

**INDEPENDENT TRANSACTION COMMITTEE CHARTER  
OF  
TILE SHOP HOLDINGS, INC.**

**Purpose**

The purpose of the Independent Transaction Committee (the “Committee”) of the Board of Directors (the “Board”) of Tile Shop Holdings, Inc. (together with its subsidiaries, the “Company”) is to review, assess, negotiate and approve certain transactions or actions of the Company requiring Board approval as described herein. The Committee is being established pursuant to the Stipulation of Settlement, dated as of August 7, 2020 (the “Stipulation”), memorializing the terms of the settlement of the litigation brought against the Company and certain current and former directors of the Company by K-Bar Holdings LLC and Wynnefield Capital, Inc. in the Delaware Court of Chancery, and the establishment of the Committee is contingent upon the receipt of the requisite stockholder approval of the amendment to the Certificate of Incorporation of the Company (the “Certificate of Incorporation”) establishing the Committee. This Charter does not enlarge any powers, duties or authorities of the Committee set forth in the Stipulation.

**Member Qualifications and Appointment**

The Committee shall be composed of at least two (2) members of the Board. Each member of the Committee shall satisfy the independence requirements of the Nasdaq Stock Market or such other independence standards that the Board may use to evaluate the independence of its directors from time to time (an “Independent Director”).

Each member of the Committee shall be appointed by the Board and shall serve until his or her resignation or until otherwise determined by the Board. The Committee shall be initially comprised of Mark Bonney and Linda Solheid (the “Initial Members”). Notwithstanding anything in this Charter, the Certificate of Incorporation or the bylaws of the Company (the “Bylaws”) to the contrary, for a period of at least three years, (the “Relevant Time Period”), the members of the Committee shall not include any of Cabell Lolmaugh, Robert A. Rucker, Peter J. Jacullo III, Peter H. Kamin, Todd Krasnow or Phillip B. Livingston (collectively, the “Excluded Individuals”) or any of their affiliates or their immediate family members.

Committee members may be removed from the Committee by the Board at any time, with or without cause, provided, however, that, notwithstanding anything in this Charter, the Certificate of Incorporation or the Bylaws to the contrary, none of the Initial Members may be involuntarily removed as a member of the Committee during their respective terms as directors of the Company.

The Board shall designate a chairperson of the Committee (the “Chair”) and the Committee may elect a secretary of the Committee. The initial Chair of the Committee shall be Mark Bonney. In the event that Mr. Bonney departs from the Committee for any reason whatsoever, the Board shall appoint Linda Solheid or another Independent Director to serve as Chair in Mr. Bonney’s place.

## **Meetings and Administration**

The Chair (or, in his or her absence, a member of the Committee designated by the Chair) shall preside at each meeting of the Committee and shall determine the agenda for each meeting of the Committee. The Committee shall have authority to establish rules and procedures for notice and conduct of meeting, provided that such rules and procedures shall not be inconsistent with any provisions of the Certificate of Incorporation or the Bylaws applicable to the Committee.

The Committee shall meet as often as it determines necessary (either telephonically or in-person) to carry out its duties and responsibilities. The Committee shall also be permitted to take action by unanimous written consent when deemed necessary or appropriate by the Committee.

Unless the Committee consists of only two members, a majority of the members of the Committee shall constitute a quorum. When only two members are present at a meeting, the unanimous affirmative vote of the two members shall be necessary in order to take action at the meeting. When more than two members are present at a meeting at which a quorum exists, the affirmative vote of a majority of the members at the meeting shall be necessary in order to take action at the meeting.

The Committee shall maintain written minutes of its meetings.

The Committee may, in its discretion, invite other members of the Board, members of the Company's management, legal counsel to the Company or any other persons whose presence the Committee believes to be desirable and appropriate at any meeting of the Committee.

## **Duties and Responsibilities**

The Committee shall be empowered to review, assess and negotiate Company transactions requiring Board approval, involving any of the following to the extent required by the Stipulation, and shall have the other powers and authorities set forth in the Stipulation as and to the extent set forth therein:

- (1) any material change in the Company's capitalization or corporate structure, including any recapitalization, material share issuance or repurchase, and any stock split or reverse stock split, to the extent such transaction affects the rights or interests of directors differently from the Company's public stockholders (excluding the Excluded Individuals and the Company, any director or officer of the Company and their immediate family members, affiliates or entities they control and the employees thereof);
- (2) any proposed change to the structure of the Board, including (i) the number of members on the Board; (ii) the terms served by any member of the Board; or (iii) the staggered structure of the Board;

- (3) any “Related Party Transaction,” which shall be defined as any transaction with a value in excess of \$500,000.00 between the Company and any director or officer of the Company or their respective family members or affiliates. Related Party Transactions shall also include any transaction between the Company and any Excluded Individual or their respective family members or affiliates with a value in excess of \$500,000.00, excluding those transactions that are offered to all stockholders on identical terms and routine transactions authorized by the Bylaws (e.g., the payment of reasonable expenses relating to Board service); and
- (4) any deregistration of the Company’s securities.

The approval of the Committee shall be required for any of the above-specified transactions or actions, but shall not replace or supersede any requirement that a majority of the entire Board must also approve a given transaction or action.

For purposes of the above, the Committee, to the extent that it deems necessary or appropriate, may retain independent counsel, experts or advisors.

**Date of Adoption:** October 2020