearing, Tile Shop shall serve on Plaintiffs' Counsel and file with the Court proof, by affidavit or declaration, of compliance with paragraph 4(a) above.

5. **Approval of Form and Content of Notice:** The Court (a) approves as to form and content, the Notice, attached to the Stipulation as Exhibit B, and (b) finds that the mailing of the Notice in the manner and form set forth in paragraph 4 above: (i) constitutes notice that is reasonably calculated, under the circumstances, to apprise Tile Shop Stockholders of the pendency of the Action, of the effect of the proposed Settlement (including the Releases to be provided thereunder), of the Fee and Expense Application, of their right to object to the Settlement and/or to the Fee and Expense Application, and of their right to appear at the Settlement Hearing; (ii) constitutes due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (iii) satisfies the requirements of Court of Chancery Rule 23.1, the United States Constitution (including the Due Process Clause), and all other applicable laws and rules. The date and time of the Settlement Hearing shall be included in the Notice before it is mailed.

6. **Appearance and Objections at the Settlement Hearing:** Any Tile Shop Stockholder who continues to own shares of Tile Shop common stock as of the date of the Settlement Hearing and who objects to the Settlement or the Fee and Expense Application, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such Person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such Person shall be received and considered by the Court unless, no later than fourteen (14) calendar days prior to the Settlement Hearing, such Person files with the Register in Chancery, Sussex County Court of Chancery Courthouse, 34 The Circle, Georgetown, DE 19947, the following: (a) a written and signed notice of intention to appear, which states the name, address, telephone number, and email address (if available) of the objector and, if represented, of his, her, or its counsel; (b) proof that the objector owned shares of Tile Shop stock as of the Record Date and continues to hold such shares; and (c) a written, detailed statement of the Person's objections to any matter before the Court, and the specific grounds therefor or the reasons why such Person desires to appear and to be heard, as well as all documents and writings which such Person desires the Court to consider, including any legal and evidentiary support. Any such filings with the Court must also be served upon each of the following counsel (by e-mail or hand, first-class U.S. mail,

or express service) such that they are received no later than fourteen (14) calendar days prior to the Settlement Hearing:

If to Plaintiffs:

Adam M. Apton
LEVI & KORSINSKY, LLP
1101 30th Street N.W., Suite 115
Washington, DC 20007

If to Defendants:

Brock E. Czeschin
Robert L. Burns
RICHARDS, LAYTON & FINGER,
P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801

7. Unless the Court orders otherwise, any Person or entity who or which does not make his, her, or its objection in the manner provided herein shall be deemed to have waived his, her, or its right to object to any aspect of the proposed Settlement and to the Fee and Expense Application and shall be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement or the requested attorneys' fees, litigation expenses, and incentive awards, or from otherwise being heard concerning the Settlement or the Fee and Expense Application in this or any other proceeding.

8. **Stay and Temporary Injunction:** Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation. Pending final

determination of whether the Settlement should be approved, the Court bars and enjoins Plaintiffs and all other Tile Shop Stockholders from commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Released Defendants.

9. **Notice Costs**: Tile Shop shall pay the costs and expenses related to providing notice of the Settlement to Tile Shop Stockholders, as well as any costs and expenses related to the administration of the Settlement.

10. **Termination of Settlement**: If the Settlement is terminated pursuant to paragraph 13 of the Stipulation, the Parties shall be restored to their respective positions in the Action immediately prior to the execution of the Stipulation.

11. **Use of This Order**: Neither this Scheduling Order, the Stipulation, nor any act or omission in connection therewith is intended or shall be deemed to be a presumption, concession, or admission by: (a) any of the Director Defendants or any of the Released Defendants, as to the validity of any claims, causes of action, or other issues that were, might be, or have been raised in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability; or (b) Plaintiffs, as to the infirmity of any claim or the validity of any defense, or to the amount of any damages. The existence of the Stipulation, its contents or any negotiations, statements, or proceedings in connection therewith, shall not be offered

or admitted in evidence or referred to, interpreted, construed, invoked, or otherwise used by any Person for any purpose in the Action or otherwise, except as may be necessary to effectuate the Settlement. This provision shall remain in full force and effect in the event that the Settlement is terminated for any reason whatsoever. Notwithstanding the foregoing, any of the Released Parties may file the Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, in order to support any and all defenses or counterclaims based on *res judicata*, collateral estoppel, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. **Supporting Papers:** Plaintiffs' Counsel shall file and serve the opening papers in support of the proposed Settlement, plus the Fee and Expense Application and any supporting papers, no later than thirty-five (35) calendar days prior to the Settlement Hearing. Opposition papers, if any, shall be filed and served no later than fourteen (14) calendar days prior to the Settlement Hearing. Reply papers, if any, shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

/s/Sam Glasscock III
Vice Chancellor Sam Glasscock