

Pier 1 Imports
Charters of the Committees of the Board of Directors
Compensation Committee (“Compensation Committee” or “Committee”)

1. Purpose

The Compensation Committee's purpose is to (a) develop, review, approve and modify as necessary the Company's compensation philosophy as necessary to achieve the Company's overall business strategies and goals, attract and retain key executives, link compensation to organizational performance, and provide competitive compensation opportunities, (b) discharge (except to the extent otherwise governed by an existing employment contract or other arrangement approved by the Board of Directors or Committee) the Board of Directors' responsibilities relating to compensation of the Company's non-employee directors, Chief Executive Officer (“CEO”), executive officers, and other senior officers who report directly to the Company's CEO, (c) establish, oversee and administer (except to the extent delegated in a governing plan document or otherwise) the policies and plans that govern the components of the compensation of those individuals, including but not limited to, cash, equity, short- and long-term incentive, bonus, special or supplemental benefits, and perquisites, and (d) receive a report from management of the Company regarding succession planning, and the development and retention of executive management talent to ensure leadership continuity and organizational strength to achieve the Company's business strategies and goals. The Compensation Committee shall undertake the duties and responsibilities it deems appropriate to fulfill the above purposes including, but not limited to, those responsibilities shown below plus other duties and responsibilities as prescribed by the Company's Board of Directors from time to time.

2. Composition

The Committee shall consist of at least two directors, each of whom is (a) independent within the meaning of the independence requirements established by the New York Stock Exchange and (b) a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. The Board of Directors shall appoint the members of the Committee and its Chairman annually, considering the recommendation of the Nominating and Corporate Governance Committee, and further considering the views of the Chairman of the Board and the CEO, as appropriate. Each member of the Committee shall serve until the earlier of such (i) director's resignation, (ii) director's removal from the Committee, or (iii) director no longer being a member of the Board of Directors of the Company. The Board of Directors shall have the power at any time to change the membership of the Committee and to fill vacancies in the Committee with new member(s) that satisfy the above requirements.

3. Authority and Procedure

The Committee has the sole authority to (i) select, retain, replace and terminate special or independent counsel, compensation and benefits consultants, accountants and other outside experts and advisors to assist the Committee in performance of its duties and responsibilities, (ii) approve the fees and other retention terms of any such engagement, and (iii) incur ordinary administrative expenses necessary or appropriate to carrying out its duties. The Company shall provide for appropriate funding, as determined by the Committee, for payment of any such engagement, fees, costs and expenses. The Company shall provide for appropriate funding, as determined by the Committee, for payment of any such engagement, fees, costs and expenses. The Committee shall have full access to any relevant records of the Company and may also request that any officer or employee of the Company and its employing affiliates assist the Committee in performing its duties.

The provisions of the Company's Bylaws governing committees of the Board of Directors, their subcommittees and their operations are incorporated herein.

4. Responsibilities

The Committee will meet at least four times each year or more frequently as circumstances require. Specific responsibilities of the Committee are set forth in the Responsibilities Checklist below. The checklist will be reviewed and updated as necessary to reflect changes in regulatory requirements, authoritative guidance an evolving practices.

COMPENSATION COMMITTEE
RESPONSIBILITIES CHECKLIST

		WHEN PERFORMED		
		Biennially	Annually	As Needed
1.	Approve and oversee the compensation philosophy of the Company.			X
2.	Given the Company's compensation philosophy, review how the Company's compensation programs align with that philosophy, especially in relation to the Company's business goals and strategies. Select peer companies to be used for purposes of determining competitive compensation packages. Review the market data of the peer companies to assess the Company's competitive position for each component of compensation. Review the compensation of the CEO, executive officers, and senior officers who report to the CEO relevant to the philosophy, business goals, business strategy and peer companies data. Evaluate (without them present) the individual performance of those individuals in light of the goals, strategies, philosophy and data and set (without them present) the appropriate components and level of individual compensation including but not limited to, cash, equity, short- and long-term incentive, bonus, special or supplemental benefits and perquisites based on such evaluation (taking into consideration, with respect to the short- and long-term incentive component of compensation, the Company's performance and relative shareholder return, the value of similar incentive awards to similar situated executives at the peer companies and the awards given by the Company in past years).		X	
3.	Oversee the preparation, and review the sections, of the Company's annual proxy statement related to executive compensation. Based upon its review and discussion with management, recommend to the Board of Directors whether the Compensation, Discussion and Analysis prepared by management should be included in the Company's proxy statement or Form 10-K, as applicable, and prepare the related Compensation Committee report.		X	

WHEN PERFORMED

		Biennially	Annually	As Needed
4.	Except to the extent delegated in a governing plan document or otherwise, administer and oversee, as they exist from time to time, the Company's defined contribution plans, defined benefit plans, deferred compensation plans, supplemental benefit plans, short- and long-term incentive plans, and equity-based plans (such as the Company's restricted stock plans, stock option plans, stock incentive plans, stock purchase plans, and omnibus plans); make award grants under such plans; monitor award levels under such plans; prescribe, amend and rescind administrative rules under such plans; and otherwise make all determinations necessary or desirable for the administration of such plans. The Committee may delegate to one or more corporate officers designated by the Committee the authority to make grants of awards under any such plans to eligible individuals (other than any such corporate officer) who are not the CEO, executive officers or senior officers who report to the CEO, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule if applicable for such grants, approved the form of documentation evidencing such grants, and determined if applicable the appropriate number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any corporate officer(s) to whom such authority is delegated shall regularly report to the Committee the grants so made. Any such delegation may be revoked at any time by the Committee. Responsibility for day-to-day administration of all plans, including reporting and employee materials and communications will be performed by personnel of the Company or an employing affiliate, except as otherwise delegated by the governing plan document.			X
5.	Recommend to the Board of Directors amendments to the plans mentioned in number 4 above, or the establishment of other incentive compensation plans, management bonus plans, thrift plans, equity-based plans, retirement and deferred compensation plans, major medical plans, welfare benefit plans, and other employee benefit plans.			X
6.	Review and approve the significant terms of any employment agreements and amendments or renewals to such agreements, severance agreements and changes in control agreements/provisions for the CEO, executive officers or other senior officers who report directly to the CEO.			X
7.	The Committee should take into consideration the tax-deductibility requirements of Section 162(m) of the Internal Revenue Code when reviewing and approving compensation subject to Section 162(m) limits on deductibility, and, if deemed advisable, have such compensation approved by no less than two Committee members who are outside directors, as defined in Section 162(m) of the Internal Revenue Code, or by a subcommittee comprised solely of such outside directors.	X		

WHEN PERFORMED

		Biennially	Annually	As Needed
8.	Review the Company's stock ownership guidelines to determine (i) that the guidelines are appropriate based on the Company's stated objectives, (ii) that the individuals subject to the guidelines are in compliance, and (iii) that the stock ownership guidelines continue to function in the best interest of the Company and its shareholders.			X
9.	Recommend at least every other year to the Board of Directors compensation for the non-employee directors of the Company, including equity and equity-based compensation.	X		
10.	Report all actions taken at any of its meetings to the Board of Directors at the next following meeting of the Board of Directors.			X
11.	Annually review the Committee's own performance and as necessary review the Committee's Charter and this checklist and recommend changes to the Board of Directors.		X	X