

Tile Shop Calls Warrants for Early Exercise

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Company Release - 04/10/2013 08:30

PLYMOUTH, Minn.--(BUSINESS WIRE)-- Tile Shop Holdings, Inc. (NASDAQ: TTS) (the "Company"), a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories, today announced that it has satisfied the conditions necessary to exercise its right to call for the early exercise of all remaining outstanding warrants to purchase shares of the Company's common stock.

Accordingly, the Company has directed its transfer agent to notify the holders of the 6,740,336 remaining outstanding warrants of the call for early exercise. These warrant holders will have until 5:00 p.m. Eastern Time on May 12, 2013 to exercise their outstanding warrants on a cashless basis. Thereafter, any warrants that remain unexercised will automatically be redeemed by the Company at a redemption price of \$0.01 per warrant in cash.

The Company has determined that holders who wish to exercise outstanding warrants prior to the redemption date must do so on a cashless basis. The number of warrants to be surrendered by a holder to satisfy such holder's exercise price obligation will be calculated using a Fair Market Value of \$20.98 per warrant, which, in accordance with the agreement governing the warrants, is the average last sale price of the Company's common stock for the period running from March 27, 2013 through April 9, 2013. For each warrant exercised on a cashless basis, the warrant holder will receive approximately 0.452 shares of the Company's common stock.

Following the assumed cashless exercise of all remaining outstanding warrants, there would be approximately 51.7 million shares of the Company's common stock outstanding.

The shares of common stock underlying the warrants have been registered by the Company under the Securities Act of 1933, as amended, and are covered by the prospectus dated effective April 8, 2013, copies of which may be obtained at the SEC's website, www.sec.gov, or from the Company, by writing 14000 Carlson Parkway, Minneapolis, MN 55441-5305, Attention: Investor Relations, or calling (763) 852-2988.

Questions concerning redemption and exercise of the warrants can be directed to Continental Stock & Transfer Company, 17 Battery Place, New York, New York 10004, Attention: Compliance Department, telephone number (212) 509-4000.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any Company securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

About Tile Shop Holdings and The Tile Shop

Tile Shop Holdings is the parent company of The Tile Shop. Tile Shop Holdings' common stock is listed on the NASDAQ Global Market under the ticker symbol "TTS" and its warrants trade on the OTCBB under the symbol "TTS AW".

The Tile Shop is a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories in the United States. The Tile Shop offers a wide selection of products, attractive prices, and exceptional customer service in an extensive showroom setting. The Tile Shop operates 71 stores in 22 states, with an average size of 23,000 square feet.

Forward Looking Statements

This press release includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by

the use of words such as “anticipate,” “believe,” “expect,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward looking statements include any statements regarding the expected capitalization of the Company following expiration of the warrant redemption period. Forward looking statements should not be read as a guarantee of future events. Forward looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward looking statements. The Company does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Investors are referred to the most recent reports filed with the SEC by the Company.

Investors and Media:

Tile Shop Holdings, Inc.

Brad Cohen, 763-852-2988

investorrelations@tileshop.com

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