

Tactile Systems Technology, Inc. Stock Ownership Guidelines

Effective: June 27, 2016

Purpose

The Board of Directors of Tactile Systems Technology, Inc. (the “Company”) has adopted these stock ownership guidelines because it believes that it is in the best interest of the Company and its shareholders for executive officers of the Company to have a significant equity interest in the Company in order to align their financial interests with those of the Company’s shareholders.

Applicability

These guidelines are applicable to all non-employee directors and executive officers of the Company (“Covered Individuals”).

Minimum Ownership Guidelines

Each Covered Individual is expected to own shares of the Company’s common stock with a value at least equal to the amount shown in the following schedule:

<u>Leadership Position</u>	<u>Value of Shares</u>
CEO	3x annual base salary
Other Executive Officers	1x annual base salary
Non-Employee Directors	5x annual board retainer for the non-chair

Determining Share Ownership

Shares to be counted for purposes of the ownership guidelines will be fully-vested outstanding shares of which the Covered Individual is deemed to be the “beneficial owner” for purposes of Section 16 under the Securities Exchange Act, as well as a number of shares whose fair market value as of the most recent fiscal year end is equal to the aggregate amount by which the fair market value as of the most recent fiscal year end of the number of shares subject to vested and “in-the-money” stock option and stock appreciation right awards held by the Covered Individual exceeds the aggregate exercise price for such number of shares. The following shares will not be counted toward satisfaction of these ownership guidelines: (i) shares subject to a compensatory equity-based award of any kind that has not yet vested; and (ii) shares subject to an option or stock appreciation right that has not yet been exercised and is not in-the-money.

Valuation Methodology

The value of the outstanding shares beneficially owned by a Covered Individual is based on the greater of (i) the closing price of a share of the Company’s common stock as of the most recent fiscal year end or, if the Company is not public as of such date, the price to the public of the Company’s common stock in its initial public offering, or (ii) the “acquisition value” of the shares. For these purposes, the “acquisition value” of a share is its purchase price if acquired in a market or other arms-length transaction, or its fair market value at the time (x) the receipt of the share was taxable to the Covered Individual, or (y) the share was received in a gift transaction. The value of the number of shares deemed owned by a Covered Individual by reason of holding vested, in-the-money stock option and stock appreciation right awards is based on the closing price of a share of the Company’s common stock as of the most recent fiscal year end or, if the Company is not public as of such date, the price to the public of the Company’s common stock in its initial public offering.

Achieving Compliance

A Covered Individual has five years from the date he or she becomes subject to these ownership guidelines to achieve compliance with the ownership guidelines. Until a Covered Individual has achieved

compliance with these ownership guidelines, the Covered Individual must retain 50% of the “net profit shares” resulting from any option exercise or from the exercise, vesting or settlement of any other form of equity-based compensation award. For these purposes, “net profit shares” refers to that portion of the number of shares subject to the exercise, vesting or settlement of an award that the Covered Individual would receive had he or she authorized the Company to withhold shares otherwise deliverable in order to satisfy any applicable exercise price or withholding taxes.

Administration

The Compensation and Organization Committee of the Board shall be responsible for monitoring the application of these stock ownership guidelines. In its discretion, the Compensation Committee may withhold or reduce future awards of equity-based compensation to any Covered Individual who fails to comply with the ownership guidelines, including the retention requirement described above.