

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

1. Purpose

The Compensation Committee's purpose is (1) to discharge the Board of Directors' responsibilities relating to compensation of the Company's CEO and senior executives and (2) to produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

2. Composition

The Compensation Committee shall consist of no fewer than two members. Each member of the Compensation Committee shall satisfy the independence requirements of the New York Stock Exchange. The Board of Directors shall appoint the members of the Compensation Committee and its Chairman annually, considering the recommendation of the Nominating/Corporate Governance Committee, and further considering the views of the Chairman of the Board and the Chief Executive Officer, as appropriate. The members of the Compensation 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 Compensation 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 or more frequently as circumstances require.

The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and the authority to approve the consultant's fees and other retention terms.

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

The Committee may, at any time or from time to time, form and delegate authority to subcommittees of the Committee.

Except as otherwise expressly provided in this Charter or the by-laws of the Company or the Corporate Governance Guidelines of the Company, the Compensation Committee shall fix its own rules of procedure.

4. Responsibilities

The specific responsibilities of the Committee are set forth in the Compensation Committee Responsibilities Checklist that is attached as an addendum to this Charter. The responsibilities checklist will be reviewed at least annually and updated as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices.

COMPENSATION COMMITTEE
RESPONSIBILITIES CHECKLIST

		WHEN PERFORMED		
		Biennially	Annually	A/N*
1.	Review and approve corporate goals and objectives relevant to senior executive compensation, evaluate the senior executives' performance in light of those goals and objectives and set the senior executives' compensation level based on such evaluation (taking into consideration, with respect to the long-term incentive component of senior executive compensation, the Company's performance and relative shareholder return, the value of similar incentive awards to senior executives at comparable companies and the awards given to the Company's senior executives in past years).		X	
2.	Prepare annually, and in accordance with the SEC's proxy rules, a report disclosing the Committee's compensation policies as to executive officers, describing the factors and criteria upon which executive compensation is based and discussing the relationship between the Company's performance and executive compensation.		X	

		Biennially	Annually	A/N*
3.	<p>Oversee the Company's administration of incentive compensation plans, equity-based plans, including the Company's Stock Option Plans, and granting of stock options thereunder; review and monitor awards under such plans; prescribe, amend and rescind administrative rules under such plans, and otherwise make all determinations necessary or desirable for their administration. The Committee may delegate to one or more corporate officers designated by the Committee the authority to make grants to eligible individuals (other than any such corporate officer) who are not officers, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule for such grants, approved the form of documentation evidencing such grants, and determined 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 the preparation and filing of all government reports and the preparation and delivery of all required employee materials and communications, will be performed by company personnel.</p>			X
4.	<p>Recommend to the Board of Directors amendments to or the establishment of other incentive compensation plans, management bonus plans, thrift plans, equity-based plans, retirement and deferred compensation plans, major medical plans and other employee benefit plans.</p>			X

		Biennially	Annually	A/N*
5.	The Committee should take into consideration the tax-deductibility requirements of Section 162(m) of the Internal Revenue Code when reviewing and approving compensation for executive officers, 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
6.	Recommend at least every other year to the Board of Directors reasonable compensation of Directors for service to the Company.	X		X
7.	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	X
8.	Annually review the Committee's own performance and periodically review this Charter and recommend any proposed changes to the Board of Directors for approval.		X	X

*As Needed