

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.

)

TUESDAY, THE *21ST*

JUSTICE HAINEY

)

)

DAY OF APRIL, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF PIER 1 IMPORTS, INC., PIER 1 ASSETS, INC., PIER 1 LICENSING, INC.,
PIER 1 HOLDINGS, INC., PIER 1 SERVICES COMPANY, PIER 1 IMPORTS
(U.S.), INC., PIR TRADING, INC. AND PIER 1 VALUE SERVICES, LLC

APPLICATION OF PIER 1 IMPORTS, INC. UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

RECOGNITION ORDER

**(Recognition of Corrected Lease Rejection Order, Second Day Orders and Liquidity
Preservation Order, and Reduction of Directors' Charge)**

THIS MOTION, made by Pier 1 Imports, Inc. ("**Pier 1**") in its capacity as the foreign representative (the "**Foreign Representative**") of Pier 1, Pier 1 Assets, Inc., Pier 1 Licensing, Inc., Pier 1 Holdings, Inc., Pier 1 Services Company, Pier 1 Imports (U.S.), Inc., PIR Trading, Inc. and Pier 1 Value Services, LLC (collectively, the "**Chapter 11 Debtors**" and each a "**Chapter 11 Debtor**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order, among other things, recognizing certain orders granted by the United States Bankruptcy Court for the Eastern District of Virginia (Richmond Division) (the "**U.S. Bankruptcy Court**") in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (the "**Chapter 11 Cases**"), was read this day.

ON READING the Notice of Motion, the affidavit of Robert Riesbeck sworn April 15, 2020, the affidavit of Graeme Rotrand affirmed April 16, 2020 (the "**Rotrand Affidavit**"), and

the Third Report of the Information Officer dated April 19, 2020, and on being advised that the Service List was served with the Foreign Representative's Motion Record as appears from the Affidavit of Service of Waleed Malik affirmed April 17, 2020.

AND ON BEING ADVISED that the Foreign Representative informed the Service List that it was requesting that this motion be heard in writing, and on being further advised that no party on the Service List has advised the Foreign Representative that it objects to this motion being heard in writing or the relief sought by the Foreign Representative:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Amended and Restated Supplemental Order (Foreign Main Proceeding) made in the within proceedings dated February 18, 2020 (the "**Amended and Restated Supplemental Order**").

MOTION TO BE HEARD IN WRITING

3. **THIS COURT ORDERS** that this motion shall be heard in writing without any requirement for a live attendance.

RECOGNITION OF FOREIGN ORDERS

4. **THIS COURT ORDERS** that the following orders (the "**Foreign Orders**") of the U.S. Bankruptcy Court made in the Chapter 11 Cases are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) *Amended Order Authorizing (I) Rejection of Certain Unexpired Leases and (II) Abandonment of any Personal Property, Each Effective as of the Rejection Date and (III) Granting Related Relief* (the "**Corrected Lease Rejection Order**"); and

- (b) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Perform Intercompany Transactions, and (II) Granting Related Relief (the “**Final Cash Management Order**”);*
- (c) *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief (the “**Final Wages Order**”);*
- (d) *Final Order (I) Authorizing the Debtors to (A) Maintain, Renew, or Supplement Their Insurance Policies and Honor all Obligations in Respect Thereof, and (B) Maintain, Renew, or Supplement Their Surety Bond Program, and (II) Granting Related Relief (the “**Final Insurance Order**”);*
- (e) *Final Order (I) Authorizing Payment of Prepetition Claims of (A) Lien Claimants and (B) 503(B)(9) Claimants, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief (the “**Final Lienholders Order**”);*
- (f) *Final Order (I) Approving Debtors’ Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving Debtors’ Proposed Procedures for Resolving Additional Assurance Requests, and (IV) Granting Related Relief (the “**Final Utilities Order**”);*
- (g) *Final Order (I) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (II) Granting Related Relief (the “**Final Customer Programs Order**”);*
- (h) *Final Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief (the “**Final Taxes Order**”);*

- (i) *Final Order (A) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock, and (B) Granting Related Relief (the “**Final NOL Order**”);*
- (j) *Final Order (I) Authorizing the Debtors to Assume the Consulting Agreement, (II) Authorizing and Approving the Conduct of Store Closing Sales, with Such Sales to be Free and Clear of all Liens, Claims, and Encumbrances, (III) Authorizing Customary Bonuses to Employees of Closing Stores, and (IV) Granting Related Relief (the “**Final Store Closing Sale Order**”);*
- (k) *Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief (the “**Final DIP Order**”);*
- (l) *Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business (the “**OCP Order**”);*
- (m) *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief (the “**Interim Compensation Order**”);*
- (n) *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form and Manner for Filing Proofs of Claim, Including Section 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief (the “**Bar Date Order**”);*
- (o) *Order (I) Approving Procedures for Filing Omnibus Objections to Claims, (II) Approving the Form and Manner of the Notice of Omnibus Objections, and (III) Granting Related Relief (the “**Omnibus Objection Procedures Order**”);*
- (p) *Order (I) Authorizing and Approving Procedures to Reject or Assume Executory*

Contracts and Unexpired Leases and (II) Granting Related Relief (the “Assumption/Rejection Procedures Orders”); and

- (q) *Order (I) Approving Relief Related to the Interim Budget, (II) Temporarily Adjourning Certain Motions and Applications for Payments, and (III) Granting Related Relief (the “Liquidity Preservation Order”)*

copies of which are attached as Exhibits “A” to “P” and “S” to the Rotrand Affidavit, respectively;

provided, however, that (i) in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property in Canada; and (ii) the Corrected Lease Rejection Order shall be hereby deemed to be substituted for and replace the Lease Rejection Order appended as Schedule “M” to the Amended and Restated Supplemental Order.

AMENDMENT TO AMENDED AND RESTATED SUPPLEMENTAL ORDER

5. **THIS COURT ORDERS** that paragraph 23 of the Amended and Restated Supplemental Order is hereby amended as follows:

23. **THIS COURT ORDERS** that the DIP ABL Agent, for and on behalf of itself and the DIP Secured Parties (each as defined in the Interim DIP Order), shall be entitled to the benefit of and is hereby granted a charge (the “**DIP ABL Charge**”) on the Property in Canada, which DIP ABL Charge shall be consistent with the liens and charges created by or set forth in the Interim DIP Order and the Final DIP Order (as defined in the Affidavit of Graeme Rotrand affirmed April 15, 2020 in these proceedings), provided that with respect to the Property in Canada, the DIP ABL Charge shall have and be subject to the priorities set forth in paragraphs 24 and 26 hereof, and further provided that the DIP ABL Charge shall not be enforced except with leave of this Court on notice to the Information Officer and those parties on the service list established for these proceedings.

REDUCTION OF DIRECTORS' CHARGE

6. **THIS COURT ORDERS** that the amount of the Directors' Charge granted in paragraph 21 of the Amended and Restated Supplemental Order shall be reduced:

- (a) to CDN \$787,000 as of the date of this Order; and
- (b) to an amount to be determined by the Chapter 11 Debtors, in consultation with the Information Officer, upon the service by the Information Officer of a certificate substantially in the form attached as Schedule "A" hereto (the "**Information Officer's Certificate**") on the Service List.

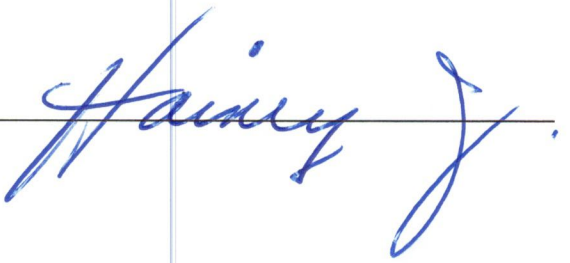
7. **THIS COURT ORDERS** that the Information Officer shall (a) incur no liability in connection with the reductions of the Directors' Charge set forth herein and in the Information Officer's Certificate; and (b) file a copy of the Information Officer's Certificate with the Court as soon as practicable following service thereof on the Service List.

GENERAL

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

A handwritten signature in blue ink, reading "Hainey J.", is written over a horizontal line. The signature is stylized with a large initial 'H' and a long, sweeping tail on the 'y'.

SCHEDULE A – Form of Information Officer’s Certificate

Court File No. CV-20-00636511-00CL

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IN THE MATTER OF THE *COMPANIES’ CREDITORS ARRANGEMENT ACT*,
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AMENDED

APPLICANT

INFORMATION OFFICER’S CERTIFICATE

RECITALS

A. Pursuant to the Amended and Restated Supplemental Order (Foreign Main Proceeding) of the Honourable Justice Hailey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 18, 2020, Alvarez & Marsal Canada Inc. was appointed as the Information Officer in these proceedings (the “**Information Officer**”).

B. Pursuant to an Order of the Court dated April 9, 2020 (the “**Order**”) the Court ordered that (a) the Directors’ Charge granted paragraph 21 of the Amended and Restated Supplemental Order would be reduced to an amount to be determined by the Chapter 11 Debtors in

consultation with the Information Officer; (b) the Information Officer shall serve on the Service List a certificate (the “**Information Officer’s Certificate**”) setting out the revised amount of the Directors’ Charge; and (c) the amount of the Directors’ Charge will be reduced upon delivery of the Information Officer’s Certificate to the Service List.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Order.

THE INFORMATION OFFICER CERTIFIES that:

- 1. The Information Officer has received written confirmation from the Chapter 11 Debtors (or their counsel) that the Chapter 11 Debtors, in consultation with the Information Officer, have determined that the amount of the Directors’ Charge shall be reduced to CDN\$●.
- 2. This Certificate was served by the Information Officer on the Service List at _____ [TIME] on _____ [DATE] in accordance with the Order.

ALVAREZ & MARSAL CANADA INC., in its capacity as Information Officer of the Chapter 11 Debtors, and not in its personal capacity

Per: _____
Name:
Title:

