

**Pier 1 Imports**  
**Charters of the Committees of the Board of Directors**  
**Compensation Committee**

1. Purpose

The Compensation Committee's (the "Committee") 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, 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 no fewer than two members. Each member of the Committee shall satisfy the independence requirements of the New York Stock Exchange. 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. The members of the Committee shall serve until their successors are appointed and qualify. The Board of Directors shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements.

3. Authority and Procedure

The Committee will meet at least two times each year and on such other occasions, formally or informally, as the Committee may determine. The Committee may meet in person, by telephone, or by other electronic means through which the Committee members can effectively interact with each other and fully discuss proposed actions. Committee action may also be taken by unanimous written consent without a meeting.

The Committee shall have the authority to retain, replace and terminate independent counsel, compensation and benefits consultants, accountants and other outside experts and advisors to assist the Committee in performance of its duties and responsibilities, and to approve the fees and other retention terms of any such engagement. The Company shall provide for appropriate funding, as determined by the Committee, for payment of any such engagement. 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 Committee may, at any time or from time to time, form and delegate authority to one or more subcommittees of the Committee.

The Committee may from time to time fix its own rules of procedure, except as otherwise expressly provided in this Charter or the by-laws of the Company or the Corporate Governance Guidelines of the Company.

#### 4. Responsibilities

Specific responsibilities of the Committee are set forth in the Responsibilities Checklist below. The responsibilities stated in this Charter and the Responsibilities Checklist are intended to provide a set of flexible guidelines for the Committee. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of its delegated authority. The checklist will be reviewed at least annually and updated as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices.

PIER 1 IMPORTS, INC.  
 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 review the Compensation Committee Charter and Responsibilities Checklist and recommend any proposed changes to the Board of Directors for approval.		X	