

## **Pier 1 Imports Code of Business Conduct and Ethics**

Pier 1 Imports, Inc. together with all of its subsidiaries and affiliated companies, (the "Company"), expects its associates, officers and directors to maintain the highest standards of personal and professional integrity in order to avoid situations that might reflect unfavorably upon themselves or the Company. By maintaining these professional standards, associates, officers and directors support efficient and profitable operations, safeguard the Company's reputation of honesty and integrity, and preserve and protect confidential information about the Company, its subsidiaries and affiliated companies, as well as other companies with which the Company conducts significant business. The Board of Directors of the Company has adopted this Code of Business Conduct and Ethics (the "Code") to set forth the Company's policy with respect to business ethics and conflicts of interest and to ensure that the Company's associates, officers and directors conduct all corporate business with the highest standards of integrity and in compliance with all applicable laws and regulations.

This Code applies to the Company's associates, officers and directors. Although the Code provides only a brief description of the potential problems that may arise, a familiarity with the basic principles of the Code should assist associates, officers and directors in avoiding illegal or unethical behavior. The Company has also promulgated specific codes of conduct for employees in the Company's respective handbooks for its Home Office, Stores and Distribution Centers.

### 1. Complying with Law

In all business relationships with outside individuals, companies and organizations and in all personal undertakings, all associates, officers and directors of the Company should respect and comply with all of the laws, rules and regulations of the United States and other countries, the states, counties, cities and other jurisdictions in which the Company conducts its business and all other laws, rules and regulations that are applicable to the Company.

Such legal compliance should include, without limitation, compliance with the "insider trading" prohibitions applicable to the Company and its associates, officers and directors. Generally, no associate, officer or director may buy, sell or otherwise trade in the stock or other securities of a company at any time when that person has access to or knowledge of material, nonpublic information about the company, whether or not they are using or relying upon that information. This restriction on "insider trading" is not limited to trading in Company stock. It includes trading in the securities of other companies as well, particularly companies that are current or prospective customers or suppliers of the Company. The restriction also extends to sharing information or "tipping" others about such information. The Company has implemented trading restrictions to reduce the risk, or appearance, of insider trading. Company associates, officers and directors should consult the Company's Policy on Confidential Information of Pier 1 Imports and Transactions Involving the Securities of Pier 1 Imports, Inc., or, when necessary, the Company's General Counsel if they have questions regarding the applicability of such insider trading prohibitions.

This Code does not summarize all laws, rules and regulations applicable to the Company and its associates, officers and directors. Please consult the various policies and guidelines the Company has prepared on specific laws, rules and regulations, and, when necessary, the Company's General Counsel.

### 2. Conflicts Of Interest

In all business relationships with outside individuals, companies and organizations and in all personal undertakings, associates, officers and directors of the Company are required to protect the interests of the Company and their own reputations against actual or potential conflicting interests with outside parties and to avoid personal transactions or situations in which their interests conflict with, or might be construed to conflict with, those of the Company. A "conflict of interest" exists whenever an individual has a private interest that interferes or conflicts in any way (or even appears to interfere or conflict) with the interests of the Company. A conflict situation may arise when an associate, officer or director is involved in an activity or has a personal interest that may interfere with his or her objectivity in performing Company duties and responsibilities. Conflicts of interest may also arise when an associate, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company, whether received from the Company or a third party. Holding a financial

interest in a business concern that is a supplier, customer, partner, subcontractor or competitor of the Company constitutes a conflict of interest under certain circumstances. It is almost always a conflict of interest for a Company associate to work simultaneously for a competitor, customer or supplier. Associates should consult with the Company's Executive Vice President of Human Resources before accepting any position as an officer or director of an outside business concern. Executive Officers should consult the Chief Executive Officer and the General Counsel with respect to any such position. Company loans to, or guarantees of obligations of, associates, officers and directors and their respective family members may create conflicts of interest. Federal law specifically prohibits personal loans to directors and executive officers.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors or committees of the Board, such as the Related Person Transaction policy set forth below. To assist in identifying and avoiding actual or potential conflicts of interest, the Company will annually circulate to all associates at a management or higher level a conflict of interest questionnaire to be completed and returned to the Human Resources Department. Conflicts of interest may not always be clear-cut, so persons with questions should consult with the Company's Human Resources Department if questions or concerns arise. Any management level associate or officer of the Company who becomes aware of a material transaction or relationship that reasonably could be expected to give rise to a conflict should bring it to the attention of the Company's Executive Vice President of Human Resources or consult the procedures described in section 9 of this Code. Executive officers and directors should report such matters directly to the Nominating and Corporate Governance Committee of the Board of Directors.

#### Related Person Transaction Policies and Procedures

##### *Policy*

In addition to the above Conflicts of Interest policies, it is the policy of the Board of Directors of the Company that all Interested Transactions with a Related Person, as those terms are defined below shall be subject to approval or ratification in accordance with the procedures set forth below.

##### *Procedures*

The Nominating and Corporate Governance Committee shall review the material facts of all Interested Transactions that require the Committee's approval and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting. In determining whether to approve or ratify an Interested Transaction, the Nominating and Corporate Governance Committee will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

The Nominating and Corporate Governance Committee has reviewed the Interested Transactions described below in "Standing Pre-Approval for Certain Interested Transactions" and determined that each of the Interested Transactions described therein shall be deemed to be pre-approved or ratified (as applicable) by the Nominating and Corporate Governance Committee under the terms of this policy. In addition, the Board of Directors, by adopting this policy, delegates to the Chair of the Nominating and Corporate Governance Committee the authority to pre-approve or ratify (as applicable) any Interested Transaction with a Related Person in which the aggregate amount involved is expected to be less than \$250,000.00. In connection with each regularly scheduled meeting of the Nominating and Corporate Governance Committee, a summary of each new Interested Transaction deemed pre-approved pursuant to "*Certain transactions with other companies*" and "*Certain Company charitable contributions*" under "Standing Pre-Approval for Certain Interested Transactions" below and each new Interested Transaction pre-approved by the Chair in accordance with this paragraph shall be provided to the Committee for its review.

No Director shall participate in any discussion or approval of an Interested Transaction for which he or she is a Related Person, except that the Director shall provide all material information concerning the Interested Transaction to the Nominating and Corporate Governance Committee.

If an Interested Transaction will be ongoing, the Nominating and Corporate Governance Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Person. Thereafter, the Nominating and Corporate Governance Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Person to see that they are in compliance with the Committee's guidelines and that the Interested Transaction remains appropriate.

#### *Definitions*

An "Interested Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed \$120,000.00 in any calendar year, (2) the Company is a participant, and (3) any Related Person has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity).

A "Related Person" is any (a) person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director, (b) greater than 5 percent beneficial owner of the Company's common stock, or (c) immediate family member of any of the foregoing. Immediate family member includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person's home (other than a tenant or employee).

#### *Standing Pre-Approval for Certain Interested Transactions*

The Nominating and Corporate Governance Committee has reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions shall be deemed to be pre-approved by the Committee, even if the aggregate amount involved will exceed \$120,000.00.

- *Employment of executive officers.* Any employment by the Company of an executive officer of the Company if:
  - a. the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission's ("SEC's") compensation disclosure requirements (generally applicable to "named executive officers"); or
  - b. the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the executive officer was a "named executive officer", and the Company's Compensation Committee approved (or recommended that the Board approve) such compensation.
- *Director compensation.* Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements;
- *Certain transactions with other companies.* Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's total annual revenues;
- *Certain Company charitable contributions.* Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$10,000, or 2 percent of the charitable organization's total annual receipts;
- *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a *pro rata* basis (e.g. dividends).

- *Transactions involving competitive bids.* Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
- *Regulated transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- *Certain banking-related services.* Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

### 3. Corporate Opportunity

Associates, officers and directors are prohibited from (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Associates, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. No associate, officer or director of the Company shall acquire, directly or indirectly, real estate, an interest in any business entity, or any other property that such person knows, or has reason to believe, may be of acquisition interest to the Company.

### 4. Confidentiality

Associates, officers and directors of the Company must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers. Generally, confidential information includes all information, whether oral or in writing, that has not been disclosed to the public. Company associates, officers and directors should consult the Company's Policy on Confidential Information of Pier 1 Imports and Transactions Involving the Securities of Pier 1 Imports, Inc. or, when necessary, the Company's General Counsel if they have questions regarding confidential information.

### 5. Fair Dealing

Each associate, officer and director should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and associates. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

### 6. Protection and Proper Use of Company Assets

All associates, officers and directors should protect the Company's assets and ensure their efficient use. Any personal use of Company resources must not result in significant added costs, disruption of business processes or any other disadvantage to the Company. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

### 7. Accounting Complaints

The Company's policy is to comply with all financial reporting and accounting regulations applicable to the Company. If any associate, officer or director of the Company has concerns or complaints regarding questionable accounting or auditing matters relating to the Company, then he or she is encouraged to submit those concerns or complaints in writing (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors (which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submission confidentially). Such submissions may be directed to the attention of the Audit Committee, or any director who is a member of the Audit Committee, at the principal executive offices of the Company. Alternatively, reports may be made by calling the toll-free hotline that the Company maintains for that purpose.

## 8. Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with the Company, an associate, officer or director may be called upon to provide necessary information to assure that the Company's public reports are complete, fair, accurate, timely and understandable. The Company expects associates, officers and directors to take this responsibility very seriously and to provide prompt, accurate and complete answers to inquiries related to the Company's public disclosure requirements.

## 9. Reporting Any Illegal Or Unethical Behavior

If any person employed by the Company believes that they have violated the policies of this Code, they should promptly advise their supervisor, manager or other appropriate personnel. They also are encouraged to promptly notify supervisor, manager or other appropriate personnel about observed illegal or unethical behavior and to discuss, when in doubt, the best course of action in a particular situation. In any such cases, officers and directors should advise and consult with the Nominating and Corporate Governance Committee of the Board of Directors. Associates, officers and directors who are concerned that violations of this Code or other Company policies or that other illegal or unethical conduct by associates, officers or directors of the Company have occurred or may occur should promptly contact their manager or other appropriate personnel in the case of associates, or the General Counsel, in the case of officers or directors. If associates do not believe it appropriate or are not comfortable approaching their supervisor, manager or other appropriate personnel about their concerns or complaints, then they may contact either the Company's General Counsel or the Audit Committee of the Board of Directors. Alternatively, reports may be made by calling the toll-free hotline that the Company maintains for that purpose. If any associate's concerns or complaints require confidentiality, including keeping his or her identity anonymous, then this confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

## 10. Accountability for Actions

Those persons who are not in compliance with the policies of this Code will be held accountable for their actions and will, to the extent possible, be required to take such action as necessary to become compliant. Under certain circumstances, a person in violation of this Code will be subject to discipline, such discipline to be determined on a case-by-case basis by the Executive Vice President of Human Resources in the case of a violation by an associate and by the Board of Directors in the case of a violation by an officer or director.

## 11. No Retaliation

The Company will not permit retaliation of any kind by or on behalf of the Company and its associates, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

## 12. Amendment, Modification And Waiver

This Code may be amended, modified or waived by the Board of Directors, and waivers may also be granted by the Nominating and Corporate Governance Committee, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, and the rules thereunder and the applicable rules of the New York Stock Exchange.

## 13. Note

In adopting and publishing this Code, the Company code requirements may be more restrictive than the requirements of law and industry practice. Nothing contained in this Code should be construed or applied as binding interpretation or definition of law or industry practice. Any violation of law is strictly prohibited and is beyond the scope of authority of all associates, officers and directors of the Company.