

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

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BEAVER COUNTY EMPLOYEES'))
RETIREMENT FUND; ERIE COUNTY))
EMPLOYEES' RETIREMENT SYSTEM;))
and LUC DE WULF, Individually and on))
Behalf of All Others Similarly Situated,))
))
Plaintiffs,))
))
v.))
))
TILE SHOP HOLDINGS, INC.; ROBERT A.))
RUCKER; THE TILE SHOP, INC.; TIMOTHY))
C. CLAYTON; PETER J. JACULLO III;))
JWTS, INC.; PETER H. KAMIN; TODD))
KRASNOW; ADAM L. SUTTIN; WILLIAM))
E. WATTS; ROBERT W. BAIRD & CO.))
INCORPORATED; CITIGROUP GLOBAL))
MARKETS INC.; CJS SECURITIES, INC.;))
HOULIHAN LOKEY CAPITAL, INC.;))
PIPER JAFFRAY & CO.; SIDOTI &))
COMPANY, LLC; TELSEY ADVISORY))
GROUP LLC; and WEDBUSH))
SECURITIES, INC.,))
))
Defendants.))
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Case No. 0:14-cv-00786-ADM-TNL

**ORDER PRELIMINARILY APPROVING SETTLEMENT
AND PROVIDING FOR NOTICE AND SETTLEMENT HEARING**

WHEREAS, the Parties to the above-described class action (“Action”) have applied for an order, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, regarding certain matters in connection with a proposed settlement of the Action in accordance with a Stipulation of Settlement (the “Stipulation” or “Settlement”) entered

into by the Parties as of January 13, 2017 (which, together with its exhibits, is incorporated herein by reference) and dismissing the Action upon the terms and conditions set forth in the Stipulation; and

WHEREAS, the Court, pursuant to Memorandum and Order dated July 28, 2016 [Docket No. 275], certified the Action to proceed as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of a class consisting of all Persons who purchased or otherwise acquired Tile Shop Holdings, Inc. (“Tile Shop”) common stock between August 22, 2012 and January 28, 2014, inclusive (the “Class” or “Class Members”). For purposes of the Settlement, the Parties have agreed to exclude from the Class: (a) Defendants, their spouses, and anyone (other than a tenant or employee) sharing the household of any Defendant, (b) Fumitake Nishi, and (c) any Persons who submit valid and timely requests for exclusion pursuant to the Notice; and

WHEREAS, the Court also appointed Beaver County Employees’ Retirement Fund, Erie County Employees’ Retirement System, and Luc DeWulf (“Lead Plaintiffs”) as class representatives, and Kessler Topaz Meltzer and Check, LLP and Robbins Geller Rudman & Dowd LLP as Class Counsel; and

WHEREAS, all defined terms used in this Order have the same meanings as set forth in the Stipulation;

NOW, THEREFORE, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, upon the agreement of the Parties, and after consideration of the Stipulation and its exhibits,

IT IS HEREBY ORDERED that:

1. The representations, agreements, terms, and conditions of the Settlement, as embodied in the Stipulation and the exhibits attached thereto, are preliminarily approved pending a final hearing on the Settlement as provided herein.

2. The Court authorizes Class Counsel to enter into the Stipulation on behalf of Lead Plaintiffs and the Class, and to bind them all to the duties and obligations contained therein, subject to final approval by the Court of the Settlement.

3. The firm of Gilardi & Co. LLC is appointed as Claims Administrator to administer the notice procedure and the processing of claims, under the supervision of Class Counsel.

4. Having reviewed the proposed form of Notice of Class Action Determination, Proposed Settlement, and Hearing on Settlement (“Notice”), the proposed form of Summary Notice of Class Action Determination, Proposed Settlement, and Hearing on Settlement (“Summary Notice”), and the proposed form of Proof of Claim and Release Form (“Claim Form”), submitted by the Parties as Exhibits A-1, A-2, and A-3 to the Stipulation, the Court approves, as to form and content, such Notice, Summary Notice, and Claim Form.

5. The Court directs that the Claims Administrator cause a copy of the Notice and Claim Form to be mailed to all members of the Class who can be identified through reasonable effort. The mailing is to be made by first-class United States mail, postage prepaid, within fourteen (14) calendar days of entry of this Order. Contemporaneously with the mailing, the Claims Administrator shall cause copies of the Stipulation, Notice,

and Claim Form, in forms available for download, to be posted on a website developed for the Settlement.

6. Nominees who purchased or otherwise acquired Tile Shop common stock for the beneficial ownership of Class Members during the Class Period are hereby directed to, within ten (10) days of their receipt of the Notice, either (a) forward the Notice and Claim Form to all beneficial owners, or (b) provide the Claims Administrator with the names and addresses of such beneficial owners, in which event the Claims Administrator shall promptly mail the Notice and Claim Form to such beneficial owners. If timely requested, nominees may be reimbursed from the Settlement Fund for actual expenses incurred in complying with this Order, but only for expenses that would not have been incurred except for the sending of the Notice and Claim Form. The Court will resolve any dispute concerning such compensation.

7. The Court directs the Claims Administrator to cause the Summary Notice to be published once in *The Wall Street Journal* and once over a national newswire service, both no later than fourteen (14) calendar days following the mailing of the Notice.

8. The Court finds and determines that (a) mailing and distribution of the Notice and Claim Form, including forwarding by nominees, and (b) publication of the Summary Notice, all pursuant to this Order, constitute the best notice to the Class practicable under the circumstances, constitute due and sufficient notice of the matters set forth in the notices to all Persons entitled to receive such notices, and fully satisfies the requirements of due process, 15 U.S.C. §78u-4(a)(7), Rule 23 of the Federal Rules of Civil Procedure, and all other applicable law and rules.

9. Any Person falling within the definition of the Class may, upon request, be excluded or “opt out” from the Class. Any such person who desires to request exclusion from the Class must submit a written request for exclusion in the form and manner required by the Notice (“Request For Exclusion”). Such Request For Exclusion must be mailed to the Claims Administrator such that it is postmarked no later than sixty (60) calendar days after the mailing of the Notice. A Request For Exclusion must: (a) state the name, address, and telephone number of the Person requesting exclusion and in the case of entities, the name and telephone number of the appropriate contact person; (b) state that the Person “requests exclusion from the Class in *Beaver County Employees’ Retirement Fund, et al. v. Tile Shop Holdings, Inc., et al.*, Case No. 0:14-cv-00786-ADM-TNL”; (c) state the number of shares of Tile Shop common stock that the Person requesting exclusion purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the Person requesting exclusion or by an authorized representative. All Persons who submit valid and timely Requests For Exclusion as set forth in this Order and the Notice shall have no rights under the Settlement, shall not share in the distribution of the Settlement Fund, and shall not be bound by the Settlement or any final judgment entered in this Action.

10. A hearing will be held by this Court in Courtroom 13W, United States District Court for the District of Minnesota, United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota 55415, at 10 a.m. on May 3, 2017 (“Settlement Hearing”), to determine: (a) whether the Settlement is fair, reasonable, and adequate to

the Class, and should be approved by the Court; (b) whether the Final Judgment Order should be entered in substance materially the same as Exhibit B to the Stipulation; (c) whether Lead Plaintiffs' proposed Plan of Distribution of the Net Settlement Fund as described in the Notice is fair, reasonable, and adequate, and should be approved; (d) whether to approve the application of Class Counsel for an award of attorneys' fees and expenses, and for awards to the Lead Plaintiffs ("Fee and Expense Petition"); and (e) any other matters that may properly be brought before the Court in connection with the Settlement. The Settlement Hearing is subject to continuation or adjournment by the Court without further notice to the Class. The Court may approve the Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Class.

11. At least seven (7) calendar days prior to the Settlement Hearing, Class Counsel shall cause to be served and filed an affidavit or declaration proving that notice was given to the Class as specified in paragraphs 5, 6, and 7 herein.

12. Any Class Member may enter an appearance in the Action, at their own expense, individually or through counsel of their own choice. If a Class Member does not enter an appearance, they will be represented by Class Counsel.

13. Any Class Member who wishes to object to the Settlement, the Plan of Distribution, and/or the Fee and Expense Petition, or to appear at the Settlement Hearing and show cause, if any, why the Settlement should not be approved as fair, reasonable, and adequate to the Class, why a final judgment should not be entered thereon, why the Plan of Distribution should not be approved, or why the Fee and Expense Petition should

not be granted, may do so, but must proceed as set forth in this paragraph and the Notice. No Class Member or other Person will be heard on such matters unless they have submitted their objection no later than sixty (60) calendar days after the mailing of the Notice. Any objection: (a) must state the name, address and telephone number of the Person objecting and, if not filed by counsel, be signed by the objector, (b) must contain the specific reasons for each objection, including any legal and evidentiary support that the Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Class. An objecting Class Member who intends to appear in person at the Settlement Hearing must include a statement in their objection indicating their intention to appear at the Settlement Hearing. Such written objections, briefs, papers, and statements must be filed with the Court, and copies must be delivered by hand or sent by first-class United States mail to all of the following counsel:

Matthew L. Mustokoff
Kessler Topaz Meltzer & Check, LLP
280 King of Prussia Road
Radnor, PA 19087
Class Counsel

Joseph Russello
Robbins Geller Rudman & Dowd LLP
58 South Service Road, Suite 200
Melville, NY 11747
Class Counsel

Wendy J. Wildung
Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3901

Attorney for Tile Shop Holdings, Inc.

14. Any Class Member who does not make their objections in the manner and by the date set forth in paragraph 13 of this Order shall be deemed to have waived their objections, and shall be forever barred from raising such objections in this or any other action or proceeding, absent further order of the Court.

15. Any Class Member who wishes to share in the Settlement Fund must complete and submit a Claim Form in accordance with the instructions set forth in this paragraph. Each Class Member must: (a) fully complete and sign the Claim Form without material deletions or modifications of any printed text, and under penalty of perjury; (b) append to the Claim Form adequate supporting documentation for the transactions reported on the Claim Form, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by Class Counsel; (c) if the Person executing the Claim Form is acting in a representative capacity, append a certification of his or her current authority to act on behalf of the Class Member; and (d) submit the Claim Form to the Claims Administrator so that it is postmarked, or submitted electronically, no later than ninety (90) calendar days after the mailing of the Notice.

16. Any Class Member who does not submit a timely Claim Form in accordance with the instructions set forth in paragraph 15 of this Order shall be barred from sharing in the distribution of the Settlement Fund, but shall nevertheless be bound by any final judgment entered by the Court. Class Counsel shall have the discretion, but

not the obligation, to accept late-submitted claims for processing by the Claims Administrator, so long as distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby. No Person shall have any claim against Class Counsel or the Claims Administrator by reason of the decision to exercise discretion whether to accept late-submitted claims.

17. Upon entry of the Court's order for final judgment after the Settlement Hearing, Lead Plaintiffs and all Class Members, whether or not they have filed a Claim Form, shall be barred from asserting any Released Plaintiffs' Claims against any of Defendants' Released Parties, and Lead Plaintiffs and all Class Members shall be conclusively deemed to have fully, finally, and forever compromised, released, relinquished, waived, and discharged all Released Plaintiffs' Claims against Defendants' Released Parties.

18. Upon the Effective Date of the final judgment contemplated by ¶IV(D) of the Stipulation, only Persons who are Class Members shall have rights in the distribution of the Settlement Fund created by the Settlement, except as provided in the Stipulation.

19. All funds held by the Escrow Agents shall be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as the funds are distributed pursuant to the Stipulation or further order of the Court.

20. All opening briefs and supporting documents in support of a request for final approval of the Settlement, the Plan of Distribution, and the Fee and Expense Petition, must be filed and served no later than fourteen (14) calendar days prior to the

deadline for submitting objections. Any reply papers must be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

21. The Court reserves the right to adjourn or continue the Settlement Hearing, and any adjournment or continuance may be without further notice of any kind to the Class, other than oral announcement at the Settlement Hearing or at any later hearing.

Date: January 19, 2017.

s/Ann D. Montgomery
Ann D. Montgomery
United States District Judge