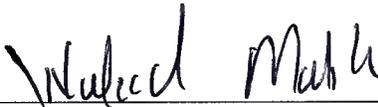


TAB W

THIS IS EXHIBIT "W" REFERRED TO IN THE
AFFIDAVIT OF GRAEME ROTRAND SWORN
BEFORE ME THIS 18TH DAY
OF FEBRUARY, 2020



Notary Public in and for the Province of Ontario

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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

)	
In re:	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) APPROVING NOTIFICATION AND HEARING PROCEDURES
FOR CERTAIN TRANSFERS OF AND DECLARATIONS OF WORTHLESSNESS
WITH RESPECT TO COMMON STOCK, AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”)² respectfully state as follows in support of this motion (this “Motion”):

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² A detailed description of the Debtors and their business, and the facts and circumstances supporting the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Robert J. Riesbeck, Chief Executive Officer of Pier 1 Imports, Inc., in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the form attached hereto as **Exhibit A** and **Exhibit B** (the “Interim Order” and “Final Order,” respectively) (a) approving certain notification and hearing procedures, substantially in the form of **Exhibit 1** attached to **Exhibit A** hereto (the “Procedures”), related to certain transfers of, or declarations of worthlessness with respect to, Pier 1 Imports, Inc.’s common stock or any Beneficial Ownership³ therein (any such record or Beneficial Ownership of common stock, the “Common Stock”), (b) directing that any purchase, sale, other transfer of, or declaration of worthlessness with respect to Common Stock in violation of the Procedures shall be null and void *ab initio*, and (c) granting related relief. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days after the commencement of these chapter 11 cases to consider approval of this Motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of*

United States Code (the “Bankruptcy Code”). Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration or as later defined herein, as applicable.

³ “Beneficial Ownership” will be determined in accordance with the applicable rules of sections 382 and 383 of the Internal Revenue Code of 1986, 26 U.S.C. §§ 1–9834 as amended (the “IRC”), and the Treasury Regulations thereunder (other than Treasury Regulations section 1.382-2T(h)(2)(i)(A)) and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire). An “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase right, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

Virginia, dated August 15, 1984. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 362 and 541 of the Bankruptcy Code, Bankruptcy Rules 3002 and 9014, and rule 9013-1 of the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia (the “Local Bankruptcy Rules”).

Background

5. The Debtors are a leading omni-channel retailer of unique home décor, furniture, and accessories. Their retail approach has focused on providing the discerning customer a curated mix of home goods from artisans around the world. The Debtors offer their merchandise through 923 stores throughout the United States and Canada as well as online through their U.S. e-commerce website. The Debtors are headquartered in Fort Worth, Texas and currently employ approximately 17,000 non-seasonal employees. On January 6, 2020, the Debtors announced the closing of up to 450 of their stores, and in connection with the filing of these chapter 11 cases, the Debtors announced the closing of all Canadian operations.

6. The Debtors commenced these chapter 11 cases to facilitate a timely and efficient process that will maximize the value of the Debtors’ estates for the benefit of all stakeholders. The Debtors anticipate winding down the brick-and-mortar stores not part of their go-forward plan and

will seek to implement a value-maximizing going-concern transaction for the remaining operations.

7. As of the Petition Date, each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code. The Debtors will also file for relief under the Companies' Creditors Arrangement Act (Canada). The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

The Tax Attributes

8. Generally, a company generates net operating losses ("NOLs") if the operating expenses it has incurred exceed the revenues it has earned during a single tax year. A company may apply, or "carry forward," NOLs to reduce future tax payments (subject to certain conditions as discussed below).⁴ See I.R.C. § 172.

9. As of the end of the 2019 fiscal year, the Debtors estimate they had NOLs in the amount of approximately \$133 million and approximately \$13.5 million of 163(j) Carryforwards.⁵ They further estimate that they may generate additional NOLs, disallowed interest carryforwards, or other tax attributes in the 2020 and 2021 fiscal years (NOLs, together with certain other tax

⁴ In addition, under certain circumstances, certain NOLs may be "carried back" to offset taxable income in prior years. Under U.S. federal income tax legislation enacted in 2017, the specific rules regarding carrybacks and carryforwards depend on when a particular NOL was generated.

⁵ As is common for many retailers, the Debtors utilize a non-calendar fiscal year, which ended March 2, 2019. These attribute estimates are based on amounts reported on the Debtors' federal income tax return for the 2019 fiscal year.

attributes, the “Tax Attributes”). These Tax Attributes may provide the potential for material future tax savings (including in post-emergence years) or other tax structuring possibilities in these chapter 11 cases. The value of the Tax Attributes will inure to the benefit of all of the Debtors’ stakeholders.

I. An “Ownership Change” May Negatively Affect the Debtors’ Utilization of the Tax Attributes.

10. Section 382 of the IRC limits the amount of taxable income that can be offset by a corporation’s NOLs in taxable years (or portions thereof) following an “ownership change.” Generally, an “ownership change” occurs if the percentage (by value) of the stock of a corporation owned by one or more five-percent shareholders has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the three-year testing period ending on the date of the ownership change. For example, an ownership change would occur in the following situation:

An individual (“A”) owns 50.1 percent of the stock of corporation XYZ. A sells her 50.1 percent interest to another individual (“B”), who owns 5 percent of XYZ’s stock. Under section 382, an ownership change has occurred because B’s interest in XYZ has increased more than 50 percentage points (from 5 percent to 55.1 percent) during the testing period. The same result would follow even if B owned no XYZ stock prior to the transaction with A because B both becomes a 5-percent shareholder and increases his ownership by more than 50 percentage points during the testing period.

11. An “ownership change” can also occur as a result of a “worthless stock deduction” claimed by any “50-percent shareholder.” A 50-percent shareholder is any person that owned Beneficial Ownership of 50 percent or more of a corporation’s stock “at any time during the 3-year period ending on the last day of the taxable year” with respect to which the worthless stock deduction is claimed. IRC § 382(g)(4)(D). If the 50-percent shareholder still owns the corporation’s stock at the end of the year, section 382 of the IRC essentially treats the person as

newly-purchasing the stock on the first day of the next taxable year. For example, if a person with 50 percent of a corporation's stock claims a worthless stock deduction in 2016 but does not sell such stock, that person is treated (a) as not having owned the stock at the end of 2016 and (b) as having purchased the stock on the first day of the 2017 tax year. That deemed purchase would cause an ownership change, because the 50-percent shareholder would be deemed to have a 50 percentage point increase in its stock ownership. Notably, while the seminal case of *Official Comm. of Unsecured Creditors v. PSS S.S. Co. (In re Prudential Lines Inc.)*, 928 F.2d 565, 573 (2d Cir. 1991), is generally relied upon to support equity trading motions in general, the specific issue in *Prudential Lines* was, in fact, a worthless stock deduction.

12. If an ownership change occurs, section 382 of the IRC limits the amount of a corporation's future income that may be offset by its "pre-change losses" to an annual amount equal to the fair market value of all of the stock of the corporation prior to the ownership change multiplied by the long-term tax exempt rate that applies to the month of the ownership change.⁶ See IRC § 382(b). Pre-change losses include the Debtors' NOLs and any so-called "realized built-in losses."⁷ Once a Tax Attribute is limited under section 382 of the IRC, its use is generally limited forever, and for five years if it is a realized built-in loss. Thus, certain transfers or worthless stock deductions with respect to Beneficial Ownership of Common Stock affected before the effective date of the Debtors' emergence from chapter 11 protection may trigger an "ownership

⁶ The applicable long-term tax exempt rate changes from month-to-month. For ownership changes occurring in February, the applicable long-term tax exempt rate is 1.63%.

⁷ The rules relating to potential limitations on the ability to offset taxable income with so-called realized built-in losses are highly complex and depend on, among other things, the extent (if any) of a debtor's "net unrealized built-in loss." A net unrealized built in loss is equal to the excess of the aggregate adjusted basis of all of a corporation's applicable assets over their fair market value (as determined for purposes of section 382 of the IRC) immediately prior to the ownership change. IRC § 382(h)(1)(B).

change” for IRC purposes, severely endangering the Debtors’ ability to utilize the Tax Attributes, and causing substantial damage to the Debtors’ estates.

13. Notably, the Debtors have limited the relief requested herein to the extent necessary to preserve estate value. Specifically, the proposed Interim Order and Final Order will affect only (a) holders of the equivalent of Beneficial Ownership of more than 190,038 shares of Common Stock⁸ (*i.e.*, 4.5 percent or more of outstanding Common Stock), (b) parties who are interested in purchasing sufficient Common Stock to result in such party becoming a holder of 4.5 percent or more of Beneficial Ownership of outstanding Common Stock, and (c) any “50-percent shareholder” seeking to claim a worthless stock deduction.

14. To maximize the use of the Tax Attributes and enhance recoveries for the Debtors’ stakeholders, the Debtors seek limited relief that will enable them to closely monitor certain transfers of Beneficial Ownership of Common Stock and certain worthless stock deductions with respect to Beneficial Ownership of Common Stock, so as to be in a position to act expeditiously to prevent such transfers or worthlessness deductions, if necessary, with the purpose of preserving the Tax Attributes. By establishing and implementing such Procedures, the Debtors will be in a position to object to “ownership changes” that threaten their ability to preserve the value of their Tax Attributes for the benefit of the estates.

II. Proposed Procedures for Transfers of or Declarations of Worthlessness with Respect to Common Stock.

15. The Procedures are the mechanism by which the Debtors propose that they will monitor, and if necessary, object to certain transfers of Beneficial Ownership of Common Stock and declarations of worthlessness with respect to Beneficial Ownership of Common Stock to

⁸ Based on approximately 4,223,045 shares of Common Stock outstanding as of the Petition Date.

ensure preservation of the Tax Attributes. The Procedures, which are fully set forth in **Exhibit 1** to the Interim Order attached hereto as **Exhibit A**, are summarized below.⁹

Procedures for Transfers of Common Stock

- a. The Debtors will serve notice of the Interim Order or the Final Order, as applicable, and the Procedures upon the Notice Parties (as defined in this Motion), including all registered and record holders of Common Stock, no later than two business days after entry of the Interim Order or the Final Order, as applicable. Record holders may include banks, brokers, or other agents (each, a “Nominee”) holding shares on behalf of beneficial holders, Nominees will be provided with sufficient copies, and with instructions, to forward the materials to the beneficial holders of Common Stock.¹⁰
- b. Any person or entity that has Beneficial Ownership of 4.5 percent or more of Common Stock must file with the Bankruptcy Court and serve upon the Declaration Notice Parties (as defined in the Procedures) a Declaration of Status as a Substantial Shareholder, substantially in the form annexed to the Procedures as **Exhibit 1A** on or before the later of (i) 45 calendar days after the date of the Notice of Interim Order, and (ii) ten calendar days after becoming a Substantial Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Shareholder even if no Declaration of Status as a Substantial Shareholder has been filed.
- c. Prior to effectuating any transfer of Beneficial Ownership of Common Stock that would (i) affect the size of a Substantial Shareholder’s Beneficial Ownership, or (ii) would result in another entity becoming or ceasing to be a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties, as applicable, a Declaration of Intent to Accumulate Common Stock, substantially in the form annexed to the Procedures as **Exhibit 1B**, or a Declaration of Intent to Transfer Common Stock, substantially in the form annexed to the Procedures as **Exhibit 1C**.

⁹ Capitalized terms used in this section but not otherwise defined herein have the meanings ascribed to them in the Procedures. To the extent that this summary and the terms of the Procedures are inconsistent, the terms of the Procedures control.

¹⁰ The notice provisions in the Procedures satisfy due process and the strictures of Bankruptcy Rule 9014 by providing the relevant counterparties with notice and an opportunity to object and attend a hearing. *See, e.g., In re Atamian*, 368 B.R. 375, 378 (Bankr. D. Del. 2007) (“Rule 9014 does not require a hearing, only an opportunity for a hearing.”) (citation omitted), *aff’d*, No. 05-20040 (MFW), 2008 WL 853462 (D. Del. Mar. 31, 2008), 300 F. App’x 175 (3d Cir. 2008); *Flynn v. Eley (In re Colo. Mountain Cellars, Inc.)*, 226 B.R. 244, 246 (D. Colo. 1998) (noting that a hearing is not required to satisfy Bankruptcy Rule 9014).

- i. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve upon such person or entity an objection to the proposed transaction on the grounds that such claim might adversely affect the Debtors' ability to utilize the Tax Attributes.
- ii. If the Debtors timely object, the proposed transaction will remain ineffective pending a final and non-appealable order of the Court, unless the Debtors withdraw such objection.
- iii. If the Debtors do not object within such 30-day period, the proposed transaction may proceed solely as described in the Declaration of Proposed Transfer.
- iv. For purposes of these Procedures, a "Substantial Shareholder" is any entity or individual that has Beneficial Ownership of at least 190,038 shares of Common Stock (representing approximately 4.5 percent of all issued and outstanding shares of Common Stock).¹¹

Procedures for Declarations of Worthlessness of Common Stock

- a. Any person or entity that currently is or becomes a 50-Percent Shareholder¹² must file with the Court and serve upon counsel to the Debtors a Declaration of Status as a 50-Percent Shareholder, substantially in the form annexed to the Procedures as **Exhibit 1D**, on or before the later of (i) 30 calendar days after the date of the Notice of Interim Order, and (ii) ten calendar days after becoming a 50-Percent Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any 50-Percent Shareholder even if no Declaration of Status as a 50-Percent Shareholder has been filed.
- b. Prior to filing any federal or state tax return, or any amendment to such a return, that claims any deduction for worthlessness of Common Stock for a tax year ending before the Debtors' emergence from chapter 11 protection, such 50-Percent Shareholder must file with the Court and serve upon counsel to the Debtors a Declaration of Intent to Claim a Worthless Stock Deduction, substantially in the form annexed to the Procedures as **Exhibit 1E**.

¹¹ Based on approximately 4,223,045 shares of Common Stock outstanding as of the Petition Date.

¹² For purposes of the Procedures, a "50-Percent Shareholder" is any person or entity that any time since December 31, 2016 has owned 50 percent or more of the Beneficial Ownership of Common Stock of the Debtors (determined in accordance with section 382(g)(4)(D) of the IRC and the applicable Treasury Regulations thereunder).

- i. The Debtors shall have 30 calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50-Percent Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors' ability to utilize their Tax Attributes.
- ii. If the Debtors timely object, the filing of the tax return or amendment thereto with such claim will not be permitted unless approved by a final and non-appealable order of the Court, unless the Debtors withdraw such objection.
- iii. If the Debtors do not object within such 30-day period, the filing of the return or amendment with such claim will be permitted solely as described in the Declaration of Intent to Claim a Worthless Stock Deduction. Additional returns and amendments within the scope of this section must be the subject of additional notices as set forth herein, with an additional 30-day waiting period. To the extent that the Debtors receive an appropriate Declaration of Intent to Claim a Worthless Stock Deduction and determine in their business judgment not to object, they shall provide notice of that decision as soon as is reasonably practicable to any statutory committee(s) appointed in these chapter 11 cases.

Basis for Relief

16. Section 541 of the Bankruptcy Code provides that property of the estate comprises, among other things, "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541(a)(1). The Tax Attributes are property of the Debtors' estates. *Prudential Lines Inc.*, 928 F.2d 565, 573 (2d Cir. 1991) ("We hold that the right to a carryforward attributable to its . . . NOL was property of [the debtor's] bankruptcy estate."), *cert. denied*, 502 U.S. 821 (1991); *In re Delta Air Lines, Inc.*, No. 05-17923 (PCB) (Bankr. S.D.N.Y. Dec. 19, 2005) (finding that NOLs are property of the debtors' estates); *Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) (same); *Official Comm. of Unsecured Creditors v. Forman (In re Forman Enters., Inc.)*, 273 B.R. 408, 415 (Bankr. W.D. Pa. 2002) (same). Moreover, section 362(a)(3) of

the Bankruptcy Code stays “any act [of a person or entity] to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.” 11 U.S.C. § 362(a)(3). Accordingly, any act of a holder of a debtor’s equity securities that causes the termination or limits use of the Tax Attributes violates the automatic stay. *See, e.g., Prudential Lines*, 928 F.2d at 574 (holding that causing the termination of or adversely affecting the value of a debtor’s NOL violates the automatic stay); *In re Phar-Mor, Inc.*, 152 B.R. 924, 927 (Bankr. N.D. Ohio 1993) (“[T]he sale of stock is prohibited by § 362(a)(3) as an exercise of control over the NOL, which is property of the estate . . .”).

17. Implementation of the Procedures is necessary and appropriate to enforce the automatic stay and, critically, to preserve the value of the Tax Attributes for the benefit of the Debtors’ estates. Under section 382 of the IRC, certain transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Stock prior to the consummation of a chapter 11 plan could cause the termination or limit the use of the Tax Attributes. As stated above, the Debtors currently estimate that as of the end of the 2019 fiscal year, they had NOLs in the amount of approximately \$133 million and approximately \$13.5 million of 163(j) Carryforwards, and they may generate further NOLs in the 2020 and 2021 fiscal years. Those NOLs, if any, together with other Tax Attributes, translate to the potential for material future tax savings or other potential tax structuring opportunities in these chapter 11 cases. The termination or limitation of the Tax Attributes could be materially detrimental to all parties in interest. Thus, granting the relief requested herein will preserve the Debtors’ flexibility in operating their businesses during the pendency of these chapter 11 cases and also implementing an exit plan that makes full and efficient use of the Tax Attributes, thereby maximizing the value of their estates.

18. Additionally, the Procedures do not bar all transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Stock. The Debtors seek to establish procedures only to monitor those types of transactions that would pose a serious risk under the ownership change test pursuant to section 382 of the IRC, and to preserve the Debtors' ability to seek substantive relief if it appears that a proposed transfer or declaration of worthlessness could jeopardize the Debtors' utilization of the Tax Attributes. Because of the Tax Attributes' importance to the Debtors' restructuring, and consequently all parties in interest, the benefits of implementing the Procedures outweigh subjecting a limited number of transfers to the Procedures.

19. Courts in this and other jurisdictions have routinely restricted transfers of equity interests and declarations of worthlessness with respect to beneficial interests of a debtor's stock, or instituted notice procedures regarding proposed transfers and declarations of worthlessness, to protect a debtor against the possible loss of its tax attributes. *See, e.g., In re Penn Virginia Corp.*, No. 16-32395 (KLP) (Bankr. E.D. Va. June 9, 2016) (final order establishing notification and hearing procedures related to certain stock transfers and declarations of worthlessness); *In re Alpha Nat. Res., Inc.*, No. 15-33896 (Bankr. E.D. Va. Sept. 17, 2015); (final order establishing notification and hearing procedures related to certain stock transfers); *In re CJ Holding Co.*, No. 16-33590 (DRJ) (Bankr. S.D. Tex. July 21, 2016) (final order entered at first day hearing establishing notification and hearing procedures related to certain stock transfers and declarations of worthlessness); *In re Linn Energy, LLC*, No. 16-60040 (DRJ) (Bankr. S.D. Tex. July 15, 2016) (final order entered after first hearing on motion establishing notification and hearing procedures related to certain stock transfers and declarations of worthlessness); *In re Ultra Petrol. Corp.*,

No. 16-32202 (MI) (Bankr. S.D. Tex. June 13, 2016) (final order entered establishing notification and hearing procedures related to certain stock transfers and declarations of worthlessness).¹³

20. Accordingly, the Debtors respectfully request that the Court enter the Interim Order and the Final Order approving the Procedures to protect the Debtors against the possible loss or limitation of the Debtors' Tax Attributes.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

21. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, the Debtors seek entry of an order (a) approving the Procedures, related to certain transfers of, or declarations of worthlessness with respect to, Beneficial Ownership of Debtor Pier 1 Imports, Inc.'s Common Stock, (b) directing that any purchase, sale, other transfer of, or declaration of worthlessness with respect to Beneficial Ownership of Common Stock in violation of the Procedures shall be null and void *ab initio*, and (c) granting the other relief requested herein in order to ensure the Debtors' ability to transition their operations into these chapter 11 cases. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases could severely harm the Debtors' ability to utilize their Tax Attributes. For the reasons discussed herein, the relief requested is necessary in order for the Debtors to operate their businesses in the ordinary course and preserve the ongoing value of the Debtors' operations and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

¹³ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

22. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Waiver of Memorandum of Points and Authorities

23. The Debtors respectfully request that this Court treat this Motion as a written memorandum of points and authorities or waive any requirement that this Motion be accompanied by a written memorandum of points and authorities as described in Local Bankruptcy Rule 9013-1(G).

Reservation of Rights

24. Nothing contained herein is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code, any foreign bankruptcy or insolvency law, or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a request or authorization to assume, adopt, or reject any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law.

Notice

25. The Debtors will provide notice of this Motion via first class mail, facsimile or email (where available) to: (a) the United States Trustee for the Eastern District of Virginia,

Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the agents under the Debtors' prepetition secured facilities and counsel thereto; (d) the DIP Agents and their respective counsel thereto; (e) the indenture trustee to the Debtors' industrial revenue bonds; (f) counsel to the ad hoc group of term loan lenders; (g) the lenders under certain Company-owned life insurance policies; (h) the Debtors' Canadian counsel; (i) the United States Attorney's Office for the Eastern District of Virginia; (j) the Internal Revenue Service; (k) the office of the attorneys general for the states in which the Debtors operate; (l) the Securities and Exchange Commission; (m) all registered and record holders of Common Stock (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (n) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties"). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

26. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and the Final Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Richmond, Virginia
Dated: February 17, 2020

/s/ Jeremy S. Williams

KUTAK ROCK LLP

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*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

Exhibit A

Proposed Interim Order

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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

)	
In re:	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

**INTERIM 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**

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an interim order (this "Interim Order"), authorizing the Debtors to (a) approve the Procedures related to transfers of Beneficial Ownership of Common Stock, (b) direct that any purchase, sale, other transfer of, or declaration of worthlessness with

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors' service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

respect to Beneficial Ownership of Common Stock in violation of the Procedures shall be null and void *ab initio*, and (c) schedule a final hearing to consider approval of the Motion on a final basis, all as more fully set forth in the Motion; and upon the First Day Declarations; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated August 15, 1984; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2020, at __:__ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time on _____, 2020, and served on the Declaration Notice Parties (as such term is defined in the Procedures). In the

event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Procedures, as set forth in Exhibit 1 attached hereto, are hereby approved.

4. Any transfer of or declaration of worthlessness with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, shall be null and void *ab initio*.

5. In the case of any such transfer of Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, the person or entity making such transfer shall be required to take remedial actions specified by the Debtors, which may include the actions specified in Private Letter Ruling 201010009 (Dec. 4, 2009), to appropriately reflect that such transfer is null and void *ab initio*.

6. In the case of any such declaration of worthlessness with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including the notice requirements, the person or entity making such declaration shall be required to file an amended tax return revoking such declaration and any related deduction to appropriately reflect that such declaration is void *ab initio*.

7. The Debtors may retroactively or prospectively waive any and all restrictions, stays, and notification procedures set forth in the Procedures.

8. The requirements set forth in this Interim Order are in addition to the requirements of all applicable laws and do not excuse compliance therewith.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules are satisfied by such notice.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

13. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: _____
Richmond, Virginia

United States Bankruptcy Judge

WE ASK FOR THIS:

/s/ Jeremy S. Williams

Michael A. Condyles (VA 27807)

Peter J. Barrett (VA 46179)

Jeremy S. Williams (VA 77469)

Brian H. Richardson (VA 92477)

KUTAK ROCK LLP

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Emily E. Geier (*pro hac vice* admission pending)

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Proposed Co-Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jeremy S. Williams

Exhibit 1

**Procedures for Transfers of and Declarations of
Worthlessness With Respect to Beneficial Ownership of Common Stock**

Procedures for Transfers of and Declarations of Worthlessness with Respect to Beneficial Ownership of Common Stock

The following procedures apply to transfers of Beneficial Ownership of Common Stock:¹

- a. Any entity (as defined in section 101(15) of the Bankruptcy Code) that currently is or becomes a Substantial Shareholder (as defined herein) must file with the Court and serve upon: (aa) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck; (bb) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (cc) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (dd) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (ee) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (ff) the agents under the Debtors' prepetition secured facilities and counsel thereto; (gg) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (hh) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (ii) the indenture trustee to the Debtors' industrial revenue bonds; (jj) counsel to the ad hoc group of term loan lenders; (kk) the lenders under certain Company-owned life insurance policies; (ll) the Debtors' Canadian counsel; (mm) the United States Attorney's Office for the Eastern District of Virginia; (nn) the Internal Revenue Service; (oo) the office of the attorneys general for the states in which the Debtors operate; (pp) the Securities and Exchange Commission; (qq) all registered and record holders of Common Stock (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (rr) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Declaration Notice Parties"), a declaration of such status, substantially in the form of **Exhibit 1A** attached to these Procedures (each, a "Declaration of Status as a Substantial Shareholder") on or before the later of (i) 45 calendar days after the date of the Notice of Interim Order (as defined herein), or (ii) ten calendar days after becoming a Substantial Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Shareholder even if no Declaration of Status as a Substantial Shareholder has been filed..

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

- b. Prior to effectuating any transfer of Beneficial Ownership of Common Stock that would (i) result in an increase in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership, or (ii) result in an entity or individual becoming a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties an advance written declaration of the intended transfer of Beneficial Ownership of Common Stock, substantially in the form of **Exhibit 1B** attached to these Procedures (each, a “Declaration of Intent to Accumulate Common Stock”).
- c. Prior to effectuating any transfer of Beneficial Ownership of Common Stock that would (i) result in a decrease in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership, or (ii) result in an entity or individual ceasing to be a Substantial Shareholder, the parties to such transaction must file with the Court and serve upon the Declaration Notice Parties an advance written declaration of the intended transfer of Beneficial Ownership of Common Stock, substantially in the form of **Exhibit 1C** attached to these Procedures (each, a “Declaration of Intent to Transfer Common Stock,” and together with a Declaration of Intent to Accumulate Common Stock, a “Declaration of Proposed Transfer”).
- d. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder or potential Substantial Shareholder an objection to any proposed transfer of Beneficial Ownership of Common Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize the Tax Attributes. If the Debtors file an objection, such transaction will remain ineffective unless the Debtors withdraw such objection or such transaction is approved by a final and non-appealable order of the Court. If the Debtors do not object within such 30-day period, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. To the extent the Debtors receive an appropriate Declaration of Proposed Transfer and determine in their business judgment not to object, they shall provide five (5) business days’ notice of that decision to counsel to any statutory committee(s) appointed in the Debtors’ chapter 11 cases. Further transactions within the scope of this paragraph are the subject of additional notices in accordance with these Procedures, with an additional 30-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of these Procedures: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least 190,038 shares of Common Stock (representing approximately 4.5 percent of all issued and outstanding shares of Common Stock);² (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the IRC and the Treasury Regulations thereunder, and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to

² Based on approximately 4,223,045 shares of Common Stock outstanding as of the Petition Date.

beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual's family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an "Option" to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

The following procedures apply to declarations of worthlessness of Beneficial Ownership of Common Stock:

- a. Any person or entity that currently is or becomes a 50-Percent Shareholder must file with the Court and serve upon the Declaration Notice Parties a declaration of such status, substantially in the form of **Exhibit 1D** attached to these Procedures (each, a "Declaration of Status as a 50-Percent Shareholder"), on or before the later of (i) 30 calendar days after the date of the Notice of Interim Order, and (ii) ten calendar days after becoming a 50-Percent Shareholder.
- b. Prior to filing any federal or state tax return or any amendment to such a return that claims any deduction for worthlessness of Beneficial Ownership of Common Stock for a tax year ending before the Debtors' emergence from chapter 11 protection, such 50-Percent Shareholder must file with the Court and serve upon the Declaration Notice Parties an advance written declaration substantially in the form of **Exhibit 1E** attached to these Procedures (each, a "Declaration of Intent to Claim a Worthless Stock Deduction") of the intended claim of worthlessness.
- c. The Debtors will have 30 calendar days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50-Percent Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim might adversely affect the Debtors' ability to utilize the Foreign Tax Credits. If the Debtors file an objection, the filing of the return or amendment with such claim remains ineffective pending a final ruling on the objection (and thereafter in accordance with the ruling and applicable appellate rules and procedures), and the 50-Percent Shareholder shall be required to file an amended tax return revoking such proposed deduction. If the Debtors do not object within such 30-day period, the filing of the return or amendment with such claim will be permitted as set forth in the Declaration of Intent to Claim a Worthless Stock Deduction. To the extent that the Debtors receive an appropriate Declaration of Intent to Claim a Worthless Stock Deduction and determine in their business judgment not to object, they shall provide five (5) business days' notice of that decision to counsel to any statutory committee(s) appointed in the Debtors' chapter 11 cases. Additional returns or amendments within the scope of this paragraph are the subject of additional notices in accordance with these Procedures

as set forth herein, with an additional 30-day waiting period for each Declaration of Intent to Claim a Worthless Stock Deduction.

- d. For purposes of these procedures a “50-Percent Shareholder” is any person or entity that at any time since December 31, 2016 has owned 50 percent or more of the Beneficial Ownership of Common Stock of the Debtors (determined in accordance with section 382(g)(4)(D) of the IRC and the applicable Treasury Regulations thereunder).

Notice Procedures

The following notice procedures apply to these Procedures:

- a. No later than two business days following entry of the Interim Order, the Debtors shall serve by first class mail, postage prepaid, a notice substantially in the form of **Exhibit 1F** attached to these Procedures (the “Notice of Interim Order”), on: (aa) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (bb) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (cc) the agents under the Debtors’ prepetition secured facilities and counsel thereto; (dd) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (ee) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (ff) the indenture trustee to the Debtors’ industrial revenue bonds; (gg) counsel to the ad hoc group of term loan lenders; (hh) the lenders under certain Company-owned life insurance policies; (ii) the Debtors’ Canadian counsel; (jj) the United States Attorney’s Office for the Eastern District of Virginia; (kk) the Internal Revenue Service; (ll) the office of the attorneys general for the states in which the Debtors operate; (mm) the Securities and Exchange Commission; (nn) all registered and record holders of Common Stock (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (oo) any party that has requested notice pursuant to Bankruptcy Rule 2002. Additionally, no later than two business days following entry of the Final Order, the Debtors shall serve a Notice of Interim Order modified to reflect that the Final Order has been entered (as modified, the “Notice of Final Order”) on the same entities that received the Notice of Interim Order.
- b. All registered holders of Common Stock shall be required to serve the Notice of Interim Order or Notice of Final Order, as applicable, on any holder for whose benefit such registered holder holds such Common Stock down the chain of ownership for all such holders of Common Stock.

- c. Any entity, broker, or agent acting on such entity's or individual's behalf that sells shares of Common Stock³ to another entity shall be required to serve a copy of the Notice of Interim Order or Notice of Final Order, as applicable, on such purchaser of such Common Stock or any broker or agent acting on such purchaser's behalf.
- d. As soon as is practicable following entry of the Interim Order, the Debtors shall (i) submit a copy of the Notice of Interim Order (modified for publication) for publication in the national editions of *The New York Times* and *USA Today*; (ii) submit a copy of the Notice of Interim Order (modified for publication) to Bloomberg Professional Service for potential publication by Bloomberg; and (iii) file a Form 8-K with a reference to the entry of the Interim Order.
- e. To the extent confidential information is required in any declaration described in these Procedures, such confidential information may be filed and served in redacted form; *provided* that any such declarations served on the Debtors *shall not* be in redacted form. The Debtors shall keep all information provided in such declarations strictly confidential and shall not disclose the contents thereof to any person except to the extent (i) necessary to respond to a petition or objection filed with the Court, (ii) otherwise required by law, or (iii) that the information contained therein is already public; *provided* that the Debtors may disclose the contents thereof to their professional advisors, who shall keep all such declarations strictly confidential and shall not disclose the contents thereof to any other person or entity, subject to further Court order.

[Remainder of page intentionally left blank]

³ Based on approximately 4,223,045 shares of Common Stock outstanding as of the Petition Date.

Exhibit 1A

Declaration of Status as a Substantial Shareholder

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
 Emily E. Geier (*pro hac vice* admission pending)
 AnnElyse Scarlett Gains (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 601 Lexington Avenue
 New York, New York 10022
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-and-

Joshua M. Altman (*pro hac vice* admission pending)
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 Chicago, Illinois 60654
 Telephone: (312) 862-2000
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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

In re:)	
	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

DECLARATION OF STATUS AS A SUBSTANTIAL SHAREHOLDER²

PLEASE TAKE NOTICE that the undersigned party is/has become a Substantial Shareholder with respect to the common stock of Pier 1 Imports, Inc. or of any Beneficial

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership (as defined below) of at least 190,038 shares of Common Stock (representing approximately 4.5 percent of 4,223,045 shares of Common Stock outstanding as of the Petition Date); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder, and includes direct, indirect, and constructive ownership (*e.g.*, (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated

Ownership therein (the “Common Stock”). Pier 1 Imports, Inc. is a debtor and debtor in possession in Case No. 20-30805 (___) pending in the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”).

PLEASE TAKE FURTHER NOTICE that as of _____, 2020, the undersigned party currently has Beneficial Ownership of _____ shares of Common Stock. The following table sets forth the date(s) on which the undersigned party acquired Beneficial Ownership of such Common Stock:

Number of Shares	Date Acquired

(Attach additional page(s) if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the [Interim/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 [Docket No. ___] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon:

acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

(a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck;

(b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors' prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors' industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors' Canadian counsel; (m) the United States Attorney's Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient

instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1B

Declaration of Intent to Accumulate Common Stock

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
 Emily E. Geier (*pro hac vice* admission pending)
 AnnElyse Scarlett Gains (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

In re:)	
	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

DECLARATION OF INTENT TO ACCUMULATE COMMON STOCK²

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to purchase, acquire, or otherwise accumulate (the “Proposed Transfer”) one or more

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership (as defined below) of at least 190,038 shares of Common Stock (representing approximately 4.5 percent of 4,223,045 shares of Common Stock outstanding as of the Petition Date); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder, and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated

shares of common stock of Pier 1 Imports, Inc. or of any Beneficial Ownership therein (the “Common Stock”). Pier 1 Imports, Inc. is a debtor and debtor in possession in Case No. 20-30805 (____) pending in the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”).

PLEASE TAKE FURTHER NOTICE that if applicable, on _____, 2020, the undersigned party filed a Declaration of Status as a Substantial Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ shares of Common Stock.

PLEASE TAKE FURTHER NOTICE that pursuant to the Proposed Transfer, the undersigned party proposes to purchase, acquire, or otherwise accumulate Beneficial Ownership of _____ shares of Common Stock or an Option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, the undersigned party will have Beneficial Ownership of _____ shares of Common Stock after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the *[Interim/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 [Docket No. __]*

acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

(the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon:

(a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck;

(b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors’ prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors’ industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors’ Canadian counsel; (m) the United States Attorney’s Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient

instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, the undersigned party acknowledges that it is prohibited from consummating the Proposed Transfer unless and until the undersigned party complies with the Procedures set forth therein.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will remain ineffective unless such objection is withdrawn by the Debtors or the Court approves such transaction by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by the undersigned party that may result in the undersigned party purchasing, acquiring, or otherwise accumulating Beneficial Ownership of additional shares of Common Stock will each require an additional notice filed with the Court and served in the same manner as this Declaration.

PLEASE TAKE FURTHER NOTICE that pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1C

Declaration of Intent to Transfer Common Stock

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
 Emily E. Geier (*pro hac vice* admission pending)
 AnnElyse Scarlett Gains (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 601 Lexington Avenue
 New York, New York 10022
 Telephone: (212) 446-4800
 Facsimile: (212) 446-4900

Michael A. Condyles (VA 27807)
 Peter J. Barrett (VA 46179)
 Jeremy S. Williams (VA 77469)
 Brian H. Richardson (VA 92477)
KUTAK ROCK LLP
 901 East Byrd Street, Suite 1000
 Richmond, Virginia 23219-4071
 Telephone: (804) 644-1700
 Facsimile: (804) 783-6192

-and-

Joshua M. Altman (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 300 North LaSalle Street
 Chicago, Illinois 60654
 Telephone: (312) 862-2000
 Facsimile: (312) 862-2200

Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

In re:)	
	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

DECLARATION OF INTENT TO TRANSFER COMMON STOCK²

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to sell, trade, or otherwise transfer (the “Proposed Transfer”) one or more shares of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² For purposes of this declaration: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership (as defined below) of at least 190,038 shares of Common Stock (representing approximately 4.5 percent of 4,223,045 shares of Common Stock outstanding as of the Petition Date); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code of 1986, as amended and the Treasury Regulations thereunder, and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert to make a coordinated

common stock of Pier 1 Imports, Inc. or of any Beneficial Ownership therein (the “Common Stock”). Pier 1 Imports, Inc. is a debtor and debtor in possession in Case No. 20-30805 (___) pending in the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”).

PLEASE TAKE FURTHER NOTICE that if applicable, on _____, 2020, the undersigned party filed a Declaration of Status as a Substantial Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ shares of Common Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, the undersigned party proposes to sell, trade, or otherwise transfer Beneficial Ownership of _____ shares of Common Stock or an Option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, the undersigned party will have Beneficial Ownership of _____ shares of Common Stock after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant the [*Interim/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* [Docket No. ___] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon:

acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

(a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck;

(b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors' prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors' industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors' Canadian counsel; (m) the United States Attorney's Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient

instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, the undersigned party acknowledges that it is prohibited from consummating the Proposed Transfer unless and until the undersigned party complies with the Procedures set forth therein.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will remain ineffective unless the Debtors withdraw such objection or the Court approves such transaction by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by the undersigned party that may result in the undersigned party selling, trading, or otherwise transferring Beneficial Ownership of additional shares of Common Stock each will require an additional notice filed with the Court, and served in the same manner as this Declaration.

PLEASE TAKE FURTHER NOTICE that pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1D

Declaration of Status as a 50-Percent Shareholder

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
 Emily E. Geier (*pro hac vice* admission pending)
 AnnElyse Scarlett Gains (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 601 Lexington Avenue
 New York, New York 10022
 Telephone: (212) 446-4800
 Facsimile: (212) 446-4900

Michael A. Condyles (VA 27807)
 Peter J. Barrett (VA 46179)
 Jeremy S. Williams (VA 77469)
 Brian H. Richardson (VA 92477)
KUTAK ROCK LLP
 901 East Byrd Street, Suite 1000
 Richmond, Virginia 23219-4071
 Telephone: (804) 644-1700
 Facsimile: (804) 783-6192

-and-

Joshua M. Altman (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 300 North LaSalle Street
 Chicago, Illinois 60654
 Telephone: (312) 862-2000
 Facsimile: (312) 862-2200

Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

In re:)	
	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

DECLARATION OF STATUS AS A 50-PERCENT SHAREHOLDER²

PLEASE TAKE NOTICE that the undersigned party is/has become a 50-Percent Shareholder with respect to the common stock of Pier 1 Imports, Inc. or of any Beneficial

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² For purposes of this Declaration: (i) a “50-Percent Shareholder” is any person or entity that at any time since December 31, 2016 has owned Beneficial Ownership of 50 percent or more of the Common Stock (determined in accordance with section 382(g)(4)(D) of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder); (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of section 382 of the Internal Revenue Code and the applicable Treasury Regulations thereunder, and includes direct, indirect, and constructive ownership (e.g., (1) a holding company would be considered to beneficially own all equity securities owned by its subsidiaries, (2) a partner in a partnership would be considered to beneficially own its proportionate share of any equity securities owned by such partnership, (3) an individual and such individual’s family members may be treated as one individual, (4) persons and entities acting in concert

Ownership therein (the “Common Stock”). Pier 1 Imports, Inc. is a debtor and debtor in possession in Case No. 20-30805 (___) pending in the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”).

PLEASE TAKE FURTHER NOTICE that, as of _____, 2020, the undersigned party currently has Beneficial Ownership of _____ shares of Common Stock. The following table sets forth the date(s) on which the undersigned party acquired Beneficial Ownership of such Common Stock:

Number of Shares	Date Acquired

(Attach additional pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the [Interim/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 [Docket No. ___] (the “Order”), this declaration (this “Declaration”) is being filed with the Court and served upon:

to make a coordinated acquisition of equity securities may be treated as a single entity, and (5) a holder would be considered to beneficially own equity securities that such holder has an Option to acquire); and (iii) an “Option” to acquire stock includes all interests described in Treasury Regulations section 1.382-4(d)(9), including any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

(a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck; (b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors' prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors' industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors' Canadian counsel; (m) the United States Attorney's Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient

instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of 50-Percent Shareholder)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1E

Declaration of Intent to Claim a Worthless Stock Deduction

PLEASE TAKE NOTICE that the undersigned party hereby provides notice of its intention to claim a worthless stock deduction (the "Proposed Worthlessness Claim") with respect to one or more shares of common stock of Pier 1 Imports, Inc. or of any Beneficial Ownership therein (the "Common Stock"). Pier 1 Imports, Inc. is a debtor and debtor in possession in Case No. 20-30805 (___) pending in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court").

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, 2020 the undersigned party filed a Declaration of Status as a 50-Percent Shareholder with the Court and served copies thereof as set forth therein.

PLEASE TAKE FURTHER NOTICE that the undersigned party currently has Beneficial Ownership of _____ shares of Common Stock.

PLEASE TAKE FURTHER NOTICE that pursuant to the Proposed Worthlessness Claim, the undersigned party proposes to declare that _____ shares of Common Stock became worthless during the tax year ending _____.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of the undersigned party are _____.

PLEASE TAKE FURTHER NOTICE that pursuant to the [*Interim/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* [Docket No. ___] (the "Order"), this declaration (this "Declaration") is being filed with the Court and served upon:
(a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck;

contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

(b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors' prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors' industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors' Canadian counsel; (m) the United States Attorney's Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, the undersigned party acknowledges that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Worthlessness Claim described herein. If the Debtors file an objection, such Proposed Worthlessness Claim will not be effective unless the Debtors withdraw such objection or the Court approves such action by a final and non-appealable order. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Worthlessness Claim may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further claims of worthlessness contemplated by the undersigned party each will require an additional notice filed with the Court to be served in the same manner as this Declaration, and are subject to an additional 30-day waiting period.

PLEASE TAKE FURTHER NOTICE that pursuant to 28 U.S.C. § 1746, under penalties of perjury, the undersigned party hereby declares that he or she has examined this Declaration and accompanying attachments (if any) and, to the best of his or her knowledge and belief, this Declaration and any attachments hereto are true, correct, and complete.

Respectfully submitted,

(Name of Declarant)

By:

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Dated: _____

Exhibit 1F

Notice of Interim Order

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
Emily E. Geier (*pro hac vice* admission pending)
AnnElyse Scarlett Gains (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Michael A. Condyles (VA 27807)
Peter J. Barrett (VA 46179)
Jeremy S. Williams (VA 77469)
Brian H. Richardson (VA 92477)
KUTAK ROCK LLP
901 East Byrd Street, Suite 1000
Richmond, Virginia 23219-4071
Telephone: (804) 644-1700
Facsimile: (804) 783-6192

-and-

Joshua M. Altman (*pro hac vice* admission pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)
) Chapter 11
)
PIER 1 IMPORTS, INC., *et al.*,¹)
) Case No. 20-30805
)
Debtors.) (Joint Administration Requested)
)

**NOTICE OF (A) DISCLOSURE PROCEDURES APPLICABLE TO CERTAIN
HOLDERS OF COMMON STOCK, (B) DISCLOSURE PROCEDURES FOR
TRANSFERS OF AND DECLARATIONS OF WORTHLESSNESS WITH RESPECT TO
COMMON STOCK, AND (C) FINAL HEARING ON THE APPLICATION THEREOF**

**TO: ALL ENTITIES (AS DEFINED BY SECTION 101(15) OF THE BANKRUPTCY
CODE) THAT MAY HOLD BENEFICIAL OWNERSHIP OF COMMON STOCK OF
PIER 1 IMPORTS, INC. (THE “COMMON STOCK”).**

PLEASE TAKE NOTICE that on February 17, 2020 (the “Petition Date”), the
above-captioned debtors and debtors in possession (collectively, the “Debtors”), filed petitions

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are set forth in the *Debtors’ Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors’ service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

with the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”). Subject to certain exceptions, section 362 of the Bankruptcy Code operates as a stay of any act to obtain possession of or exercise control over property of or from the Debtors’ estates.

PLEASE TAKE FURTHER NOTICE that on the Petition Date, the Debtors filed the *Debtors’ Motion for Entry of Interim and Final Orders 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* [Docket No. ___] (the “Motion”).

PLEASE TAKE FURTHER NOTICE that on [____], 2020, the Court entered the *Interim 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* [Docket No. ___] (the “Order”) approving procedures for certain transfers of or declarations of worthlessness with respect to Beneficial Ownership of Common Stock, as set forth in **Exhibit 1** attached to the Order (the “Procedures”).²

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, a Substantial Shareholder or potential Substantial Shareholder may not consummate any purchase, sale, or other transfer of Common Stock, or Beneficial Ownership of Common Stock, in violation of the Procedures, and any such transaction in violation of the Procedures shall be null and void *ab initio*.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, a 50-Percent Shareholder may not claim a worthless stock deduction with respect to Common Stock, or Beneficial Ownership of Common Stock, in violation of the Procedures, and any such deduction

² Capitalized terms used in this Order and not immediately defined have the meanings given to such terms in the Motion or in the First Day Declarations as applicable.

in violation of the Procedures shall be null and void *ab initio*, and the 50-Percent Shareholder shall be required to file an amended tax return revoking such proposed deduction.

PLEASE TAKE FURTHER NOTICE that upon the request of any entity, the notice, solicitation, and claims agent for the Debtors, Epiq Corporate Restructuring, LLC, will provide a copy of the Order and a form of each of the declarations required to be filed by the Procedures in a reasonable period of time. Such Order and declarations are also available via PACER on the Court's website at <https://ecf.vaeb.uscourts.gov/> for a fee, or by accessing the Debtors' restructuring website at <https://dm.epiq11.com/Pier1>.

PLEASE TAKE FURTHER NOTICE that the final hearing (the "Final Hearing") on the Motion shall be held on _____, 2020, at __:__ .m., prevailing Eastern Time. Any objections or responses to entry of the final order shall be filed no later than _____, 2020, at 4:00 p.m., prevailing Eastern Time, and served on the following parties: (a) Pier 1 Imports, Inc., 100 Pier 1 Place, Fort Worth, Texas 76102 Attn.: Robert J. Riesbeck; (b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Joshua M. Altman; (c) proposed co-counsel to the Debtors, Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia 23219, Attn.: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (d) the Office of the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) the agents under the Debtors' prepetition secured facilities and counsel thereto; (g) counsel to the DIP Administrative Agent, Morgan Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, Attn: Marjorie S. Crider and

Matthew F. Furlong, and Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown and Justin Paget; (h) counsel to the DIP ABL Term Agent, Choate Hall & Stewart, Two International Place, Boston, MA 02110, Attn: Mark D. Silva, John F. Ventola, Jonathan D. Marshall and Andrew B. Buxbaum, Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, VA 23219; (i) the indenture trustee to the Debtors' industrial revenue bonds; (j) counsel to the ad hoc group of term loan lenders; (k) the lenders under certain Company-owned life insurance policies; (l) the Debtors' Canadian counsel; (m) the United States Attorney's Office for the Eastern District of Virginia; (n) the Internal Revenue Service; (o) the office of the attorneys general for the states in which the Debtors operate; (p) the Securities and Exchange Commission; (q) all registered and record holders of Common Stock (with instructions and sufficient instructions for Nominees to forward the materials to the beneficial holders of Common Stock); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE THAT FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THE ORDER SHALL CONSTITUTE A VIOLATION OF, AMONG OTHER THINGS, THE AUTOMATIC STAY PROVISIONS OF SECTION 362 OF THE BANKRUPTCY CODE.

PLEASE TAKE FURTHER NOTICE THAT ANY PROHIBITED PURCHASE, SALE, OTHER TRANSFER OF, OR DECLARATION OF WORTHLESSNESS WITH RESPECT TO COMMON STOCK, BENEFICIAL OWNERSHIP THEREOF, OR OPTION WITH RESPECT THERETO IN VIOLATION OF THE ORDER IS PROHIBITED AND SHALL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE COURT.

PLEASE TAKE FURTHER NOTICE that the requirements set forth in the Order are in addition to the requirements of applicable law and do not excuse compliance therewith.

Richmond, Virginia
Dated: February 17, 2020

/s/ Jeremy S. Williams

KUTAK ROCK LLP

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Peter J. Barrett (VA 46179)
Jeremy S. Williams (VA 77469)
Brian H. Richardson (VA 92477)
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*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

KIRKLAND & ELLIS LLP

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-and-

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*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

Exhibit B

Proposed Final Order

Joshua A. Sussberg, P.C. (*pro hac vice* admission pending)
Emily E. Geier (*pro hac vice* admission pending)
AnnElyse Scarlett Gains (*pro hac vice* admission pending)
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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

)	
In re:	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805
)	
Debtors.	)	(Joint Administration Requested)
)	

**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**

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an final order (this "Final Order") (a) approving the Procedures related to transfers of, and declarations of worthlessness with respect to, Beneficial Ownership of Common Stock, (b) directing that any purchase, sale, other transfer of, or declaration

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors' service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

of worthlessness with respect to, Beneficial Ownership of Common Stock in violation of the Procedures shall be null and void *ab initio*, and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declarations; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated August 15, 1984; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth in this Final Order.
2. The Procedures, as set forth in Exhibit 1 attached to the Interim Order [Docket No. ___], are hereby approved on a final basis.
3. Any transfer or declaration of worthlessness with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, shall be null and void *ab initio*.

4. In the case of any such transfer of Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, the person or entity making such transfer shall be required to take remedial actions specified by the Debtors, which may include the actions specified in Private Letter Ruling 201010009 (Dec. 4, 2009), to appropriately reflect that such transfer is null and void *ab initio*.

5. In the case of any such declaration of worthlessness with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including the notice requirements, the person or entity making such declaration shall be required to file an amended tax return revoking such declaration and any related deduction to appropriately reflect that such declaration is void *ab initio*.

6. The Debtors may retroactively or prospectively waive any and all restrictions, stays, and notification procedures set forth in the Procedures.

7. To the extent that this Final Order is inconsistent with any prior order or pleading with respect to the Motion in these chapter 11 cases, the terms of this Final Order shall govern.

8. The requirements set forth in this Final Order are in addition to the requirements of applicable law and do not excuse compliance therewith.

9. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order.

12. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

Dated: _____
Richmond, Virginia

United States Bankruptcy Judge

WE ASK FOR THIS:

/s/ Jeremy S. Williams

Michael A. Condyles (VA 27807)

Peter J. Barrett (VA 46179)

Jeremy S. Williams (VA 77469)

Brian H. Richardson (VA 92477)

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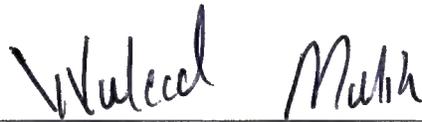
CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jeremy S. Williams

TAB X

THIS IS EXHIBIT "X" REFERRED TO IN THE
AFFIDAVIT OF GRAEME ROTRAND SWORN
BEFORE ME THIS 18TH DAY
OF FEBRUARY, 2020

A handwritten signature in cursive script, appearing to read "Waleed Mubh".

Notary Public in and for the Province of Ontario

The above-captioned debtors and debtors in possession (collectively, the “Debtors”)² respectfully state as follows in support of this motion (this “Motion”):

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and the “Final Order”): (a) authorizing the Debtors to assume that certain Store Closing Program Agreement dated as of January 28, 2009, as amended and restated by that certain Letter dated June 6, 2016, and further detailed by the Statements of Work Letters dated as of November 27, 2019, December 16, 2019, as amended and restated on January 23, 2020, and February 17, 2020, by and between Pier 1 Imports (U.S.), Inc. (“Pier 1 Imports” or the “Merchant”) and Gordon Brothers Retail Partners, LLC (“Gordon Brothers” or the “Consultant”) (collectively, the “Consulting Agreement”), copies of which are attached hereto as Schedule 1 to **Exhibit A**; (b) authorizing and approving the continuation or initiation of 398 store closings or similar themed sales at the stores listed on Schedule 1 to **Exhibit A** (collectively, the “Initial Closing Stores”); (c) authorizing the Debtors to conduct store closings at additional stores at a later date or dates pursuant to the procedures set forth herein (collectively, the “Additional Closing Stores,” if any and, together with the Initial Closing Stores,

² A detailed description of the Debtors and their business, and the facts and circumstances supporting the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Robert J. Riesbeck, Chief Executive Officer of Pier 1 Imports, Inc., in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Capitalized terms used but not otherwise defined in this Motion shall have the meanings ascribed to them in the First Day Declaration or as later defined herein, as applicable.

the “Closing Stores”), with such sales to be free and clear of all liens, claims, and encumbrances (the “Sales” or “Store Closings”), in accordance with the terms of the store closing sale guidelines (the “U.S. Sale Guidelines” with respect to stores located in the United States, the “Canada Sale Guidelines” with respect to stores located in Canada, and collectively, the “Sale Guidelines”), attached as Schedule 2 to **Exhibit A**, to the extent the Debtors determine in an exercise of their business judgment and in accordance with the terms set forth in the Interim Order and Final Order that such additional store closings are in the best interests of the Debtors’ estates and stakeholders following lease negotiations with the Debtors’ landlords; (d) authorizing customary bonuses to non-insider Closing Store employees who remain employed for the duration of the store closing process (the “Store Closing Bonuses”); and (e) granting related relief. In addition, the Debtors request that the Court schedule a final hearing within approximately 21 days of the commencement of these chapter 11 cases to consider entry of the Final Order.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated August 15, 1984. The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105, 363, 365, and 554 of the Bankruptcy Code, Bankruptcy Rules 2002, 6003, and 6004, and rule 9013-1(C) of the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia (the “Local Bankruptcy Rules”).

5. In support of this Motion, the Debtors respectfully submit the *Declaration of Robert J. Riesbeck in Support of Debtors’ Motion for Entry of an 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 “Riesbeck Declaration”), attached hereto as **Exhibit C**.

Background

6. The Debtors are a leading omni-channel retailer of unique home décor, furniture, and accessories. Their retail approach has focused on providing the discerning customer a curated mix of home goods from artisans around the world. The Debtors offer their merchandise through 923 stores throughout the United States and Canada as well as online through their U.S. e-commerce website. The Debtors are headquartered in Fort Worth, Texas and currently employ approximately 17,000 non-seasonal employees. On January 6, 2020, the Debtors announced the closing of up to 450 of their stores, and in connection with the filing of these chapter 11 cases, the Debtors announced the closing of all Canadian operations.

7. The Debtors commenced these chapter 11 cases to facilitate a timely and efficient process that will maximize the value of the Debtors’ estates for the benefit of all stakeholders. The Debtors anticipate winding down the brick-and-mortar stores not part of their go-forward plan and

will seek to implement a value-maximizing going-concern transaction for the remaining operations.

8. As of the Petition Date, each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code. The Debtors will also file for relief under the Companies' Creditors Arrangement Act (Canada). The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this motion, the Debtors have requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b), and have requested that Pier 1 Imports, Inc. serve as foreign representative on behalf of the Debtors in any foreign country, including Canada. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

I. The Store Closings.

9. Over the past several years, the Debtors have faced a challenging commercial environment brought on by increased competition and the consumer shift away from shopping at brick-and-mortar stores. Given the expenses associated with a substantial brick-and-mortar presence, and the issues affecting the retail industry as a whole, a significant number of the Debtors' stores are operating at sub-optimal performance levels.

10. Recognizing the need to right-size the Debtors' store base in any go-forward business plan, the Debtors' management team and advisors, including AlixPartners LLP ("AlixPartners"), undertook an extensive performance analysis of all existing stores, evaluating, among other factors, historical and recent store profitability, historical and recent sales trends,

occupancy costs, the geographic market in which each store is located, the mall or property in which each store is located, the potential to negotiate rent reductions with applicable landlords, the outcome of the third-party sale, and specific operational circumstances related to each store's performance.

11. Ultimately, the Debtors' management team and advisors determined that it was appropriate to close and wind down approximately 398 underperforming brick-and-mortar stores. In late 2019, the Consultant commenced an ongoing Store Closing process with respect to 71 stores, a majority of which had naturally expiring leases. On January 6, 2020, the Debtors announced an intention to close up to 450 stores. On or around January 10, 2020 the Company initiated the Store Closings at approximately 270 Initial Closing Stores, which included 169 that had previously been converted to a clearance store format. Within the next few days, the Debtors intend to initiate closings of the Debtors' 56 stores in Canada, and an additional U.S. store. The Debtors expect all Sales at the Initial Store Closings to be completed and the properties vacated by March 31, 2020. The Debtors estimate that the proceeds from all the Sales will be approximately \$177 million.

12. The Debtors, with the assistance of AlixPartners and A&G Realty Partners, LLC, also initiated lease modification negotiations with the Debtors' landlords for certain rent concessions and cure costs reductions with respect to leases not associated with the Initial Closing Stores (the "Lease Negotiations"), with the goal of improving the financial performance of the Debtors' remaining store base. These Lease Negotiations are ongoing and the Debtors' ability to negotiate more favorable lease terms and rent reductions will drive the determination of whether or not to close additional stores. Where the Debtors are unable to obtain sufficient relief in the

Lease Negotiations concerning stores that are on the cusp of failing to meet certain performance standards, the Debtors may determine that they need to close the Additional Closing Stores in order to maximize the value of their estates.

13. Notably, the Debtors propose to close all of their stores located in Canada. Pier 1 Imports, Inc., as proposed foreign representative, will shortly commence an ancillary proceeding in Canada (the “Canadian Proceedings”) on behalf the Debtors’ estates under Part IV of the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (“CCAA”) in the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court”) to request that the Canadian Court recognize these chapter 11 cases as “foreign main proceedings” under the applicable provisions of the CCAA in order to, among other things, protect the Debtors’ assets and operations in Canada and obtain a stay of proceedings with respect to landlords that may have remedies upon the Debtors’ filing and in respect of the proposed Sale. The Debtors will only begin Store Closings with respect to stores in Canada after the Canadian Court recognizes the Interim Order and allows the Debtors to proceed with the Store Closings.

II. The Consultant.

14. For more than ten (10) years, the Debtors engaged the Consultant to facilitate store closures for the Company—both in the United States and Canada. As a result, the Consultant has significant expertise and expert knowledge of the Debtors’ business, their merchandise, and their store operations. Additionally, the Debtors and the Consultant are already party to the Consulting Agreement, which sets forth the terms pursuant to which the Consultant has operated store closings for the Debtors for a decade. Further, the Debtors and the Consultant agreed to Statements of Work #78, 79, 80, and 81—which govern the closure of the 398 Closing Stores—on terms

materially consistent with their existing relationship. In light of this and the Consultant's historic success in closing other stores for the Debtors, the Debtors concluded in their business judgment that (a) the services of the Consultant are necessary (i) for a seamless and efficient large-scale store closing process, as is contemplated by this Motion, and (ii) to maximize the value of the saleable inventory located in the Closing Stores (the "Merchandise"), and the associated furniture, fixtures, and equipment (the "FF&E" and, together with the Merchandise, the "Store Closure Assets"), and (b) the Consultant is qualified and capable of performing the required tasks in a value-maximizing manner. Further, the Consultant is already in the process of liquidating inventory at most of the Closing Stores. By this Motion, the Debtors seek to assume the Consulting Agreement, allow the Consultant to continue its work as described herein uninterrupted, and to enter into additional Statements of Work in connection with any Additional Closing Stores on terms materially consistent with the Debtors' historic practices.

15. Following the Debtors' announcement on January 6, 2020, the Consultant began liquidating the Store Closure Assets and otherwise prepared these Closing Stores for turnover to the applicable landlords on the terms set forth in the Consulting Agreement. The Debtors determined on February 16, 2020, to close all stores located in Canada, with such Sales expected to commence on or about February 21, 2020, subject to the Canadian Court granting a recognition order in respect of the proposed Interim Order. The Store Closings are a critical component of the Debtors' go-forward business plan, and assumption of the Consulting Agreement will allow the Debtors to continue to conduct the Sales and Store Closings in an efficient, controlled manner that will maximize value for the Debtors' estates. In fact, the relief requested in this Motion overall is integral to maximizing the value of the Debtors' estates. It will permit the Debtors to continue the

Sales and commence the Store Closings in a timely manner and will establish fair and uniform store closing procedures to assist the Debtors and their creditors through the Debtors’ transition to a smaller, more profitable enterprise.

III. The Consulting Agreement.

16. Pursuant to the Consulting Agreement, the Consultant will serve as the exclusive independent consultant to the Debtors in connection with the sale of the Store Closure Assets.

What follows is a summary of the material terms of the Consulting Agreement.³

TERM	CONSULTING AGREEMENT
Services Provided by Consultant	Gordon Brothers will be retained as the Debtors’ agent to conduct the Sales at certain identified Closing Stores during the Sale Term (as defined below) to, among other things: (a) recommend appropriate point-of-purchase, point-of-sale, presentation and external and internal advertising and signage necessary to effectively sell all of the Merchandise in accordance with a “this store location closing” or other mutually agreeable theme; (b) provide qualified supervisors with respect to the stores, to oversee the conduct of the Sale, and to oversee the Sale process in the Stores; (c) maintain focused and constant communication with Store-level employees and managers to keep them abreast of strategy and timing and to properly effect Store-level communication by Merchant’s employees to customers and others about the sale; (d) establish and provide oversight of accounting functions for the Sale, including evaluation of sales of Merchandise by category, sales reporting, and expense monitoring; (e) coordinate with Merchant so that the operation of the Closing Stores is being properly maintained, including ongoing customer services and housekeeping activities; (f) recommend appropriate staffing levels for the Stores and appropriate bonus and/or incentive programs for Store employees; (g) provide recommendations for loss prevention initiatives; (h) advise Merchant with respect to the licensing requirements affecting the Sales as a “this store location closing” or other mutually agreed upon theme, subject to the Interim or Final Order, as applicable, in compliance with applicable state and local “going out of business” laws (“ <u>GOB Laws</u> ”). In connection with such obligation, Consultant will (i) advise Merchant of the applicable waiting period under the GOB laws, and/or (ii) prepare (in Merchant’s name and for Merchant’s signature) all licensing/permit paperwork as may be necessary under such GOB Laws, deliver all such paperwork to Merchant, and file, on behalf of Merchant, all such paperwork where necessary, and/or (iii) advise where permitting paperwork and/or waiting

³ The following summary chart is for the convenience of the Court and parties in interest. To the extent there is any conflict between this summary and the Consulting Agreement, the Consulting Agreement shall govern in all respects. Capitalized terms used but not defined in the following summary shall have the meaning ascribed to them in the Consulting Agreement.

TERM	CONSULTING AGREEMENT
	<p>periods do not apply; and (iv) perform such other related services mutually deemed by the parties to be necessary or prudent to facilitate the Sale.</p>
<p>Term of Sale</p>	<p>As used in the Consulting Agreement, the term “<u>Sale Term</u>” with respect to each respective Store shall be the period commencing on the Sale Commencement Date and ending on the Sale Termination Date as set forth in the respective Statement of Work; Attached as Exhibit A to each Statement of Work will be identified the Store(s) to be subject to such Statement of Work, as well as the Sale Commencement Date and the Sale Termination Date with respect to such Store(s); <i>provided, however</i>, that the Consultant may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Store subject to each Statement of Work (on a per Store basis) upon five (5) days prior notice to Merchant.</p> <p>Upon the conclusion of the Sale Term at each Store, the Consultant shall leave such Store in broom clean condition, subject to the Consultant’s right pursuant to the Consulting Agreement to abandon in a neat and orderly manner all unsold FF&E.</p>
<p>Expenses of Consultant</p>	<p>All expenses incident to the conduct of the Sale and the operation of the Stores during the Sale Term shall be borne by Merchant; <i>except</i> solely for any of the “Consultant’s Controlled Expenses” that exceed the budgeted amount per line item (as provided in Section 3(B) of the applicable Consulting Agreement) for such Consultant Controlled Expenses, which excess such expenses shall be at the sole cost and expense of the Consultant. Without limiting the generality of the foregoing, during the Sale Term, Merchant shall provide the Consultant, at no cost or expense to the Consultant, with (i) central administrative services and distribution center services reasonably necessary to administer the Sale (and consistent with the services provided in the ordinary course consistent with historic periods), (ii) store-level employees at the Stores (to the extent reasonably agreed upon by Merchant and the Consultant necessary to effect the Sale), (iii) reasonable use of Store-level assets (including, but not limited to, trade names, logos, customer lists (including email lists), all credit card facilities, bank accounts, tax identification numbers, computer hardware and software, and furniture, fixtures and equipment), and (iv) peaceful use and occupancy of, and reasonable access (including reasonable before and after hours access and normal utilities/phone service) to, the Stores for the purpose of preparing for, conducting, and completing the Sale as contemplated hereby, without interruption by landlords, labor actions, or otherwise. Without limiting the generality of the foregoing, the Consultant and Merchant shall agree upon an incentive program for Merchant’s employees at the Stores, to be funded solely by Merchant, in an amount not to exceed 10% of aggregate payroll during the Sale Term.</p> <p>Attached as Exhibit B to each Statement of Work will be an expense budget for the “Consultant Controlled Expenses” with respect to the Stores subject to such Statement of Work. The Consultant will advance funds for its Consultant Controlled Expenses; Merchant shall reimburse the Consultant therefor (up to the aggregate budgeted amount per line item) in connection with each weekly reconciliation contemplated by Section 5(B) of the applicable Consulting Agreement upon presentation of reasonable documentation for such actually-incurred expenses. Merchant shall be obligated to reimburse the Consultant for Consultant Controlled Expenses in addition to the Base Fee, and in addition to the Incentive Fee, if earned.</p>

TERM	CONSULTING AGREEMENT
<p>Compensation for Consultant</p>	<p>As used in the Consulting Agreement, the following terms shall have the following meanings: (a) “<u>Gross Proceeds</u>” shall mean the gross proceeds of all sales of Merchandise made in the Stores during the Sale Term, net only of sales taxes; (b) “<u>Merchandise</u>” shall mean all merchandise sold in the Stores during the Sale Term; (c) “<u>Recovery Percentage</u>” shall mean (i) Gross Proceeds, divided by (ii) the aggregate “Retail Value” of the Merchandise; (d) “<u>Retail Value</u>” with respect to each item of Merchandise shall be determined using the “gross rings” method. For purposes of determining “gross rings” with respect to the Merchandise, the Consultant and Merchant shall jointly keep (i) a strict count of gross register receipts less applicable sales taxes, and (ii) cash reports of sales within each Store. Register receipts shall show for each item of Merchandise sold the Merchant’s retail price for such item, and the markdown or other discount granted in connection with the Sale as agreed to by Merchant and the Consultant. All such records and reports shall be made available to the Consultant and Merchant during regular business hours upon reasonable notice.</p> <p>Merchant shall pay Consultant a “<u>Base Fee</u>” equal to three thousand dollars (\$3,000) per Store. The Base Fee with respect to the Stores shall be earned concurrently with the execution of each Statement of Work, and shall be paid no later than the first weekly reconciliation following the execution of the respective Statement of Work.</p> <p>Merchant shall pay Consultant an “<u>Incentive Fee</u>” (which, if earned, shall be in addition to the Base Fee) as provided in each Statement of Work based upon the applicable Recovery Percentage for the Stores subject to each such Statement of Work.</p>
<p>Conduct of Sale; Other Sale Matters</p>	<p>Merchant shall have control over the personnel in the Stores and shall handle the cash, debit and charge card payments for all Merchandise sold during the Sale Term in accordance with the Merchant’s normal cash management procedures, subject to the Consultant’s right to audit any such terms.</p> <p>The parties will meet on each Wednesday during the Sale Term to review any Sale matters reasonably requested by either party; and all amounts payable or reimbursable to the Consultant for the prior week (or the partial week in the case of the first and last weeks) shall be reconciled and paid immediately thereafter (i.e. the Base Fee and all reimbursable Consultant Controlled Expenses and/or FF&E Expenses). No later than thirty (30) days following the end of the Sale under each Statement of Work, the parties shall complete a final reconciliation and settlement of all amounts contemplated by the Consulting Agreement and such Statement of Work (“<u>Final Reconciliation</u>”), including without limitation a final determination and payment of (i) any remaining reimbursements to the Consultant, (ii) any remaining payments on account of the Base Fee, and (iii) a determination of the Recovery Percentage, and payment (if any) due to the Consultant on account of the Incentive Fee (based upon the Recovery Percentage). From time to time upon request, each party shall prepare and deliver to the other party such other reports as either party may reasonably request. Each party to the Consulting Agreement shall, at all times during the Sale Term and during the one (1) year period thereafter, provide the other with access to all information, books and records reasonably relating to the Sale and to the Consulting Agreement. All records and reports shall be made available to the Consultant and Merchant during regular business hours upon reasonable notice.</p>

TERM	CONSULTING AGREEMENT
	<p>Merchant shall collect all sales taxes associated with the sale of Merchandise during the Sale Term, and Merchant shall be solely responsible for reporting and paying the same to the appropriate taxing authorities in accordance with applicable law.</p> <p>Each of Consultant and Merchant shall comply with all federal, state and local laws, rules and regulations applicable to them in connection with the transactions contemplated by this Agreement.</p> <p>Merchant will prior to the execution of each Statement of Work, inform the Consultant in writing (with specificity) of any restrictions in the leases governing such Store(s) which would potentially conflict with this Agreement and the transactions contemplated thereby so that the parties may determine the Consultant Controlled Expenses and the Incentive Fee performance hurdles with reference to such restrictions.</p> <p>To the extent Merchant has informed Consultant in writing (prior to the execution of a Statement of Work) of any rules relating to its employees in the Stores that are the subject of the Sale under such Statement of Work, the Consultant shall adhere to such rules.</p> <p>Merchant acknowledges that the parties are not conducting an inventory of the Merchandise and that Consultant has made no independent assessment of the beginning levels of Merchandise, and Consultant shall not bear any liability for shrink or other loss to the Merchandise.</p> <p>All sales of Merchandise in the Stores during the Sale shall be made in the name, and on behalf, of Merchant. All such sales shall be “final sales” and “as is,” and all advertisements and sales receipts will reflect the same.</p> <p>The Sale will be advertised as a “this store location closing” or other mutually agreed upon handle throughout the term of the Sale, and Consultant shall be permitted to use signs and internal and external banners and sign walkers reflecting this message, subject to the terms and provisions of applicable law.</p> <p>Throughout the Sale Term, Merchant’s employees used in the conduct of the Sale shall remain employees of Merchant (and shall not be employees of Consultant) and shall continue to be eligible to receive/participate in all of Merchant’s benefits/benefits programs consistent with Merchant’s ordinary course practices consistent with historic periods. Merchant represents that it has paid, and through the Sale Term will pay, all Store rent and/or occupancy and occupancy-related expenses.</p> <p>Consultant shall have the right to sell all agreed upon furniture, fixtures and equipment located at the Stores which are owned by Merchant, on a commission basis equal to twenty-five percent (25%) of the gross sales of FF&E (net only of sales tax). Merchant shall reimburse Consultant for its reasonable sale expenses associated with the FF&E pursuant to a budget to be mutually agreed upon by the parties based upon the composition of the FF&E that Merchant desires to have Consultant sell (“<u>FF&E Expenses</u>”). Such budget may be included on each Statement of Work, or it may be agreed upon in a separate writing with respect to each Statement of Work as soon as practicable following the execution of each Statement of Work. In lieu of such commission arrangement for the sale of FF&E, Consultant and Merchant may mutually agree upon an FF&E guarantee in connection with</p>

TERM	CONSULTING AGREEMENT										
	each Statement of Work. In either event, Consultant shall have the right to abandon any unsold FF&E at the Stores at the conclusion of the Sale Term.										
<p>Statements of Work</p>	<p>Merchant shall pay Consultant an “Incentive Fee” (which, if earned, shall be in addition to the Base Fee) as <u>one</u> of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to such Statement of Work:</p> <table border="1" data-bbox="459 495 1333 655"> <thead> <tr> <th data-bbox="459 495 695 520">Recovery Percentage</th> <th data-bbox="695 495 1333 520">GBRP’s Incentive Fee</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 520 695 546">Below 50.00%</td> <td data-bbox="695 520 1333 546">None</td> </tr> <tr> <td data-bbox="459 546 695 571">50.00% - 51.99%</td> <td data-bbox="695 546 1333 571">0.25% of the Retail Value of the Merchandise</td> </tr> <tr> <td data-bbox="459 571 695 596">52.00% - 53.99%</td> <td data-bbox="695 571 1333 596">0.75% of the Retail Value of the Merchandise</td> </tr> <tr> <td data-bbox="459 596 695 655">54.00% and Above</td> <td data-bbox="695 596 1333 655">1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work</td> </tr> </tbody> </table> <p>The performance hurdles set forth above have been established based upon Merchant’s representation to the Consultant that (i) the composition of the Merchandise shall be consistent with the information summarized on <u>Exhibit C</u> (attached to each Statement of Work), and (ii) from and after the date thereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant’s retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.</p> <p>For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the aggregate and not on a per-Store basis (but not with reference to any of Merchant’s other stores subject to any other Statement(s) of Work).</p> <p>All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.</p> <p><u>Statement of Work 78:</u></p> <p>Concurrently with the execution of, and as a condition to Consultant’s obligations under this Statement of Work, Merchant shall fund to Consultant \$310,000.00 (the “<u>Special Purpose Payment</u>”) which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant’s other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by the Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.</p> <p>Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses,</p>	Recovery Percentage	GBRP’s Incentive Fee	Below 50.00%	None	50.00% - 51.99%	0.25% of the Retail Value of the Merchandise	52.00% - 53.99%	0.75% of the Retail Value of the Merchandise	54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work
Recovery Percentage	GBRP’s Incentive Fee										
Below 50.00%	None										
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise										
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise										
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work										

TERM	CONSULTING AGREEMENT
	<p>Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.</p> <p><u>Statement of Work 79:</u></p> <p>Notwithstanding anything to the contrary herein, Consultant acknowledges and agrees that the Stores subject to this SOW are to be part of a “Storewide Sale” program, and therefore the product mix and inventory levels will vary from prior SOW’s which performed “Store Closing” or “Going Out of Business” programs.</p> <p>Concurrently with the execution of, and as a condition to Consultant’s obligations under this Statement of Work, Merchant shall fund to Consultant \$832,000.00 (the “<u>Special Purpose Payment</u>”) which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant’s other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by the Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.</p> <p>Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.</p> <p><u>Statement of Work 80:</u></p> <p>Concurrently with the execution of, and as a condition to Consultant’s obligations under this Statement of Work, Merchant shall fund to Consultant \$750,000.00 (the “<u>Special Purpose Payment</u>”) which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant’s other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by the Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.</p> <p>Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In</p>

TERM	CONSULTING AGREEMENT
	<p>addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.</p> <p><u>Statement of Work 81:</u></p> <p>Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.</p>
<p>Insurance Obligations</p>	<p>During the Sale Term: Merchant agrees to maintain (at its expense) its normal and customary products liability insurance with respect to the Merchandise; as well such other insurance that Merchant has maintained in the ordinary course consistent with historic periods (including without limitation for example commercial general liability insurance, comprehensive automobile liability insurance, workers compensation insurance, employer’s liability insurance).</p> <p>During the Sale Term, Consultant shall, at its sole cost and expense, maintain in effect at all times during the Sale Term insurance coverages with limits not less than those set forth below with insurers licensed to do business in the state(s) in which the services are performed: (i) Commercial general liability, including contractual liability coverage with respect to the Services, bodily injury, property damage liability, independent contractor coverage and completed operations coverage, all in broad form having a combined single limit of \$1,000,000.000; (ii) Comprehensive automobile liability, having a combined single limit of \$1,000,000.00; (iii) Workers’ Compensation as required by the laws of the state(s) where the Stores are located containing a waiver of subrogation in favor of Merchant; (iv) Employer’s liability with a \$500,000.00 limit, and; (v) Such other insurance as may be reasonably requested from time to time by Merchant.</p> <p>None of the requirements contained herein as to types, limits or the parties’ approval of insurance coverage to be maintained by the parties is intended to and shall not in any manner limit, qualify or quantify the liabilities and obligations assumed by Consultant or Merchant under this Agreement or otherwise provided by law.</p> <p>Evidence of the insurance coverage required to be maintained by Consultant and Merchant under this Agreement, represented by certificates of insurance issued by the insurance carrier(s), must be furnished to Merchant or Consultant (as the case may be) as soon as practicable following execution of this Agreement and as such policies are renewed. Such certificate of insurance shall state that Merchant or Consultant (as the case may be) will be notified in writing sixty (60) days prior to cancellation, material change, or nonrenewal of insurance.</p>

TERM	CONSULTING AGREEMENT
	Notwithstanding any other provision of the Consulting Agreement, Merchant and Consultant agree that Consultant shall not be deemed to be in possession or control of the Stores or the Merchandise or other assets located therein or associated therewith, or of Merchant's employees located at the Stores.
Indemnification by Consultant	To the fullest extent permitted by applicable law, Consultant hereby agrees to indemnify, protect, defend and hold harmless Merchant, and Merchant's parent(s), subsidiary and affiliated companies (corporate and non-corporate), and its and their respective officers, directors, shareholders, employees and agents for, from and against all liabilities, claims, damages, losses, liens, causes of action, suits, judgments and expenses, including attorney fees, of any nature, kind or description of any third-party person or entity directly or indirectly arising out of, caused by, or resulting from (in whole or in part) any negligent or grossly negligent act, error or omission of Consultant or anyone employed by it.
Indemnification by Merchant	To the fullest extent permitted by applicable law, Merchant hereby agrees to indemnify, protect, defend and hold harmless Consultant, and Consultant's parent(s), subsidiary and affiliated companies (corporate and non-corporate), and its and their respective officers, directors, shareholders, employees and agents for, from and against all liabilities, claims, damages, losses, liens, causes of action, suits, judgments and expenses, including attorney fees, of any nature, kind or description of any third-party person or entity directly or indirectly arising out of, caused by, or resulting from (in whole or in part) any negligent or grossly negligent act, error or omission of Merchant or anyone employed by it.

IV. The U.S. and Canada Sale Guidelines.

17. The Debtors seek approval of streamlined procedures (*i.e.*, the Sale Guidelines) to sell the Store Closure Assets, in each case free and clear of liens, claims, and encumbrances. Specifically, the Debtors seek approval of two sets of Sale Guidelines: The U.S. Sale Guidelines and the Canada Sale Guidelines. As set forth below, the U.S. Sale Guidelines are substantially similar to sale guideline approved in this Court and other U.S. Courts. The Canada Sale Guidelines are substantially similar to relief more customary in Canada, and are being approved by this Motion so that Debtors can seek recognition of this Motion in the Debtors' proceeding in Canada. The Debtors also seek approval of the Sale Guidelines to provide newspapers and other advertising media in which the Sales may be advertised with comfort that the Debtors are conducting the Sales in compliance with applicable law and with the Bankruptcy Court's approval. The Debtors seek

interim approval of the Sale Guidelines to allow the continuation of the Sales at the Initial Closing Stores and commencement of the Sales at the Additional Closing Stores, if any.

18. The Debtors have determined, in the exercise of their reasonable business judgment and in consultation with their advisors, that the Sale Guidelines will provide the best and most efficient means of selling the Store Closure Assets in order to maximize their value to the estates. The Debtors estimate that the currently contemplated Store Closings will continue until no later than March 31, 2020.

V. Liquidation Sale Laws and Dispute Resolution Procedures.

19. Certain states in which the Debtors operate stores have or may have licensing or other requirements governing the conduct of store closing, liquidation, or other inventory clearance sales, including, without limitation, state, provincial, and local laws, statutes, rules, regulations, and ordinances (collectively, the “Liquidation Sale Laws”). The Liquidation Sale Laws may establish licensing, permitting or bonding requirements, waiting periods, time limits, bulk sale restrictions, and augmentation limitations that would otherwise apply to the Store Closings. Such requirements hamper the Debtors’ ability to maximize value in selling their inventory. Subject to the Bankruptcy Court’s approval, the Debtors intend to conduct the Store Closings in accordance with the Sale Guidelines, and to the extent such guidelines conflict with the Liquidation Sale Laws, the Sale Guidelines shall control (provided that, subject to recognition of the Interim Order or Final Order, as applicable, by the Canadian Court, these Dispute Resolution Procedures shall not apply with respect to the sale of Store Closure Assets in Canadian stores, and that any such disputes shall be dealt with by the Canadian Court).

20. For the purpose of orderly resolving any disputes between the Debtors and any Governmental Units (as defined in section 101(27) of the Bankruptcy Code) arising due to the Sale Guidelines and the alleged applicability of any Liquidation Sale Laws, the Debtors respectfully request that the Bankruptcy Court authorize the Debtors to implement the following dispute resolution procedures (the “Dispute Resolution Procedures”), as set forth in the Interim and Final Orders:

- i. Provided that the Sales are conducted in accordance with this Order, any Final Order, and the Sale Guidelines, the Debtors, the Consultant, and the Debtors’ landlords, shall be deemed to be in compliance with any requirements of all county, parish, or municipal or other local government (hereinafter referred to as “Local”) and State requirements governing the conduct of the Sales of the Store Closure Assets, including but not limited to Local statutes, regulation and ordinances establishing licensing or permitting requirements, waiting periods or time limits, or bulk sale restrictions that would otherwise apply to the Sales and sales of the Store Closure Assets (collectively, the “Liquidation Sale Laws”) of any state or local Governmental Unit (as defined in Bankruptcy Code section 101(27)); provided, that the term “Liquidation Sale Laws” shall be deemed not to include any public health or safety laws or any state (collectively, “Safety Laws”), and the Debtors and the Consultant shall continue to be required to comply, as applicable, with such Safety Laws and General Laws, subject to any applicable provision of the Bankruptcy Code and federal law, and nothing in this Order shall be deemed to bar Governmental Units (as defined in section 101(27) of the Bankruptcy Code) or public officials from enforcing Safety Laws or General Laws.
- ii. Within three (3) business days after entry of the Interim Order, the Debtors will serve by first-class mail, copies of the Interim Order, the proposed Final Order, the Consulting Agreement, and the Sale Guidelines on the following: (a) the Attorney General’s office for each state where the Sales are being held; (b) the county consumer protection agency or similar agency for each county where the Sales are being held; (c) the division of consumer protection for each state where the Sales are being held; and (d) the landlords for the Closing Stores (collectively, the “Dispute Notice Parties”).
- iii. With respect to any Additional Closing Stores, within three (3) business days after filing any Additional Closing Store List (as defined below) with the Bankruptcy Court, the Debtors will serve by first-class mail, copies of the Interim Order, or the

Final Order, as applicable, the Consulting Agreement, and the Sale Guidelines on the Dispute Notice Parties.

- iv. To the extent that there is a dispute arising from or relating to the Sales, the Order, the Consulting Agreement, or the Sale Guidelines, which dispute relates to any Liquidation Sale Laws (a “Reserved Dispute”), the Bankruptcy Court shall retain exclusive jurisdiction to resolve the Reserved Dispute. Any time within ten (10) days following entry of the Interim Order, or service of an Additional Store Closing List, as applicable, any Governmental Unit may assert that a Reserved Dispute exists by sending a notice (the “Dispute Notice”) explaining the nature of the dispute to: (a) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Joshua M. Altman; (b) Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia, Attn: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (c) on behalf of Gordon Brothers Retail Partners, LLC, Prudential Tower, 800 Boylston Street, 27th Floor, Boston, Massachusetts 02199, Attn: Mackenzie Shea; and (d) Riemer Braunstein LLP, 7 Times Square, Suite 2506, New York, New York 10036, Attn: Steven Fox. If the Debtors and the Governmental Unit are unable to resolve the Reserved Dispute within 15 days after service of the notice, the Governmental Unit may file a motion with the Bankruptcy Court requesting that the Bankruptcy Court resolve the Reserved Dispute (a “Dispute Resolution Motion”).

- v. In the event that a Dispute Resolution Motion is filed, nothing in the Interim Order or the Final Order, as applicable, shall preclude the Debtors, a landlord, or any other interested party from asserting (A) that the provisions of any Liquidation Sale Laws are preempted by the Bankruptcy Code, or (B) that neither the terms of the Interim Order or the Final Order nor the conduct of the Debtors pursuant to the Interim Order or the Final Order, violates such Liquidation Sale Laws. Filing a Dispute Resolution Motion as set forth herein shall not be deemed to affect the finality of the Interim Order or the Final Order or to limit or interfere with the Debtors’ or the Consultant’s ability to conduct or to continue to conduct the Sales pursuant to the Interim Order or the Final Order, as applicable, absent further order of the Bankruptcy Court. Upon the entry of the Interim or Final Order, the Debtors and the Consultant shall be authorized to conduct the Sales pursuant to the terms of the Interim Order or the Final Order, the Consulting Agreement, and the Sale Guidelines and to take all actions reasonably related thereto or arising in connection therewith. The Governmental Unit will be entitled to assert any jurisdictional, procedural, or substantive arguments it wishes with respect to the requirements of its Liquidation Sale Laws or the lack of any preemption of such Liquidation Sale Laws by the Bankruptcy Code. Nothing in the Interim Order or the Final Order will

constitute a ruling with respect to any issues to be raised in any Dispute Resolution Motion.

- vi. If, at any time, a dispute arises between the Debtors and/or the Consultant and a Governmental Unit as to whether a particular law is a Liquidation Sale Law, and subject to any provisions contained in the Interim Order or the Final Order related to the Liquidation Sale Laws, then any party to that dispute may utilize the provisions of subparagraphs (iv) and (v) above by serving a notice to the other party and proceeding thereunder in accordance with those paragraphs. Any determination with respect to whether a particular law is a Liquidation Sale Law shall be made *de novo*.

VI. Fast Pay Laws.

21. Many U.S. states and certain Canadian provinces in which the Debtors operate have laws and regulations that require the Debtors to pay an employee substantially contemporaneously with his or her termination (the “Fast Pay Laws” and together with the Liquidation Sale Laws, the “Applicable State Laws”). These laws often require payment to occur immediately or within a period of only a few days from the date such employee is terminated.

22. The nature of the Store Closings contemplated by this Motion will result in a substantial number of employees being terminated during the Store Closings. To be clear, the Debtors intend to pay their terminated employees as expeditiously as possible and under normal payment procedures. However, the Debtors’ payroll systems will simply be unable to process the payroll information associated with these terminations in a manner that will be compliant with the Fast Pay Laws. Under ordinary circumstances, the Debtors’ payroll department is able to coordinate delivery of final checks to coincide with an employee’s final day of work where required by applicable law. This process requires the Debtors’ payroll department to calculate individual payments upon termination, prepare each termination payment check, obtain authorization for each such check and then prepare each such check for mailing. Given the number

of employees who will likely be terminated during the Store Closings, this process could easily take several days, making compliance with the Fast Pay Laws burdensome to the Debtors' estates, if not impossible.

VII. Lease Restrictions.

23. The Debtors also respectfully request a waiver of any contractual restrictions that could otherwise inhibit or prevent the Debtors from maximizing value for creditors through the Store Closings and Sales. In certain cases, the contemplated Store Closings and Sales may be inconsistent with certain provisions of leases, subleases, or other documents with respect to the premises in which the Debtors operate, including (without limitation) reciprocal easement agreements, agreements containing covenants, conditions, and restrictions (including, without limitation, "go dark" provisions and landlord recapture rights), or other similar documents or provisions. Such restrictions would also hamper the Debtors' ability to maximize value in selling their inventory.

24. The Debtors also request that no entity, including, without limitation, utilities, landlords, shopping center managers and personnel, creditors, and all persons acting for or on their behalf shall interfere with or otherwise impede the conduct of the Store Closings, the Sales or institute any action against the Debtors in any court (other than in the Bankruptcy Court or, with respect to Canadian stores, the Canadian Court) or before any administrative body that in any way directly or indirectly interferes with, obstructs, or otherwise impedes the conduct of the Store Closings, the Sales or the advertising and promotion (including through the posting of signs) of the Sales.

25. Given that Debtors are seeking this relief on an interim basis, the Debtors seek to resolve the concerns of landlords as expeditiously as possible. In other similar cases, other debtors have proposed store closing procedures with materially similar lease restrictions. Other debtors in these situations have obtained store closing orders which included a provision allowing for “side letters” between a debtor and landlord to resolve landlord concerns. *See, e.g., In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E. D. Va. Feb. 6, 2018); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E. D. Va. July 11, 2017). The Debtors have included this provision in the Interim Order so as to expeditiously address landlord concerns.

VIII. Abandonment.

26. The Debtors respectfully request that the Court authorize the abandonment of certain owned FF&E remaining in the Closing Stores. The Debtors intend to sell any marketable owned FF&E present in the Closing Stores. However, the Debtors may determine that the cost associated with holding or selling that property exceeds the proceeds that will be realized from its sale, or such property may not be saleable at all. In such cases, retaining the property would be burdensome to the estate and the property would be of inconsequential value. For the avoidance of doubt, the Debtors will not sell any personal identifying information (which means information which alone or in conjunction with other information identifies an individual, including, but not limited to, an individual’s name, social security number, date of birth, government-issued identification number, account number, and credit or debit card number) as part of the Store Closings, and all personal identifying information will be removed from any FF&E prior to abandonment of same. Accordingly, the Debtors respectfully submit that abandonment of such property is in the best interests of their estates and request that the Court authorize them to do so

where they determine in their business judgment that abandonment is the appropriate course of action.

IX. Store Closing Bonus Plan.

27. Through this Motion, the Debtors are requesting the authority, but not the obligation, to pay Store Closing Bonuses (the “Store Closing Bonus Plan”) to store-level non-insider employees, who remain in the employ of the Debtors during the Sales. The Debtors believe that the Store Closing Bonus Plan will motivate employees during the Sales and will enable the Debtors to retain those employees necessary to successfully complete the Sales.

28. The Debtors’ Store Closing Bonus Plan is composed of two programs. One has been in place for more than five years, while the other has been active since September 2019. Payments under both programs are made exclusively to non-insiders and on the condition of employment through the date on which the respective employee’s store closes.

29. The amount of the bonuses offered under the Store Closing Bonus Plan vary depending upon a number of factors, including the employee’s position with the Debtors and duration of employment.

30. The total aggregate cost of the Store Closing Bonus Plan will also vary depending on how many Closing Stores are ultimately closed. If the Debtors were to close every Closing Store the aggregate amount of Store Closing Bonuses paid will not be more than \$1.65 million, assuming one hundred percent of the eligible employees remain employed through the duration of the Closing Sales at every Closing Store.

31. Providing such non-insider bonus benefits is critical to ensuring that key employees that will be affected by the reduction in the Debtors’ work force due to the Store Closings will

continue to provide critical services to the Debtors during the ongoing Store Closing process. For the avoidance of doubt, the Debtors do not propose to make any payment on account of Store Closing Bonuses to any insiders.

32. In order to ensure a successful Store Closing and Sale process and maximize revenues for the benefit of the Debtors' estates, the Store Closing Bonuses incentivize store management to provide uninterrupted leadership during this challenging period, and ties payment to maintaining employment with the Debtors through the conclusion of the Sales.

33. Accordingly, the Debtors respectfully submit that the Store Closing Bonus Plan is in the best interests of their estates and request that the Court authorize payments under the Store Closing Bonus Plan as a sound exercise of their business judgment.

Basis for Relief

I. The Court Should Authorize the Assumption of the Consulting Agreement.

34. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession, "subject to the court's approval, may assume or reject any executory contract or [unexpired] lease of the debtor." 11 U.S.C. § 365(a). Courts in the Fourth Circuit have determined that a debtor's assumption or rejection of a contract should be "accorded the deference mandated by the sound business judgment rule as generally applied by courts to discretionary actions or decisions of corporate directors." *See, e.g., In re Alpha Nat. Res., Inc.*, 555 B.R. 520, 529 (Bankr. E.D. Va. 2016) (holding that the debtors' decision to reject an executory contract was based in sound business judgment as the contract was unnecessary to the debtors' ongoing business efforts); *Lubrizol Enters. Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043, 1045-46 (4th Cir. 1985) (holding that rejection of a contract is the debtor's decision and "is to be accorded

the deference mandated by the sound business judgment rule as generally applied by courts to discretionary actions or decisions of corporate directors”).

35. Here, the Debtors have exercised their sound business judgment in determining to assume the Consulting Agreement. By continuing the engagement of the Consultant—the Debtors’ previous inventory appraiser and store closing liquidator—the Debtors determined that they could capitalize on the knowledge of a consultant already familiar with the Debtors’ liquidation performance in order to ultimately deliver the best results for the Debtors. Further, the Debtors believe that the terms set forth in the Consulting Agreement are fair and reasonable and present the best path for the Sales. Moreover, the Consultant has extensive expertise in conducting liquidation sales and will be able to effectively oversee and implement the Sales in an efficient and cost-effective manner.

36. Courts hearing chapter 11 cases filed by retailers have recently approved the assumption and/or approval of similar consulting agreements. *See, e.g., In re Gemstone Solutions Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (authorizing entry into consulting agreement); *In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 11, 2017) (same); *In re Vitamin World, Inc.*, No. 17-11933 (KJC) (Bankr. D. Del. Nov. 21, 2017) (same); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. June 12, 2017) (same).⁴

⁴ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

37. The Debtors submit that they have exercised reasonable business judgment in engaging the Consultant to conduct the Store Closings and Sales. Given the number of stores and the Consultant's in-depth knowledge of the Debtors' process of running Store Closings and Sales, as discussed above, it is unlikely the Debtors could retain a liquidator able to conduct the process as efficiently and effectively as the Consultant. If the Consulting Agreement is not assumed on a final basis, the Sales would lose the benefit of the Consultant's oversight and might be delayed or suspended entirely, leading to loss of additional liquidity and increased administrative expense. Accordingly, the Debtors respectfully request that the Court authorize their assumption of the Consulting Agreement.

II. The Court Should Approve the Sale Guidelines.

38. The Court may authorize the Debtors to consummate the Store Closings pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that, "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Further, section 105(a) of the Bankruptcy Code provides, in relevant part, that, "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

39. As discussed herein, pursuant to section 363(b) of the Bankruptcy Code, for the purpose of conducting the Store Closings, the Debtors need only show a legitimate business justification for the proposed action. *See, e.g., On-Site Sourcing, Inc.*, 412 B.R. at 822; *In re U.S. Airways Grp., Inc.*, No. 02-83984 (SSM), 2002 WL 31829093, at *1 (Bankr. E.D. Va. Dec. 16, 2002).

40. In addition, the Court may authorize the Store Closings based on section 105(a) of the Bankruptcy Code. Section 105(a) codifies the Court’s inherent equitable powers to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” Under section 105(a), courts may authorize any action that is essential to the continued operation of a debtor’s businesses. *See In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (holding that a court may permit pre-plan payments of prepetition obligations when essential to the continued operation of the debtor); *see also In re Fin. News Network Inc.*, 134 B.R. 732, 735–36 (Bankr. S.D.N.Y. 1991) (holding that the “‘doctrine of necessity’ stands for the principle that a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor’s organization”).

41. The relief requested by this Motion represents a sound exercise of the Debtors’ business judgment, is necessary to avoid immediate and irreparable harm to the Debtors’ estates, and is justified under sections 105(a) and 363(b) of the Bankruptcy Code. The Debtors and their advisors believe that the Sale Guidelines represent the most efficient and appropriate means of maximizing the value of the Store Closure Assets, while balancing the potentially competing concerns of landlords and other parties in interest.

42. Furthermore, ample business justification exists to conduct the Store Closings. Prior to the Petition Date, the Debtors, with the assistance of their advisors, engaged in an extensive review of each of their stores to: (a) identify underperforming stores; (b) consider whether the store’s performance can be improved by various initiatives, including through the negotiation of lease concessions with landlords; (c) determine which stores were candidates for downsizing; (d) assess the potential to consolidate certain Pier 1 Imports stores within a reasonable proximity

of one another; and (e) determine what stores should be closed promptly to eliminate their ongoing negative impact on the Debtors' financial performance and to improve the Debtors' liquidity. This process has resulted in the Debtors' identification of the Initial Closing Stores and is ongoing with respect to Additional Closing Stores.

43. Further delay in consummating the Store Closings would diminish the recovery tied to monetization of the Store Closure Assets for a number of reasons, chief among them is that the Closing Stores are a drain on liquidity. Thus, the Debtors will realize an immediate benefit in terms of financial liquidity upon the sale of the Store Closure Assets and the termination of operations at the Closing Stores. Further, the swift and orderly commencement of the Store Closings will allow the Debtors to timely reject the applicable store leases, and therefore avoid the accrual of unnecessary administrative expenses for rent payment. Delaying the Store Closings may cause the Debtors to pay postpetition rent at many of these stores. Additionally, given the Debtors' current section 365(d)(4) deadline, there is a finite number of days that the Sales can run without obtaining further consents from landlords.

44. Courts in this jurisdiction and other districts have recently approved sale guidelines in chapter 11 cases, and numerous courts have granted retail debtors authority to implement such procedures. *See, e.g., In re Gemstone Solutions Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (authorizing the debtors, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, to sell inventory and assets from closing stores); *In re Toys "R" Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re Vitamin World, Inc.*, No. 17-11933 (KJC) (Bankr. D. Del. Nov. 21, 2017) (same); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. July 11, 2017) (same); *see also*

In re BCBG Max Azria Glob. Holdings, LLC, No. 17-10466 (Bankr. S.D.N.Y. Mar. 2, 2017) (authorizing the debtors, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, to immediately continue and conduct the contemplated store closings).⁵ The sale guidelines approved in the foregoing cases are substantially similar to the Sale Guidelines attached hereto.

III. The Court Should Approve the Sale of the Store Closure Assets Free and Clear of all Liens, Encumbrances, and Other Interests under section 363(f) of the Bankruptcy Code.

45. The Debtors request approval to sell the Store Closure Assets on a final “as is” basis, free and clear of any and all liens, claims, and encumbrances in accordance with section 363(f) of the Bankruptcy Code. A debtor in possession may sell property under sections 363(b) and 363(f) of the Bankruptcy Code “free and clear of any interest in such property of an entity other than the estate” if any one of the following conditions is satisfied: (i) applicable non-bankruptcy law permits sale of such property free and clear of such interest; (ii) such entity consents; (iii) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property; (iv) such interest is in *bona fide* dispute; or (v) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. 11 U.S.C. § 363(f); *see also In re Collins*, 180 B.R. 447, 450 (Bankr. E.D. Va. 1995) (noting that since section 363(f) is written in the disjunctive, the court may approve a sale free and clear if any one subsection is met).

⁵ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

46. The Debtors anticipate that, to the extent there are liens on the Store Closure Assets, all holders of such liens will consent to the Sales because they provide the most effective, efficient, and time-sensitive approach to realizing proceeds for, among other things, the repayment of amounts due to such parties. Any and all liens on the Store Closure Assets sold under the Sales would attach to the remaining net proceeds of such sales with the same force, effect, and priority as such liens currently have on these assets, subject to the rights and defenses, if any, of the Debtors and of any party-in-interest with respect thereto. Moreover, all identified lienholders have received sufficient notice and have been given sufficient opportunity to object to the relief requested.

47. Accordingly, the Debtors submit that the sale of the Store Closure Assets satisfies the statutory requirements of section 365(f) of the Bankruptcy Code and should, therefore, be free and clear of any liens, claims, encumbrances, and other interests.

IV. The Court Should Waive Compliance with Applicable State Laws and Approve the Dispute Resolution Procedures.

48. The Debtors' ability to conduct the Sales in accordance with the Sale Guidelines and without complying with Applicable State Laws is critical to the Sales' success. Although the Debtors intend to comply with state and local health and safety laws and consumer protection laws in conducting the Sales, many Liquidation Sale Laws require special and cumbersome licenses, waiting periods, time limits, and other procedures for store closing, liquidation, or similar sales. Additionally, compliance with Fast Pay Laws would require the Debtors to pay terminated

employees within a time frame that would be detrimental to the conduct of these chapter 11 cases, if not impossible.

49. To eliminate the time, delay, and expense associated with the administrative procedures necessary to comply with the Applicable State Laws, the Debtors propose the Sale Guidelines as a way to streamline the administrative burdens on their estates while still adequately protecting the broad and varied interests of both landlords and applicable governmental agencies charged with enforcing any Liquidation Sale Laws that may apply to the Store Closings. As such, the Debtors believe the Sale Guidelines mitigate any concerns that their landlords or governmental agencies may raise with respect to the Store Closings, and therefore, the below requested relief is in compliance with any applicable Liquidation Sale Laws.

50. The Debtors submit that there is strong support for granting them the authority to not comply with the Liquidation Sale Laws, subject to the Sale Guidelines. *First*, it is generally accepted that many state statutes and regulations provide that, if a liquidation or bankruptcy sale is court-authorized, a company need not comply with the Liquidation Sale Laws. *See, e.g.*, Ark. Code Ann. § 4-74-103 (exempting from the provisions of the chapter sales pursuant to any court order); Ga. Code Ann. § 10-1-393(b)(24)(C)(iv) (same); 815 ILCS 350/3 (same); La. Rev. Stat. Ann. § 51:43(1) (same); N.Y. Gen. Bus. Law § 584(a) (same); Or. Rev. Stat. Ann. § 646A.100(2)(b) (“‘Going out of business sale’ does not include a sale conducted by a bankruptcy trustee.”); Tex. Bus. & Com. Code Ann. § 17.91(3) (exempting from subchapter sales conducted pursuant to court order). *Second*, pursuant to section 105(a) of the Bankruptcy Code, the Court has the authority to permit the Store Closings to proceed notwithstanding any contrary Applicable State Laws as it is essential to the continued operation of the Debtors’ business. *Third*, this Court

will be able to supervise the Store Closings because the Debtors and their assets are subject to this Court's exclusive jurisdiction. *See* 28 U.S.C. § 1334. As such, creditors and the public interest are adequately protected by notice of this Motion and the ongoing jurisdiction and supervision of the Bankruptcy Court.

51. Further, bankruptcy courts have consistently recognized, with limited exception, that federal bankruptcy law preempts state and local laws that contravene the underlying policies of the Bankruptcy Code. *See In re Williams*, No. 06-32921 (KHR), 2007 WL 2122131, at *9 (Bankr. E.D. Va. July 19, 2007) (“When a conflict exists between state law and bankruptcy laws enacted by Congress, the state law is superseded.”); *In re WBQ P’ship*, 189 B.R. 97, 108 (Bankr. E.D. Va. 1995) (holding that the Bankruptcy Code preempted the provisions of Va. Code § 32.1-329 since Virginia law inhibited the sale of assets free and clear in contravention of section 363(f)); *see also In re LandAmerica Fin. Grp., Inc.*, 470 B.R. 759, 780 (Bankr. E.D. Va. 2012) (holding that the “scope of preemption under § 1123(a) of the Bankruptcy Code is broad enough to preempt any state law that would restrict the objectives and operation of a debtor’s reorganization plan”); *In re Harrison*, No. ADV. 93-3129S, 1994 WL 16191613, at *2 (Bankr. E.D. Va. Jan. 14, 1994) (holding that the provisions of the Bankruptcy Code preempt the holdings of the state supreme court as it pertains to treatment of interest on arrearages).

52. Courts in some jurisdictions have found that preemption of state law is not appropriate if the laws deal with public health and safety. *See Baker & Drake, Inc. v. Pub. Serv. Comm’n of Nev. (In re Baker & Drake, Inc.)*, 35 F.3d 1348, 1353–54 (9th Cir. 1994) (holding that Bankruptcy Code did not preempt state law prohibiting taxicab leasing that was promulgated in part as public safety measure). However, preemption is appropriate where, as is the case here, the

only state laws involved concern economic regulation rather than the protection of public health and safety. *See In re Baker & Drake, Inc.*, 35 F.3d at 1353 (finding that “federal bankruptcy preemption is more likely . . . where a state statute is concerned with economic regulation rather than with protecting the public health and safety”).

53. Under the circumstances of these chapter 11 cases, enforcing the strict requirements of the Liquidation Sale Laws would undermine the fundamental purpose of section 363(b) of the Bankruptcy Code by placing constraints on the Debtors’ ability to maximize estate assets for the benefit of creditors. Accordingly, authorizing the Sales without the delays and burdens associated with obtaining various state and local licenses, observing state and local waiting periods or time limits, and/or satisfying any additional requirements with respect to advertising, sales, and similar items is necessary and appropriate. The Debtors do not seek a general waiver of all state and local law requirements, but only those that apply specifically to retail liquidation sales. Indeed, the requested waiver is narrowly tailored to facilitate the successful consummation of the Sales. Moreover, the Debtors will comply with applicable state and local public health and safety laws, and applicable tax, labor, employment, environmental, and consumer protection laws, including consumer laws regulating deceptive practices and false advertising. Finally, the Dispute Resolution Procedures provide an ordered means for resolving any disputes arising between the Debtors and any Governmental Units with respect to the applicability of any Liquidation Sale Laws, and should therefore be approved.

54. Based on the foregoing, courts in this district and other jurisdictions have granted similar relief in other bankruptcy cases under similar circumstances. *See, e.g., In re Gemstone Solutions Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (authorizing store

closing sales while presuming compliance with laws affecting store closing or liquidation sales); *In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 11, 2017) (authorizing the assumption of consulting agreement); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. July 11, 2017) (same); *In re BCBG Max Azria Glob. Holdings, LLC*, No. 17-10466 (Bankr. S.D.N.Y. Mar. 2, 2017) (authorizing store closing sales while presuming compliance with laws affecting store closing or liquidation sales).⁶

55. Courts have also granted similar relief from Fast Pay Laws in other bankruptcy cases under similar circumstances. *See, e.g., In re Gemstone Solutions Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (authorizing store closing sales and deeming presumed compliance with “Fast Pay Laws”); *In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 11, 2017) (same); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. July 11, 2017) (same); *In re Golfsmith Int’l Holdings, Inc.*, No. 16-12033 (Bankr. D. Del. Oct. 13, 2016) (granting relief from federal, state or local laws including “any fast pay laws” in connection with store closing sales).⁷

⁶ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

⁷ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

V. The Court Should Waive Compliance with Restrictions in the Debtors' Leases.

56. Certain of the Debtors' leases governing the premises of the stores subject to the Store Closings may contain provisions purporting to restrict or prohibit the Debtors from conducting store closing, liquidation, or similar sales. Such provisions have been held to be unenforceable in chapter 11 cases as they constitute an impermissible restraint on a debtor's ability to properly administer its reorganization case and maximize the value of its assets under section 363 of the Bankruptcy Code. *See In re Ames Dep't Stores, Inc.*, 136 B.R. 357, 359 (Bankr. S.D.N.Y. 1992) (deciding that enforcement of such lease restrictions would "contravene overriding federal policy requiring [the debtor] to maximize estate assets. . ."); *In re R.H. Macy and Co., Inc.*, 170 B.R. 69, 73–74 (Bankr. S.D.N.Y. 1994) (holding that the lessor could not recover damages for breach of a covenant to remain open throughout the lease term, because the debtor had a duty to maximize the value to the estate and the debtor fulfilled this obligation by holding a store closing sale and closing the store); *In re Tobago Bay Trading Co.*, 112 B.R. 463, 467–68 (Bankr. N.D. Ga., 1990) (finding that a debtor's efforts to reorganize would be significantly impaired to the detriment of creditors if lease provisions prohibiting a debtor from liquidating its inventory were enforced); *In re Lisbon Shops, Inc.*, 24 B.R. 693, 695 (Bankr. E.D. Mo. 1982) (holding restrictive lease provision unenforceable in chapter 11 case where the debtor sought to conduct a liquidation sale).

57. Store closing sales are a routine part of chapter 11 cases involving retail debtors. Such sales are consistently approved by courts, despite provisions in recorded documents or agreements purporting to forbid such sales. Indeed, courts have repeatedly overlooked such restrictive contractual provisions in order to authorize a retail debtor's store closings. *See, e.g.*,

In re Gemstone Solutions Group, Inc., No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (authorizing store closing sales without requiring compliance with lease provisions affecting store closing or liquidation sales); *In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 11, 2017) (same); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. July 11, 2017) (same); *In re BCBG Max Azria Glob. Holdings, LLC*, No. 17-10466 (Bankr. S.D.N.Y. Mar. 2, 2017) (same).⁸

58. Thus, to the extent that such provisions or restrictions exist in any of the leases of the stores subject to the Store Closings, the Debtors request that the Court authorize the Debtors and the Consultant to conduct any liquidation sales without interference by any landlords or other persons affected, directly or indirectly, by the liquidation sales.

VI. The Court Should Approve the Abandonment of Certain Property in Connection with any Liquidation Sales.

59. After notice and a hearing, a debtor “may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. §554(a); *see also In re Jalajel*, No. 09-11453 (RGM), 2010 WL 3946420, at *4 (Bankr. E.D. Va. Oct. 8, 2010) (stating that if a trustee “believes the assets are of *de minimus* value, he will abandon them”).

60. The Debtors are seeking to sell all owned FF&E remaining in the Closing Stores. However, the Debtors may determine that the costs associated with holding or selling certain

⁸ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

property or FF&E exceeds the proceeds that will be realized upon its sale, or that such property is not sellable at all. In such event, the property is of inconsequential value and benefit to the estates and/or may be burdensome to retain.

61. To maximize the value of the Debtors' assets and to minimize the costs to the estates, the Debtors respectfully request authority to abandon any of their remaining FF&E or other property located at any of the Closing Stores without incurring liability to any person or entity. The Debtors further request that the landlord of each Closing Store with any abandoned FF&E or other property be authorized to dispose of such property without liability to any third parties.

62. Notwithstanding the foregoing, the Debtors will utilize all commercially reasonable efforts to remove or cause to be removed any confidential or personal identifying information (which means information which alone or in conjunction with other information identifies an individual, including, but not limited to, an individual's name, social security number, date of birth, government-issued identification number, account number, and credit or debit card number) in any of the Debtors' hardware, software, computers or cash registers or similar equipment that are to be sold or abandoned.

VII. The Bankruptcy Court Should Approve the Procedures Relating to the Additional Closing Stores.

63. The Debtors request that the Sale Guidelines and the Interim Order or the Final Order, as applicable, apply to any Additional Closing Stores. In order to provide landlords and other parties in interest with information regarding the ultimate disposition of the Closing Stores, to the extent that the Debtors seek to conduct the Sales at any Additional Closing Store, the Debtors will consult with the DIP Agents, file a list of such Additional Closing Stores with the Bankruptcy

Court (the “Additional Closing Store List”), and serve a notice of their intent to conduct the Sales at the Additional Closing Stores on the applicable landlords (the “Additional Closing Store Landlords”) and any other interested parties, including counsel to the DIP Agents, by email (to the extent available to the Debtors) or overnight mail. With respect to Additional Closing Store Landlords, the Debtors will mail such notice to the notice address set forth in the lease for such Additional Closing Store (or, if none, at the last known address available to the Debtors).

64. The Debtors propose that the Additional Closing Store Landlords (each of whom will have already been served with this Motion, the Interim Order, and the Final Order) and any interested parties have seven days after service of the applicable Additional Closing Store List to object to the application of the Interim or Final Order to their Closing Stores. If no timely objections are filed with respect to the application of the Interim Order or the Final Order to an Additional Closing Store, then the Debtors should be authorized, pursuant to sections 105(a), and 363(b) and (f) of the Bankruptcy Code, to proceed with conducting the Sales at the Additional Closing Store in accordance with the Interim Order or the Final Order, the Sale Guidelines, and the Consulting Agreement. If any objections are filed with respect to the application of the Interim Order or the Final Order, as applicable, to an Additional Closing Store, and such objections are not resolved, the objections and the application of the Interim Order or the Final Order, as applicable, to the Additional Closing Store will be considered by the Court at the next regularly scheduled omnibus hearing, subject to the rights of any party to seek relief on an emergency basis on shortened notice, to the extent necessary so that the Debtors can move promptly to maximize value and minimize expenses for the benefit of their creditors and stakeholders. Similar relief has

been granted in recent retail bankruptcy cases. *See e.g., In re Gemstone Solutions Group, Inc.*, No. 19-30258 (KLP) (Bankr. E.D. Va. Jan. 17, 2019) (approving similar procedures for additional stores); *In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (same); *In re The Gymboree Corp.*, No. 17-32986 (KLP) (Bankr. E.D. Va. July 11, 2017) (same); *In re rue21, inc.*, No. 17-22045 (Bankr. W.D. Pa. July 11, 2017) (same); *In re APP Winddown, LLC (f/k/a American Apparel, LLC)*, No. 16-12551 (Bankr. D. Del. Dec. 19, 2016) (same).⁹

VIII. The Store Closing Bonus Plan Is a Sound Exercise of the Debtors’ Business Judgment and Should Be Approved.

65. Section 363 of the Bankruptcy Code provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under this section, a court may authorize a debtor to use property of the estate when such use has a “sound business purpose” and when the use of the property is proposed in good faith. *See In re W.A. Mallory Co.*, 214 B.R. 834, 836 (Bankr. E.D. Va. 1997); *In re WBQ P’ship*, 189 B.R. 97, 102 (Bankr. E.D. Va. 1995).

66. Courts generally require a debtor to demonstrate that a valid business purpose exists for the use of estate property in a manner that is not in the ordinary course of business. *See In re Lionel Corp.*, 722 F.2d 1063, 1070–71 (2d Cir. 1983). Once the debtor has articulated a valid business justification, a presumption arises that the debtor’s decision was made on an informed basis, in good faith, and in the honest belief the action was in the best interest of the company. *See*

⁹ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

In re Integrated Res., Inc., 147 B.R. 650, 656 (Bankr. S.D.N.Y. 1992). Furthermore, once “the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). The business judgment rule shields a debtor’s management from judicial second-guessing. *See Integrated Res.*, 147 B.R. at 656; *Johns-Manville*, 60 B.R. at 615–16 (noting that “the Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor’s management decisions”). Thus, if a debtor’s actions satisfy the business judgment rule, then the actions in question should be approved under section 363(b)(1).

67. In this case, the Store Closing Bonus Plan is a sound exercise of the Debtors’ business judgment and is in the best interests of the Debtors and all their estates’ stakeholders. The store employees—along with their skills, knowledge, and hard work—are more critical now than ever. Through their commitment and performance, they can ensure that the Debtors continue to maximize stakeholder value in a challenging economic environment and at a time when those employees’ positions will soon be terminated.

68. Additionally, the total cost of the Store Closing Bonus Plan is reasonable in light of the total revenue projected from the Sales and competitive market practice and involves compensation structures often used in other restructuring situations to incentivize employees to continue optimal performance despite the added stress inherent in the chapter 11 process.

69. The Store Closing Bonus Plan is comparable to employee incentive and retention plans regularly paid in other “store closing” and similar-themed sales. As in those other instances, some aspects of the Store Closing Bonus Plan here were devised with the input of the Consultant

based upon their views of maximizing the sale process and recoveries for creditors. As such, courts have approved incentive payments similar to those completed in the Store Closing Bonus Plan. *See e.g. In re Toys “R” Us, Inc.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Feb. 6, 2018) (authorizing store closing retention bonus program on a final basis); *In re rue21, inc.*, No. 17-22045 (GLT) (Bankr. W.D. Pa. June 12, 2017) (same); *In re Payless Holdings LLC*, No. 17-42267 (KAS) (Bankr. E.D. Mo. May 9, 2017) (same); *In re Golfsmith Int’l Holdings, Inc.*, No. 16-12033 (LSS) (Bankr. D. Del. Oct. 13, 2016) (same).

70. Accordingly, the Debtors submit that the relief requested with respect to the Store Closing Bonus Plan is a valid exercise of the Debtors’ business judgment and the approval of the Store Closing Bonus Plan is appropriate under section 363 of the Bankruptcy Code and is in the best interests of the Debtors, their estates, and all parties in interest in these chapter 11 cases.

IX. The Store Closing Bonus Plan is Justified by the Facts and Circumstances of these Chapter 11 Cases.

71. Section 503(c)(3) of the Bankruptcy Code generally prohibits certain transfers made to officers, managers, consultants, and others that are not justified by the facts and circumstances of the case. *See* 11 U.S.C. § 503(c)(3). Though section 503(c)(3) is not applicable here because this Motion does not seek authorization to pay Store Closing Bonuses to insiders, if it did apply, the Store Closing Bonus Plan would be well within the “facts and circumstances” test articulated therein. Importantly, section 503(c)(3)’s “facts and circumstances” justification test “creates a standard no different than the business judgment standard under section 363(b) [of the Bankruptcy Code].” *In re Borders Grp., Inc.*, 453 B.R. 459, 473 (Bankr. S.D.N.Y. 2011); *see also In re Global Home Prods., LLC*, 369 B.R. 778, 783 (Bankr. D. Del. 2007) (“If [the key employee

retention program is] intended to incentivize management, the analysis utilizes the more liberal business judgment review under § 363.”); *In re Nobex Corp.*, No. 05-20050 (MFW), 2006 WL 4063024, at *3 (Bankr. D. Del. Jan. 19, 2006) (concluding that the standard under section 503(c)(3) of the Bankruptcy Code reiterates the business judgment standard). For the reasons discussed above, a possible loss of the employees would disrupt the Debtors’ ability to effectively close the Closing Stores and maximize value for the benefit of all stakeholders. Because implementation of the Store Closing Bonus Plan will incentivize store level employees to enhance the value of the Debtors’ estates, the Store Closing Bonus Plan is justified by the facts and circumstances of these chapter 11 cases and is a sound exercise of the Debtors’ business judgment. *See, e.g., In re Mesa Air Grp., Inc.*, No. 10-10018 (MG), 2010 WL 3810899, *4 (Bankr. S.D.N.Y. Sept. 24, 2010) (holding that bonus payments are “‘justified by the facts and circumstances of the case’ under section 503(c)(3) [where] they are within the ‘sound business judgment’ of the Debtors”) (citation omitted).

Request for Waiver of Stay

72. The Debtors also seek a waiver of any stay of the effectiveness of the orders approving the relief requested in this Motion and the order. Bankruptcy Rule 6003(b) provides, in relevant part, that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate.” Further, pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” As set forth above, the Debtors submit that ample cause exists

to justify (a) the immediate entry of an order granting the relief sought herein, and (b) a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h).

Waiver of Memorandum of Points and Authorities

73. The Debtors respectfully request that this Court treat this Motion as a written memorandum of points and authorities or waive any requirement that this Motion be accompanied by a written memorandum of points and authorities as described in Local Bankruptcy Rule 9013-1(G).

Notice

74. The Debtors will provide notice of this Motion via first class mail, facsimile or email (where available) to: (a) the United States Trustee for the Eastern District of Virginia, Attn: Kenneth N. Whitehurst III and Shannon F. Pecoraro; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the agents under the Debtors' prepetition secured facilities and counsel thereto; (d) the DIP Agents and their respective counsel thereto; (e) the indenture trustee to the Debtors' industrial revenue bonds; (f) counsel to the ad hoc group of term loan lenders; (g) the lenders under certain Company-owned life insurance policies; (h) the Debtors' Canadian counsel; (i) the United States Attorney's Office for the Eastern District of Virginia; (j) the Internal Revenue Service; (k) the office of the attorneys general for the states in which the Debtors operate; (l) the Securities and Exchange Commission; (m) the landlords for the Initial Closing Stores; (n) Riemer Braunstein LLP, 7 Times Square, Suite 2506, New York, New York 10036, Attn: Steven Fox; (o) proposed Canadian counsel to the Debtors, Osler, Hoskin & Harcourt LLP, 100 King Street West, Suite 6200, Toronto, Ontario, M5X 1B8, Attn: Marc Wasserman and John MacDonald; and (p) other parties that have requested notice pursuant to

Bankruptcy Rule 2002 (collectively, the “Notice Parties”). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

75. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and Final Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Richmond, Virginia
Dated: February 17, 2020

/s/ Jeremy S. Williams

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Exhibit A

Proposed Interim Order

the Debtors to assume the Consulting Agreement, (b) authorizing and approving the continuation or initiation of the Store Closings in accordance with the terms of the Consulting Agreement and the Sale Guidelines, with such sales to be free and clear of all liens, claims, and encumbrances, (c) authorizing the Debtors to conduct Store Closings with respect to the Additional Closing Stores at a later date or dates, (d) authorizing customary bonuses to non-insider Closing Store employees who remain employed for the duration of the store closing process, (e) scheduling a final hearing to consider approval of the Motion on a final basis, and (f) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated August 15, 1984; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is hereby:

FOUND AND DETERMINED THAT:³

A. The Debtors have advanced sound business reasons for assuming the Consulting Agreement and adopting the Sale Guidelines, on an interim basis subject to the Final Hearing, as set forth in the Motion and at the Hearing, and assuming the Consulting Agreement is a reasonable exercise of the Debtors' business judgement and in the best interest of the Debtors and their estates.

B. The Consulting Agreement, a copy of which is attached to this Interim Order as **Schedule 1**, was negotiated, proposed, and entered into by the Consultant and the Debtors without collusion, in good faith and from arm's length bargaining positions.

C. The assumption of the Consulting Agreement on an interim basis is a sound exercise of the Debtors' business judgment.

D. The Sale Guidelines, which are attached hereto as **Schedule 2**, are reasonable and appropriate, and the conduct of the Sales in accordance with the Sale Guidelines will provide an efficient means for the Debtors to dispose of the Store Closure Assets, and are in the best interest of the Debtors' estates.

E. The relief set forth herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates and the Debtors have demonstrated good, sufficient and sound business purposes and justifications for the relief approved herein.

F. The Store Closings and Sales are in the best interest of the Debtors' estates.

G. The Dispute Resolution Procedures are fair and reasonable, and comply with applicable law.

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact where appropriate. *See* Fed. R. Bankr. P. 7052.

H. The Debtors have represented that they intend to neither sell nor lease personally identifiable information pursuant to the relief requested in the Motion, although the Consultant will be authorized to distribute emails and promotional materials to the Debtors' customers consistent with the Debtors' existing policies on the use of consumer information.

I. The entry of this Interim Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein; and now therefore it is hereby

ORDERED THAT:

1. The Motion is granted on an interim basis as set forth in this Interim Order.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2020, at __: __ .m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time on _____, 2020, and served on the Notice Parties. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.
3. The Debtors are authorized and empowered to take any and all further actions as may be reasonably necessary or appropriate to give effect to this Interim Order.
4. The Debtors are authorized, but not directed, to make payments under the Store Closing Bonus Plan, as may be amended and modified from time to time.
5. To the extent any conflict between this Interim Order, the Sale Guidelines, and the Consulting Agreement, the terms of this Interim Order shall control over all other documents and the Sale Guidelines shall control over the Consulting Agreement.
6. Notwithstanding Bankruptcy Rule 6004(4), this Interim Order shall take effect immediately upon its entry.

I. Authority to Assume the Consulting Agreement.

7. The assumption of the Consulting Agreement by the Debtors pursuant to section 365 of the Bankruptcy Code is approved on an interim basis. The Debtors are authorized to act and perform in accordance with the terms of the Consulting Agreement, including making payments required by the Consulting Agreement, including fees and reimbursement of expenses to the Consultant without the need for any application of the Consultant or a further order of this Court. All such payments of fees and reimbursement of expenses shall be free and clear of any and all encumbrances.

8. Subject to the restrictions set forth in this Interim Order and the Sale Guidelines, the Debtors and the Consultant are hereby authorized to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the Sales, and each of the transactions contemplated by the Consulting Agreement, and any actions taken by the Debtors and the Consultant necessary or desirable to implement the Consulting Agreement and/or the Sales prior to the date of this Interim Order, are hereby approved and ratified.

9. The Consulting Agreement and related documents may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of this Court. The Debtors are hereby authorized to enter into additional Statements of Work in connection with any Additional Closing Stores on terms materially consistent with the Debtors' historic practices.

10. Notwithstanding anything contrary in the Consulting Agreement, the Debtors and their estates shall not indemnify the Consultant for any damages arising primarily out of the Consultant's fraud, willful misconduct, or gross negligence.

II. Authority to Engage in Sales and Conduct Store Closings.

11. The Debtors are authorized, on an interim basis pending the Final Hearing, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, to immediately continue and conduct the Sales at the Closing Stores in accordance with this Interim Order, the Sale Guidelines, and the Consulting Agreement, as may be modified by any Side Letters (as defined below) between the Debtors and/or the Consultant and the landlords at the Closing Stores.

12. The Sale Guidelines are approved in their entirety on an interim basis.

13. The Debtors are authorized to discontinue operations at the Closing Stores in accordance with this Interim Order and the Sale Guidelines.

14. All entities that are presently in possession of some or all of the Merchandise or FF&E in which the Debtors hold an interest that are or may be subject to the Consulting Agreement or this Interim Order hereby are directed to surrender possession of such Merchandise or FF&E to the Debtors or the Consultant.

15. Neither the Debtors nor the Consultant nor any of their officers, employees, or agents shall be required to obtain the approval of any third party, including (without limitation) any Governmental Unit (as defined under section 101(27) of the Bankruptcy Code) or landlord, to conduct the Sales and Store Closings and to take the related actions authorized herein.

III. Conduct of the Sales.

16. All newspapers and other advertising media in which the Sales and Store Closings may be advertised and all landlords are directed to accept this Interim Order as binding authority so as to authorize the Debtors and the Consultant to conduct the Sales and Store Closings pursuant to the Consulting Agreement, including, without limitation, to conduct and advertise the sale of the Merchandise and FF&E in the manner contemplated by and in accordance with this Interim Order, the Sale Guidelines, and the Consulting Agreement.

17. The Debtors and Consultant are hereby authorized to take such actions as may be necessary and appropriate to implement the Consulting Agreement and to conduct the Sales and Store Closings without necessity of further order of this Court as provided in the Consulting Agreement and the Sale Guidelines (subject to any Side Letters), including, but not limited to, advertising the sale as a “store closing sale”, “sale on everything”, “everything must go”, or similar-themed sales as contemplated in the Sale Guidelines through the posting of signs (including the use of exterior banners at non-enclosed mall closing locations, and at enclosed mall closing locations to the extent the applicable closing location entrance does not require entry into the enclosed mall common area), use of signwalkers, A-frames, and other street signage, as contemplated in the Sale Guidelines.

18. Except as expressly provided in the Consulting Agreement and the Sale Guidelines, the sale of the Merchandise and FF&E shall be conducted by the Debtors and the Consultant notwithstanding any restrictive provision of any lease, sublease, restrictive covenant, or other agreement relative to occupancy affecting or purporting to restrict the conduct of the Store Closings or the Sales (including the sale of the Merchandise and FF&E), the rejection of leases, abandonment of assets, or “going dark” provisions shall not be enforceable in conjunction with the Store Closings or the Sales. Breach of any such provisions in these chapter 11 cases in conjunction with the Store Closings or the Sales shall not constitute a default under a lease or provide a basis to terminate the lease; *provided* that the Store Closings and Sales are conducted in accordance with the terms of this Interim Order, any Side Letter, and the Sale Guidelines. The Debtors and/or Consultant and landlords of the Closing Stores are authorized to enter into agreements (“Side Letters”) between themselves modifying the Sale Guidelines without further order of the Court, and such Side Letters shall be binding as among the Debtors, the Consultant

and any such landlords, *provided* that nothing in such Side Letters affects the provisions of this Interim Order. In the event of any conflict between the Sale Guidelines and any Side Letter, the terms of such Side Letter shall control.

19. Except as expressly provided for herein or in the Sale Guidelines, no person or entity, including, but not limited to, any landlord, licensor, service providers, utilities, or creditors, shall take any action to directly or indirectly prevent, interfere with, or otherwise hinder consummation of the Sales or the sale of Merchandise or FF&E, or the advertising and promotion (including the posting of signs and exterior banners or the use of sign-walkers) of such sales, and all such parties and persons of every nature and description, including, but not limited to, any landlord, licensor, service providers, utilities, and creditors and all those acting for or on behalf of such parties, are prohibited and enjoined from (a) interfering in any way with, obstructing, or otherwise impeding, the conduct of the Store Closings, and/or (b) instituting any action or proceeding in any court (other than in the Bankruptcy Court or, upon recognition of this Interim Order by the Canadian Court, the Canadian Court) or administrative body seeking an order or judgment against, among others, the Debtors, the Consultant, or the landlords at the closing locations that might in any way directly or indirectly obstruct or otherwise interfere with or adversely affect the conduct of the Sales or sale of the Merchandise or FF&E or other liquidation sales at the closing locations and/or seek to recover damages for breach(es) of covenants or provisions in any lease, sublease, license, or contract based upon any relief authorized herein.

20. In accordance with and subject to the terms and conditions of the Consulting Agreement, the Consultant shall have the right to use the Closing Stores and all related Closing Store services, furniture, fixtures, equipment and other assets of the Debtors for the purpose of

conducting the Sales, free of any interference from any entity or person, subject to compliance with the Sale Guidelines and this Interim Order.

21. All sales of Store Closure Assets shall be “as is” and final. No returns related to the purchase of Store Closure Assets shall be accepted at any Closing Stores or any stores that are not participating in the Store Closings.

22. The Consultant shall accept return of any goods that contain a defect which the lay consumer could not reasonably determine was defective by visual inspection prior to purchase for a full refund, provided that the consumer must return the merchandise within the time period proscribed by the Debtors’ return policy that was in effect when the merchandise was purchased, the consumer must provide a receipt, and the asserted defect must in fact be a “latent” defect.

23. The Consultant shall not be liable for sales taxes except as expressly provided in the Consulting Agreement and the payment of any and all sales taxes is the responsibility of the Debtors. The Debtors are directed to remit all taxes arising from the Sales to the applicable Governmental Units as and when due, *provided* that in the case of a *bona fide* dispute the Debtors are only directed to pay such taxes upon the resolution of such dispute, if and to the extent that the dispute is decided in favor of the applicable Governmental Unit. For the avoidance of doubt, sales taxes collected and held in trust by the Debtors shall not be used to pay any creditor or any other party, other than the applicable Governmental Unit for which the sales taxes are collected. The Consultant shall collect, remit to the Debtors, and account for sales taxes as and to the extent provided in the Consulting Agreement. This Interim Order does not enjoin, suspend, or restrain the assessment, levy, or collection of any tax under state, provincial or federal law, and does not constitute a declaratory judgment with respect to any party’s liability for taxes under state, provincial or federal law.

24. Pursuant to section 363(f) of the Bankruptcy Code, the Consultant, on behalf of the Debtors, is authorized to sell the Store Closure Assets and all sales of Store Closure Assets, whether by the Consultant or the Debtors, shall be free and clear of any and all liens, claims, encumbrances, and other interests; *provided, however*, that any such liens, claims, encumbrances, and other interests shall attach to the proceeds of the sale of the Store Closure Assets with the same validity, in the amount, with the same priority as, and to the same extent that any such liens, claims, and encumbrances have with respect to the Store Closure Assets, subject to any claims and defenses that the Debtors may possess with respect thereto and the Consultant's fees and expenses (as provided in the Consulting Agreement).

25. The Debtors and/or the Consultant (as the case may be) are authorized and empowered to transfer Store Closure Assets among, and into, the Closing Stores in accordance with the Sale Guidelines, as applicable. The Consultant is authorized to sell the Debtors' FF&E and abandon the same, in each case, as provided for and in accordance with the terms of the Consulting Agreement and the Sale Guidelines.

26. Neither the Sale Guidelines, Consulting Agreement, nor this Interim Order authorize the Debtors to transfer or sell to Consultant or any other party the personal identifying information (which means information which alone or in conjunction with other information identifies an individual, including but not limited to an individual's first name (or initial) and last name, physical address, electronic address, telephone number, social security number, date of birth, government-issued identification number, account number and credit or debit card number ("PII") of any customers unless such sale or transfer is permitted by the Debtors' privacy policy and state, provincial or federal privacy and/or identity theft prevention laws and rules (collectively, the "Applicable Privacy Laws"). The foregoing shall not limit the Consultant's use of the Debtors'

customer lists and mailing lists in accordance with the Consulting Agreement solely for purposes of advertising and promoting the Sales.

27. The Debtors shall remove or cause to be removed any confidential and/or PII in any of the Debtors hardware, software, computers or cash registers or similar equipment which are to be sold or abandoned so as to render the PII unreadable or undecipherable. At the conclusion of the Sales, the Consultant shall provide the Debtors with written verification that the Consultant has not removed, copied, or transferred any customer PII and that any records containing PII were shredded, erased or otherwise modified to render the PII unreadable or undecipherable.

IV. Procedures Relating to Additional Closing Stores.

28. To the extent that the Debtors seek to conduct Sales at any Additional Closing Store, the Sale Guidelines and this Interim Order shall apply to the Additional Closing Stores.

29. Prior to conducting the Sales at any Additional Closing Store, the Debtors will consult with the DIP Agents, file a list including such Additional Closing Store with this Court (each, an "Additional Closing Store List"), and serve a notice of their intent to conduct the Sales at the Additional Closing Store on the applicable landlords (collectively, the "Additional Closing Store Landlords") and other interested parties, including counsel to the DIP Agents, by email (to the extent available to the Debtors) or overnight mail. With respect to Additional Closing Store Landlords, the Debtors will mail, if applicable, such notice to the notice address set forth in the lease for such Additional Closing Store (or, if none, at the last known address available to the Debtors).

30. The Additional Closing Store Landlords and any interested parties shall have seven days after service of the applicable Additional Closing Store List to object to the application of this Interim Order. If no timely objections are filed with respect to the application of this Interim Order to an Additional Closing Store, the Debtors all be authorized, pursuant to sections 105(a),

and 363(b) and (f) of the Bankruptcy Code, to proceed with conducting the Sales at the Additional Closing Stores in accordance with this Interim Order, the Sale Guidelines, and the Consulting Agreement. If any objections are filed with respect to the application of this Interim Order, to an Additional Closing Store, and such objections are not resolved, the objections and the application of this Interim Order or the Final Order to the Additional Closing Store will be considered by the Court at the next regularly scheduled omnibus hearing, subject to the rights of any party to seek relief on an emergency basis on shortened notice, to the extent necessary.

V. Dispute Resolution Procedures with Governmental Units.

31. Nothing in this Interim Order, the Consulting Agreement, or the Sale Guidelines, releases, nullifies, or enjoins the enforcement of any liability to a Governmental Unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) to which any entity would be subject as the owner, lessor, lessee, or operator of the property after the date of entry of this Interim Order. Nothing contained in this Interim Order, the Consulting Agreement, or the Sale Guidelines shall in any way: (a) diminish the obligation of any entity to comply with environmental laws; or (b) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. The Store Closings and the Sales shall not be exempt from laws of general applicability, including, without limitation, public health and safety, criminal, tax, (including, but not limited to, the collection of Sales Taxes), labor, employment, environmental, antitrust, fair competition, traffic and consumer protection laws, including consumer laws regulating deceptive practices and false advertising, consumer protection, the sale of gift certificates, layaway programs, return of goods, express or implied warranties of goods, and “weights and measures” regulation and monitoring (collectively, “General Laws”). Nothing in this Interim Order, the Consulting Agreement, or the Sale Guidelines, shall alter or affect

obligations to comply with all applicable federal safety laws and regulations. Nothing in this Interim Order shall be deemed to bar any Governmental Unit (as such term is defined in section 101(47) of the Bankruptcy Code) from enforcing General Laws in the applicable non-bankruptcy forum, subject to the Debtors' rights to assert in that forum or before this Court or, upon recognition of this Interim Order by the Canadian Court, the Canadian Court, that any such laws are not in fact General Laws or that such enforcement is impermissible under the Bankruptcy Code or this Interim Order (or, upon recognition of this Interim Order by the Canadian Court, the CCAA or any Order of the Canadian Court). Notwithstanding any other provision in this Interim Order, no party waives any rights to argue any position with respect to whether the conduct was in compliance with this Interim Order and/or any applicable law, or that enforcement of such applicable law is preempted by the Bankruptcy Code or the CCAA, as applicable. Nothing in this Interim Order shall be deemed to have made any rulings on any such issues.

32. To the extent that the sale of Store Closure Assets is subject to any Liquidation Sale Laws, including any federal, state or local statute, ordinance, rule, or licensing requirement directed at regulating "going out of business," "store closing," or similar inventory liquidation sales, or bulk sale laws, laws restricting safe, professional and non-deceptive, customary advertising such as signs, banners, signage, and use of sign-walkers solely in connection with the sale of the Store Closing Assets, including ordinances establishing license or permit requirements, waiting periods, time limits or bulk sale restrictions that would otherwise apply solely to the sale of the Store Closure Assets, the dispute resolution procedures in this section shall apply (provided that, subject to recognition of this Interim Order by the Canadian Court, these Dispute Resolution Procedures shall not apply with respect to the sale of Store Closure Assets in Canadian stores, and that any such disputes shall be dealt with by the Canadian Court):

- i. Provided that the Sales are conducted in accordance with this Order, any Final Order, and the Sale Guidelines, the Debtors, the Consultant, and the Debtors' landlords, shall be deemed to be in compliance with any requirements of all county, parish, or municipal or other local government (hereinafter referred to as "Local") and State requirements governing the conduct of the Sales of the Store Closure Assets, including but not limited to Local statutes, regulation and ordinances establishing licensing or permitting requirements, waiting periods or time limits, or bulk sale restrictions that would otherwise apply to the Sales and sales of the Store Closure Assets (collectively, the "Liquidation Sale Laws") of any state or local Governmental Unit (as defined in Bankruptcy Code section 101(27)); provided, that the term "Liquidation Sale Laws" shall be deemed not to include any public health or safety laws or any state (collectively, "Safety Laws"), and the Debtors and the Consultant shall continue to be required to comply, as applicable, with such Safety Laws and General Laws, subject to any applicable provision of the Bankruptcy Code and federal law, and nothing in this Order shall be deemed to bar Governmental Units (as defined in section 101(27) of the Bankruptcy Code) or public officials from enforcing Safety Laws or General Laws.
- ii. Within three (3) business days after entry of this Interim Order, the Debtors will serve by first-class mail, copies of this Interim Order, the proposed Final Order, the Consulting Agreement, and the Sale Guidelines on the following: (a) the Attorney General's office for each state where the Sales are being held; (b) the county consumer protection agency or similar agency for each county where the Sales are being held; (c) the division of consumer protection for each state where the Sales are being held; and (d) the landlords for the Closing Stores (collectively, the "Dispute Notice Parties").
- iii. With respect to any Additional Closing Stores, within three (3) business days after filing any Additional Closing Store List with the Bankruptcy Court, the Debtors will serve by first-class mail, copies of the Interim Order or Final Order, as applicable, the Consulting Agreement, and the Sale Guidelines on the Dispute Notice Parties.
- iv. To the extent that there is a dispute arising from or relating to the Sales, this Interim Order, the Consulting Agreement, or the Sale Guidelines, which dispute relates to any Liquidation Sale Laws (a "Reserved Dispute"), the Bankruptcy Court shall retain exclusive jurisdiction to resolve the Reserved Dispute. Any time within ten (10) days following entry of this Interim Order, or service of an Additional Store Closing List, as applicable, any Governmental Unit may assert that a Reserved Dispute exists by sending a notice (the "Dispute Notice") explaining the nature of the dispute to: (a) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C. and Emily E. Geier, and AnnElyse Scarlett Gains, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Joshua M. Altman; (b) Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia, Attn: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (c) on behalf of Gordon Brothers Retail Partners, LLC, Prudential Tower, 800 Boylston Street, 27th Floor, Boston,

Massachusetts 02199, Attn: Mackenzie Shea; and (d) Riemer Braunstein LLP, 7 Times Square, Suite 2506, New York, New York 10036, Attn: Steven Fox. If the Debtors and the Governmental Unit are unable to resolve the Reserved Dispute within 15 days after service of the notice, the Governmental Unit may file a motion with the Bankruptcy Court requesting that the Bankruptcy Court resolve the Reserved Dispute (a “Dispute Resolution Motion”).

- v. In the event that a Dispute Resolution Motion is filed, nothing in the Interim Order or the Final Order, as applicable, shall preclude the Debtors, a landlord, or any other interested party from asserting (A) that the provisions of any Liquidation Sale Laws are preempted by the Bankruptcy Code, or (B) that neither the terms of the Interim Order or the Final Order nor the conduct of the Debtors pursuant to the Interim Order or the Final Order, violates such Liquidation Sale Laws. Filing a Dispute Resolution Motion as set forth herein shall not be deemed to affect the finality of the Interim Order or Final Order or to limit or interfere with the Debtors’ or the Consultant’s ability to conduct or to continue to conduct the Sales pursuant to the Interim Order or Final Order, as applicable, absent further order of the Bankruptcy Court. Upon the entry of the Interim Order or Final Order, the Bankruptcy Court grants authority for the Debtors and the Consultant to conduct the Sales pursuant to the terms of the Interim Order or the Final Order, the Consulting Agreement, and the Sale Guidelines and to take all actions reasonably related thereto or arising in connection therewith. The Governmental Unit will be entitled to assert any jurisdictional, procedural, or substantive arguments it wishes with respect to the requirements of its Liquidation Sale Laws or the lack of any preemption of such Liquidation Sale Laws by the Bankruptcy Code. Nothing in the Interim Order or Final Order will constitute a ruling with respect to any issues to be raised in any Dispute Resolution Motion.
- vi. If, at any time, a dispute arises between the Debtors and/or the Consultant and a Governmental Unit as to whether a particular law is a Liquidation Sale Law, and subject to any provisions contained in the Interim Order or Final Order related to the Liquidation Sale Laws, then any party to that dispute may utilize the provisions of subparagraphs (iv) and (v) above by serving a notice to the other party and proceeding thereunder in accordance with those paragraphs. Any determination with respect to whether a particular law is a Liquidation Sale Law shall be made *de novo*.

33. Subject to paragraphs 31 and 32 above, each and every federal, state, or local agency, departmental, or Governmental Unit with regulatory authority over the Sales and all newspapers and other advertising media in which the Sales are advertised shall consider this Interim Order as binding authority that no further approval, license, or permit of any Governmental

Unit shall be required, nor shall the Debtors or the Consultant be required to post any bond, to conduct the Sales.

34. Provided that the Sales are conducted in accordance with the terms of this Interim Order, the Consulting Agreement, and the Sale Guidelines, and in light of the provisions in the laws that exempt court-ordered sales from their provisions, the Debtors and Consultant shall be presumed to be in compliance with any Liquidation Sale Laws and are authorized to conduct the Sales in accordance with the terms of this Interim Order and the Sale Guidelines without the necessity of further showing compliance with any such Liquidation Sale Laws.

35. Nothing in this Interim Order, the Consulting Agreement, or the Sale Guidelines releases, nullifies, or enjoins the enforcement of any liability to a Governmental Unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) to which any entity would be subject as the owner, lessor, lessee, or operator of the property after the date of entry of this Interim Order. Nothing contained in this Interim Order, the Consulting Agreement, or the Sale Guidelines shall in any way: (a) diminish the obligation of any entity to comply with environmental laws; or (b) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code.

VI. Other Provisions.

36. To the extent the Debtors are subject to any state Fast Pay Laws in connection with the Store Closings, the Debtors shall be presumed to be in compliance with such laws to the extent, in applicable states, such payroll payments are made by the later of: (a) the Debtors' next regularly scheduled payroll; and (b) seven calendar days following the termination date of the relevant employee, and in all such cases consistent with, and subject to, any previous orders of this Court regarding payment of same.

37. Neither the Consultant nor any of its respective affiliates (whether individually, as part of a joint venture, or otherwise), shall be precluded from providing additional services to the Debtors and/or bidding on the Debtors' assets in connection with any other future process that may or may not be undertaken by the Debtors to close additional stores, *provided* that any such services and/or transactions is approved by separate order of this Court.

38. On a confidential basis and for professionals' "eyes only" and upon the written (including email) request of the U.S. Trustee or counsel to the DIP Agent, the Debtors shall provide such requesting party, if any, with copies of periodic reports concerning the Sales that are prepared by the Debtors, their professionals or the Consultant, *provided*, that the foregoing shall not require the Debtors, their professionals, or the Consultant to prepare or undertake to prepare any additional or new reporting not otherwise being prepared by the Debtors, their professionals, or the Consultant in connection with the Sales.

39. Not later than five (5) business days prior to the objection deadline related to entry of an order approving the Motion on a final basis, the Consultant shall file a declaration disclosing connections to the Debtors, their creditors, and other parties in interest in these chapter 11 cases.

40. Consultant shall act solely as an independent consultant to the Debtors and shall not be liable for any claims against the Debtors other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines, with the exception of acts of gross negligence or willful misconduct and, for greater certainty, the Consultant shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labor standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successor liability whatsoever.

41. The Debtors are authorized and permitted to transfer to the Consultant personal information in the Debtors' custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes, *provided* that Consultant removes such personal information from the FF&E prior to the abandonment of the same.

42. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing contained in the Motion or this Interim Order shall constitute, nor is intended to constitute: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease, other than the Consulting Agreement, pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim, other than with respect to payments made to the Consultant, which are governed by the reconciliation procedures in the Consulting Agreement.

43. Notwithstanding the relief granted in this Interim Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to the provisions of the *Interim*

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, (IV) Scheduling a Final Hearing, and (VII) Granting Related Relief, (the “Interim DIP Order”), and the DIP Senior Credit Facility Documentation (as defined in the Interim DIP Order), and shall be made strictly in accordance with the Budget (as defined in the Interim DIP Order), subject to such variances as permitted by the DIP Senior Credit Facility Documentation; provided, however, that the DIP Senior Credit Facility Documentation shall not require a cap or reduction on amounts due to the Consultant under the Consulting Agreement other than any such cap or reduction resulting from the Debtors’ required compliance with the Budget. Additionally, not later than two (2) business days after entry of this Interim Order the Debtors shall deliver to the Consultant a cash deposit in the amount of \$500,000 as provided in the Budget as security for payment of Consultant’s fees and expenses earned and incurred under the Consulting Agreement (the “Consultant’s Deposit”); any remaining balance of Consultant’s Deposit being held by Consultant upon completion of the Sale shall be applied by Consultant as shall be set forth in a final reconciliation of the Sale as contemplated by Section 5(B) of the Consulting Agreement. Following such final reconciliation payment of all amounts due to the Consultant, any remaining balance of the Consultant’s Deposit shall be part of the “Cash Collateral” (as defined in the Interim DIP Order) and shall be subject to all provisions relating to Cash Collateral set forth in the Interim DIP Order.

44. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

45. Notice of the Motion as provided therein is deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules of this Court are satisfied by such notice.

46. Notwithstanding Bankruptcy Rules 6003(b) and 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

47. Cause exists to shorten the notice period set forth in Bankruptcy Rule 2002, to the extent applicable.

48. The requirement under Local Bankruptcy Rule 9013-1(G) to file a memorandum of law in connection with the Motion is hereby waived to the extent necessary.

49. This Court shall retain jurisdiction with regard to all issues or disputes relating to this Interim Order or the Consulting Agreement, including, but not limited to, (a) any claim or issue relating to any efforts by any party or person to prohibit, restrict or in any way limit banner and sign-walker advertising, including with respect to any allegations that such advertising is not being conducted in a safe, professional, and non-deceptive manner, (b) any claim of the Debtors, the landlords and/or the Consultant for protection from interference with the Store Closings or Sales, (c) any other disputes related to the Store Closings or Sales, and (d) protect the Debtors and/or the Consultant against any assertions of any liens, claims, encumbrances, and other interests; provided that, notwithstanding the foregoing and subject to recognition of this Interim Order by the Canadian Court, the Canadian Court shall retain jurisdiction with regard to all issues or disputes in respect of the Sale at the Canadian Closing Stores. No such parties or person shall take any action against the Debtors, the Consultant, the landlords, the Store Closings, or the Sales until this Court or the Canadian Court, as applicable, has resolved such dispute. This Court shall

hear the request of such parties or persons with respect to any such disputes on an expedited basis, as may be appropriate under the circumstances.

50. Within 30 days of conclusion of the Sale, the Debtors shall (a) file with the Court a summary report of the store closing process that will include (i) a list of the stores closed and (ii) gross revenue from the store closing assets sold, and (b) file with the Court and serve on the U.S. Trustee, any statutory committee, and any other party in interest who may so request, a report showing payment of each of the Consultant's fees, setting forth detail and information regarding the calculation of such fees paid to the Consultant and expenses reimbursed to the Consultant. Only the U.S. Trustee (and no other party) shall have 20 days after the date on which such report is filed to object, under the standards of section 328(a) of the Bankruptcy Code, solely as to the reasonableness of the compensation paid or expenses reimbursed to the Consultant; provided, however, that with respect to any such objection: (i) the Consultant's "Base Fee" and reimbursement of expenses in accordance with the aggregate budget set forth on Exhibit B to the Consulting Agreement (including any individual Statement of Work thereunder) shall be reviewed under the standards of section 328(a) and are found to be reasonable as of the date hereof, and such Base Fee shall not be later deemed unreasonable on the basis that the success of the Sale, whether on account of sales, recovery, or otherwise, resulted in the Consultant receiving compensation, in dollar terms, that was greater than any budget or forecast provided by the Debtors, their advisors, and/or the Consultant; and (ii) the Consultant's "Incentive Fee" or any other fee not reflected in the Consulting Agreement, and any additional expenses reimbursed in excess of the aggregate budget, shall not receive the same presumption and shall be reviewed under the standards of section 330 of the Bankruptcy Code. To the extent an objection is filed by the U.S. Trustee and cannot be resolved, the parties shall coordinate to have the objection to the Consultant's compensation

brought before the Court at the next scheduled omnibus hearing or such other date and time as shall be agreed by the parties.

Dated: _____
Richmond, Virginia

United States Bankruptcy Judge

WE ASK FOR THIS:

/s/ Jeremy S. Williams

Michael A. Condyles (VA 27807)

Peter J. Barrett (VA 46179)

Jeremy S. Williams (VA 77469)

Brian H. Richardson (VA 92477)

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- and -

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- and -

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Proposed Co-Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jeremy S. Williams

Schedule 1-A

Consulting Agreement

January 28, 2009

Pier 1 Imports (U.S.), Inc.
100 Pier 1 Place
Fort Worth, TX 76102

Re: Store Closing Program

Ladies and Gentlemen:

This letter shall serve as the agreement of Gordon Brothers Retail Partners, LLC ("GBRP") pursuant to which GBRP shall serve as an independent contractor to Pier 1 Imports (U.S.), Inc. ("Merchant") to conduct a "this store location closing" or other mutually agreed upon themed sale of Merchandise (as defined below) ("Sale") at groups of one or more of Merchant's retail stores which Merchant determines to close.

Attached as Exhibit 1 is the form of "Statement of Work" that will govern each store (or group of stores) to be closed pursuant to, and subject to the terms and conditions of, this Agreement ("Stores"). Each such Statement of Work shall be incorporated by reference into this Agreement (and this Agreement shall be incorporated by reference into each Statement of Work); but otherwise each Statement of Work shall stand-alone and shall not be dependent upon any other Statement of Work.

1. RETENTION

(A) Merchant hereby retains GBRP as its exclusive, independent consultant to conduct the Sale at the Stores during the Sale Term, and in connection therewith, GBRP shall, throughout the Sale Term:

- (i) Recommend appropriate point-of-purchase, point-of-sale, presentation and external and internal advertising and signage necessary to effectively sell all of the Merchandise in accordance with a "this store location closing" or other mutually agreeable theme.
- (ii) Provide qualified supervisors with respect to the Stores, to oversee the conduct of the Sale, and to oversee the Sale process in the Stores.
- (iii) Maintain focused and constant communication with Store-level employees and managers to keep them abreast of strategy and timing and to properly effect Store-level communication by Merchant's employees to customers and others about the Sale.
- (iv) Establish and provide oversight of accounting functions for the Sale, including evaluation of sales of Merchandise by category, sales reporting and expense monitoring.
- (v) Coordinate with Merchant so that the operation of the Stores is being properly maintained including ongoing customer service and housekeeping activities.
- (vi) Recommend appropriate staffing levels for the Stores and appropriate bonus and/or incentive programs for Store employees.
- (vii) Provide recommendations for loss prevention initiatives.

- (viii) Advise Merchant with respect to the licensing requirements affecting the Sale as a “this store location closing” or other mutually agreed upon theme in compliance with applicable state and local “going out of business” laws (“GOB Laws”). In connection with such obligation, GBRP will (i) advise Merchant of the applicable waiting period under the GOB Laws, and/or (ii) prepare (in Merchant’s name and for Merchant’s signature) all licensing/permit paperwork as may be necessary under such GOB Laws, deliver all such paperwork to Merchant, and file, on behalf of Merchant, all such paperwork where necessary, and/or (iii) advise where licensing paperwork and/or waiting periods do not apply.
- (ix) Perform such other related services mutually deemed by the parties to be necessary or prudent to facilitate the Sale.

(B) Merchant is entering into this Agreement in reliance on GBRP’s special abilities with respect to performing the above described services (herein “Services”). GBRP accepts the relationship of trust and confidence established between GBRP and Merchant by this Agreement. GBRP covenants with Merchant to (a) use its best efforts, skill, judgment, and abilities in performing the Services, (b) cooperate with Merchant, and (c) perform the Services in accordance with the highest generally accepted national standards of care, skill, diligence and professional competence applicable to businesses engaged in providing services identical or similar to the Services provided by GBRP. Notwithstanding the foregoing provisions of this Section 1(B), Merchant expressly acknowledges that GBRP is not: (i) serving in a fiduciary capacity in favor of Merchant; (ii) guaranteeing the results of the Sale; or (iii) acting as Merchant’s agent in performing the Services.

2. SALE TERM; VACATING STORES

(A) As used herein, the term “Sale Term” with respect to each respective Store shall be the period commencing on the Sale Commencement Date and ending on the Sale Termination Date as set forth in the respective Statement of Work. Attached as Exhibit A to each Statement of Work will be identified the Store(s) to be subject to such Statement of Work, as well as the Sale Commencement Date and the Sale Termination Date with respect to such Store(s); provided, however, that GBRP may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Stores subject to each Statement of Work (on a per Store basis) upon five (5) days prior notice to Merchant.

(B) Upon the conclusion of the Sale Term at each Store, GBRP shall leave such Store in broom clean condition, subject to GBRP’s right pursuant to Section 6 below to abandon in a neat and orderly manner all unsold FF&E.

3. EXPENSES

(A) All expenses incident to the conduct of the Sale and the operation of the Stores during the Sale Term shall be borne by Merchant; except solely for any of “GBRP’s Controlled Expenses” that exceed the budgeted amount per line item (as provided in Section 3(B) below) for such GBRP Controlled Expenses, which excess such expenses shall be at the sole cost and expense of GBRP. Without limiting the generality of the foregoing, during the Sale Term, Merchant shall provide GBRP, at no cost or expense to GBRP, with (i) central administrative services and distribution center services reasonably necessary to administer the Sale (and consistent with the services provided in the ordinary course consistent with historic periods), (ii) store-level employees at the Stores (to the extent reasonably agreed upon by Merchant and GBRP necessary to effect the Sale), (iii) reasonable use of Store-level assets (including, but not limited to, trade names, logos, customer lists (including email lists), all credit card facilities, bank accounts, tax identification numbers, computer hardware and software, and furniture, fixtures and equipment), and (iv) peaceful use and occupancy of, and reasonable access (including reasonable before and after hours access and normal utilities/phone service) to, the Stores for the purpose

of preparing for, conducting, and completing the Sale as contemplated hereby, without interruption by landlords, labor actions, or otherwise. Without limiting the generality of the foregoing, GBRP and Merchant shall agree upon an incentive program for Merchant's employees at the Stores, to be funded solely by Merchant, in an amount not to exceed 10% of aggregate payroll during the Sale Term.

(B) Attached as Exhibit B to each Statement of Work will be an expense budget for the "GBRP's Controlled Expenses" with respect to the Stores subject to such Statement of Work.

(C) GBRP will advance funds for the GBRP's Controlled Expenses; Merchant shall reimburse GBRP therefore (up to the budgeted amount per line item) in connection with each weekly reconciliation contemplated by Section 5(2) upon presentation of reasonable documentation for such actually-incurred expenses. Merchant shall be obligated to reimburse GBRP for GBRP Controlled Expenses in addition to the Base Fee, and in addition to the Incentive Fee, if earned.

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4. GBRP COMPENSATION

(A) As used herein, the following terms shall have the following meanings:

(i) "Gross Proceeds" shall mean the gross proceeds of all sales of Merchandise made in the Stores during the Sale Term, net only of sales taxes.

(ii) "Merchandise" shall mean all merchandise sold in the Stores during the Sale Term.

(iii) "Recovery Percentage" shall mean (a) Gross Proceeds; divided by (b) the aggregate "Retail Value" of the Merchandise.

(iv) "Retail Value" with respect to each item of Merchandise shall be determined using the "gross rings" method. For purposes of determining "gross rings" with respect to the Merchandise, GBRP and Merchant shall jointly keep (i) a strict count of gross register receipts less applicable sales taxes, and (ii) cash reports of sales within each Store. Register receipts shall show for each item of Merchandise sold the Merchant's retail price for such item, and the markdown or other discount granted in connection with the Sale as agreed to by Merchant and GBRP. All such records and reports shall be made available to GBRP and Merchant during regular business hours upon reasonable notice.

(B) Merchant shall pay GBRP a "Base Fee" equal to three thousand dollars (\$3,000) per Store. The Base Fee with respect to the Stores shall be earned concurrently with the execution of each Statement of Work; and shall be paid no later than the first weekly reconciliation following the execution of the respective Statement of Work.

(C) Merchant shall pay GBRP an "Incentive Fee" (which, if earned, shall be in addition to the Base Fee) as provided in each Statement of Work based upon the applicable Recovery Percentage for the Stores subject to each such Statement of Work.

5. CONDUCT OF SALE; OTHER SALE MATTERS

(A) Merchant shall have control over the personnel in the Stores and shall handle the cash, debit and charge card payments for all Merchandise sold during the Sale Term in accordance with Merchant's normal cash management procedures, subject to GBRP's right to audit any such items.

(B) The parties will meet on each Wednesday during the Sale Term to review any Sale matters reasonably requested by either party; and all amounts payable or reimbursable to GBRP for the prior week (or the partial week in the case of the first and last weeks) shall be reconciled and paid immediately thereafter (i.e. the Base Fee and all reimbursable GBRP Controlled Expenses and/or FF&E Expenses). No later than thirty (30) days following the end of the Sale under each Statement of Work, the parties shall complete a final reconciliation and settlement of all amounts contemplated by this Agreement and such Statement of Work ("Final Reconciliation"), including without limitation a final determination and payment of (i) any remaining reimbursements to GBRP; (ii) any remaining payments on account of the

Base Fee; and (iii) a determination of the Recovery Percentage, and the payment (if any) due to GBRP on account of the Incentive Fee (based upon the Recovery Percentage). From time to time upon request, each party shall prepare and deliver to the other party such other reports as either party may reasonably request. Each party to this Agreement shall, at all times during the Sale Term and during the one (1)-year period thereafter, provide the other with access to all information, books and records relating to the Sale and to this Agreement. All records and reports shall be made available to GBRP and Merchant during regular business hours upon reasonable notice.

(C) Merchant shall collect all sales taxes associated with the sale of Merchandise during the Sale Term, and Merchant shall be solely responsible for reporting and paying the same to the appropriate taxing authorities in accordance with applicable law.

(D) Each of GBRP and Merchant shall comply with all federal, state and local laws, rules and regulations applicable to them in connection with the transactions contemplated by this Agreement.

(E) Merchant will prior to the execution of each Statement of Work, inform GBRP in writing (with specificity) of any restrictions in the leases governing such Store(s) which would potentially conflict with this Agreement and the transactions contemplated thereby so that the parties may determine the GBRP Controlled Expenses and the Incentive Fee performance hurdles with reference to such restrictions.

(F) To the extent Merchant has informed GBRP in writing (prior to the execution of a Statement of Work) of any rules relating to its employees in the Stores that are the subject of the Sale under such Statement of Work, GBRP shall adhere to such rules.

(G) Merchant acknowledges that the parties are not conducting an inventory of the Merchandise and that GBRP has made no independent assessment of the beginning levels of Merchandise, and GBRP shall not bear any liability for shrink or other loss to the Merchandise.

(H) All sales of Merchandise in the Stores during the Sale shall be made in the name, and on behalf, of Merchant. All such sales shall be "final sales" and "as is," and all advertisements and sales receipts will reflect the same.

(I) The Sale will be advertised as a "this store location closing" or other mutually agreed upon handle throughout the term of the Sale, and GBRP shall be permitted to use signs and internal and external banners and sign walkers reflecting this message, subject to the terms and provisions of applicable law.

(J) Throughout the Sale Term, Merchant's employees used in the conduct of the Sale shall remain employees of Merchant (and shall not be employees of GBRP) and shall continue to be eligible to receive/participate in all of Merchant's benefits/benefits programs consistent with Merchant's ordinary course practices consistent with historic periods. Merchant represents that it has paid, and through the Sale Term will pay, all Store rent and/or occupancy and occupancy-related expenses.

6. FF&E

GBRP shall have the right to sell all agreed upon furniture, fixtures and equipment located at the Stores which are owned by Merchant, on a commission basis equal to twenty-five percent (25%) of the gross sales of FF&E (net only of sales tax). Merchant shall reimburse GBRP for its reasonable sale expenses associated with the FF&E pursuant to a budget to be mutually agreed upon by the parties based upon the composition of the FF&E that Merchant desires to have GBRP sell ("FF&E Expenses"). Such budget may be included on each Statement of Work, or it may be agreed upon in a separate writing with respect to each Statement of Work as soon as practicable following the execution of each Statement of Work. In

lieu of such commission arrangement for the sale of FF&E, GBRP and Merchant may mutually agree upon an FF&E guarantee in connection with each Statement of Work. In either event, GBRP shall have the right to abandon any unsold FF&E at the Stores at the conclusion of the Sale Term.

7. INSURANCE; RISK OF LOSS

(A) During the Sale Term, Merchant agrees to maintain (at its expense) its normal and customary products liability insurance with respect to the Merchandise; as well such other insurance that Merchant has maintained in the ordinary course consistent with historic periods (including without limitation for example commercial general liability insurance, comprehensive automobile liability insurance, workers compensation insurance, employer's liability insurance).

(B) During the Sale Term, GBRP shall, at its sole cost and expense, maintain in effect at all times during the Sale Term insurance coverages with limits not less than those set forth below with insurers licensed to do business in the state(s) in which the services are performed:

- (i) Commercial general liability, including contractual liability coverage with respect to the Services, bodily injury liability, property damage liability, independent contractor coverage and completed operations coverage, all in broad form having a combined single limit of \$1,000,000.00.
- (ii) Comprehensive automobile liability, having a combined single limit of \$1,000,000.00.
- (iii) Workers' Compensation as required by the laws of the state(s) where the Stores are located containing a waiver of subrogation in favor of Merchant.
- (iv) Employer's liability with a \$500,000.00 limit.
- (v) Such other insurance as may be reasonably requested from time to time by Merchant.

None of the requirements contained herein as to types, limits or the parties' approval of insurance coverage to be maintained by the parties is intended to and shall not in any manner limit, qualify or quantify the liabilities and obligations assumed by GBRP or Merchant under this Agreement or otherwise provided by law.

(C) Evidence of the insurance coverage required to be maintained by GBRP and Merchant under this Agreement, represented by certificates of insurance issued by the insurance carrier(s), must be furnished to Merchant or GBRP (as the case may be) as soon as practicable following execution of this Agreement and as such policies are renewed. Such certificate of insurance shall state that Merchant or GBRP (as the case may be) will be notified in writing sixty (60) days prior to cancellation, material change, or non-renewal of insurance.

(D) Notwithstanding any other provision of this Agreement, Merchant and GBRP agree that GBRP shall not be deemed to be in possession or control of the Stores or the Merchandise or other assets located therein or associated therewith, or of Merchant's employees located at the Stores.

8. INDEMNIFICATION

(A) To the fullest extent permitted by applicable law, GBRP hereby agrees to indemnify, protect, defend and hold harmless Merchant, and Merchant's parent(s), subsidiary and affiliated companies (corporate and non-corporate), and its and their respective officers, directors, shareholders, employees and agents for, from and against all liabilities, claims, damages, losses, liens, causes of action, suits, judgments and expenses, including attorney fees, of any nature, kind or description of any third-party person or entity directly or indirectly arising out of, caused by, or resulting from (in whole or in part) any negligent or grossly negligent act, error or omission of GBRP or anyone employed by it.

(B) To the fullest extent permitted by applicable law, Merchant hereby agrees to indemnify, protect, defend and hold harmless GBRP, and GBRP's parent(s), subsidiary and affiliated companies (corporate

and non-corporate), and its and their respective officers, directors, shareholders, employees and agents for, from and against all liabilities, claims, damages, losses, liens, causes of action, suits, judgments and expenses, including attorney fees, of any nature, kind or description of any third-party person or entity directly or indirectly arising out of, caused by, or resulting from (in whole or in part) any negligent or grossly negligent act, error or omission of Merchant or anyone employed by it.

9. MISCELLANEOUS

GBRP acknowledges and agrees that this Agreement and its Exhibits plus the information, memorandum, notes, records, drawings, manuals, disks and other documents or media provided by or on behalf of Merchant to GBRP pursuant to performance of the Services is secret and valuable to Merchant and constitutes and shall be Confidential Information as defined in the below-referenced Confidentiality Agreement and as such shall be governed and controlled by such agreement in addition to this Agreement.

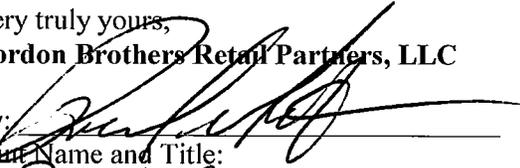
GBRP acknowledges that Pier 1 Imports, Inc., is a publicly-traded corporation. Specifically GBRP agrees that it shall not at any time make any representation, warranty or statement regarding the financial performance, financial statements or results of operation, whether past, present or future, of the Merchant, its parent, subsidiaries, affiliates or consolidated group. In each respect, GBRP shall refer any such inquiries to the public filings of Pier 1 Imports, Inc.

GBRP acknowledges and agrees that the Merchant does not grant to GBRP any right, title or interest of any kind in any intellectual property contained in or relating to the Confidential Information and/or owned by Merchant's parent, subsidiaries, affiliates or consolidated group (except to the extent necessary to use any such intellectual property solely for the benefit of the Sale).

This Agreement, with all associated Statement of Work, constitutes the entire agreement between the parties with respect to the matters contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect to the services described herein. Notwithstanding the preceding sentence, GBRP ratifies and affirms the terms and provisions of the Confidentiality Agreement dated January 6, 2009 between Merchant and Gordon Brothers Group, LLC ("GBG") and shall be bound as if it were a direct party thereto; and each of GBG and GBRP shall be responsible for any breaches of such Confidentiality Agreement by its/their respective officers, directors or employees. This Agreement may not be modified except in a written instrument executed by each of the parties hereto. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. The failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. In the event of any breach or default by GBRP in the performance of its obligations hereunder, GBRP shall immediately cure such breach or default upon receipt from Merchant of written or electronic notice of such breach or default. Should GBRP not immediately cure such breach or default (after opportunity to cure reasonable to the circumstances) then Merchant may terminate this Agreement upon notice to GBRP. Unless expressly set forth herein to the contrary, to the extent that either party's consent is required/requested hereunder, such consent shall not be unreasonably withheld or delayed, and any consent withheld by Merchant because of the possible negative impact on Merchant's brand or reputation, as determined by Merchant in its sole and absolute discretion, shall not be deemed unreasonable. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns; provided, however, that this Agreement may not be assigned nor may the duties hereunder be delegated by either party without the prior written consent of the other. Written

notices contemplated by this Agreement shall be sent by email (i) if to Merchant c/o Cary Turner at chtturner@pier1.com; and (ii) if to GBRP c/o Michael Chartock at mchartock@gordonbrothers.com.

Very truly yours,
Gordon Brothers Retail Partners, LLC

By: 
Print Name and Title:
Robert Grosskopf
Principal & Managing Director

Agreed and Accepted:
Pier 1 Imports (U.S.), Inc.

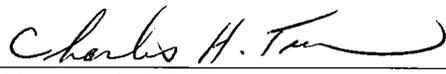
By: 
Print Name and Title: CHARLES H. TURNER
EX. V.P. - CFO

Exhibit:
1 Form of Statement of Work

Exhibit 1

Pier 1 Imports (U.S.), Inc./Gordon Brothers Retail Partners, LLC
 Statement of Work No. 1
 _____, 2009

Reference is made to the Store Closing Program Letter Agreement dated January 28, 2009 between Pier 1 Imports (U.S.), Inc. and Gordon Brothers Retail Partners, LLC (“Letter Agreement”). Capitalized terms used herein and not defined herein shall have the respective meanings assigned to such terms in the Letter Agreement.

The parties hereto agree as follows:

1. This is a “Statement of Work” as contemplated by the Letter Agreement.
2. Attached hereto as Exhibit A is a list of Merchant’s _____ () retail stores to be closed pursuant to, and subject to the terms and conditions of, the Letter Agreement and this Statement of Work. Also included on Exhibit A are the respective “Sale Commencement Date(s)” and “Sale Termination Date(s)” with respect to each Store subject to this Statement of Work; provided, however, that (as provided in the Letter Agreement) GBRP may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Stores (on a per Store basis) upon five (5) days prior notice to Merchant.
3. Attached as Exhibit B is the expense budget for the “GBRP’s Controlled Expenses” with respect to the Stores subject to this Statement of Work.
4. Merchant shall pay GBRP an “Incentive Fee” (which, if earned, shall be in addition to the Base Fee) as one of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to this Statement of Work:

Recovery Percentage	GBRP’s Incentive Fee
Below 50.00%	None
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work

The performance hurdles set forth above have been established based upon Merchant’s representation to GBRP that: (i) the composition of the Merchandise shall be consistent with the information summarized on Exhibit C attached hereto; and (ii) from and after the date hereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant’s retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.



For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the aggregate and not on a per-Store basis (but not with reference to any of Merchant's other stores subject to any other Statement(s) of Work).

5. All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.

Gordon Brothers Retail Partners, LLC

Pier 1 Imports (U.S.), Inc.

By: _____
Print Name and Title:

By: _____
Print Name and Title:

Exhibits:

- A- Stores
- B- GBRP Controlled Expenses
- C- Merchandise Composition

Schedule 1-B

Amendment to Consulting Agreement

100 Pier 1 Place
Fort Worth, Texas 76102
Direct: 817-252-8032
Fax: 817-334-0191
hrraiden@pier1.com



June 6, 2016

Gordon Brothers Retail Partners, LLC
Michael Chartock (mchartock@gordonbrothers.com)

Re: Store Closing Program Agreement dated January 28, 2009 (as amended, the "Agreement")
by and between Gordon Brothers Retail Partners, LLC ("GBRP") and Pier 1 Imports (U.S.) Inc.
("Merchant")

Dear GBRP:

The parties hereby amend Section 1 of the Agreement to include permission for GBRP to retain contract manual labor in order to facilitate the store closing services recited therein, at times and costs as agreed to in writing by the parties. GBRP acknowledges and agrees that any such contractors will be the responsibility of GBRP to manage, and that GBRP will indemnify Merchant in the event of any damage caused by such contractors, as if such contractors were employees of GBRP.

Additionally, GBRP will require any contractors to provide the same insurance coverage required to be provided by GBRP under the Agreement, or will include such contractors under the coverage provided to Merchant by GBRP, and will provide certificates evidencing such coverage to Merchant upon request.

GBRP evidences its acknowledgement and agreement to the above modifications to the Agreement by signing where indicated below. Except as modified herein, all other terms of the Agreement remain effective and unchanged.

Sincerely,

Heather R. Raiden
Senior Corporate Counsel

GORDON BROTHERS RETAIL PARTNERS, LLC

By:

Printed

Name: Michael Chartock

Title: Genl Counsel

Date: June 10, 2016

Schedule 1-C

Consulting Agreement: Statement of Work 78

Pier 1 Imports (U.S.), Inc./Gordon Brothers Retail Partners, LLC
 Statement of Work No. 78
 As of November 27th, 2019

Reference is made to the Store Closing Program Letter Agreement dated January 28, 2009 between Pier 1 Imports (U.S.), Inc. and Gordon Brothers Retail Partners, LLC (“Letter Agreement”). Capitalized terms used herein and not defined herein shall have the respective meanings assigned to such terms in the Letter Agreement.

The parties hereto agree as follows:

1. This is a “Statement of Work” as contemplated by the Letter Agreement.
2. Attached hereto as Exhibit A is a list of Merchant’s seventy-one (71) retail stores to be closed pursuant to, and subject to the terms and conditions of, the Letter Agreement and this Statement of Work. Also included on Exhibit A are the respective “Sale Commencement Date(s)” and “Sale Termination Date(s)” with respect to each Store subject to this Statement of Work; provided, however, that (as provided in the Letter Agreement) GBRP may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Stores (on a per Store basis) upon five (5) days prior notice to Merchant.
3. Attached as Exhibit B is the expense budget for the “GBRP’s Controlled Expenses” with respect to the Stores subject to this Statement of Work.
4. Merchant shall pay GBRP an “Incentive Fee” (which, if earned, shall be in addition to the Base Fee) as one of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to this Statement of Work:

Recovery Percentage	GBRP’s Incentive Fee
Below 50.00%	None
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work

The performance hurdles set forth above have been established based upon Merchant’s representation to GBRP that: (i) the composition of the Merchandise shall be consistent with the information summarized on Exhibit C attached hereto; and (ii) from and after the date hereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant’s retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.

For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the

aggregate and not on a per-Store basis (but not with reference to any of Merchant's other stores subject to any other Statement(s) of Work).

5. All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.

6. Concurrently with the execution of, and as a condition to Consultant's obligations under this Statement of Work, Merchant shall fund to Consultant \$310,000.00 (the "Special Purpose Payment") which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant's other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.

7. Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant's Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.

Gordon Brothers Retail Partners, LLC

Pier 1 Imports (U.S.), Inc.

By: 
Print Name and Title:
Richard P. Edwards
Co-President - Retail

By: 
Print Name and Title:
Nicole Jowers

RW

Exhibits:

- A- Stores
- B- GBRP Controlled Expenses
- C- Merchandise Composition

Vice President Store Operations

Dec 3, 2019

Pier One
EXHIBIT A

Store No.	Store	Address	City	State	Zip Code	Sale Start Date	Lastday of sales
0014	LA/Monclair CA	5440 Moreno St	Monclair	CA	91763-4631	12/6/2019	2/26/2020
0051	Sacramento/Sunrise CA	6245 Sunrise Blvd	Citrus Heights	CA	95610-5911	12/6/2019	2/26/2020
0080	Dallas/635 & Macarthur TX	7805 N Macarthur Suite 110	Irving	TX	75063	12/6/2019	2/26/2020
0092	Salinas CA	1520 North Main St	Salinas	CA	93906-5101	12/6/2019	2/26/2020
0094	Dayton/Beavercreek OH	2781-A Centre Dr	Fairborn	OH	45324-2676	12/6/2019	2/26/2020
0115	New Orleans/Tchoupitoulas L.A	5300 Tchoupitoulas St	New Orleans	LA	70115-1903	12/6/2019	2/26/2020
0144	Bradley/Northfield Sq IL	1660 North State Rte 50	Bourbonnais	IL	60914-9304	12/6/2019	2/26/2020
0151	Elizabethtown KY	1820 N Dixie Hwy	Elizabethtown	KY	42701-9492	12/6/2019	2/26/2020
0155	Ft Laud/Davic FL	3470 South University Dr	Davic	FL	33328-2000	12/6/2019	1/12/2020
0190	San Diego/Del Mar CA	2671 Via De La Valle	Del Mar	CA	92014-1903	12/6/2019	2/26/2020
0196	LA/Aliso Viejo CA	26771 Aliso Creek Rd	Aliso Viejo	CA	92656-2887	12/6/2019	2/26/2020
0229	Atlanta/Ansley GA	1544 Piedmont Rd	Atlanta	GA	30324-5018	12/6/2019	2/26/2020
0268	Phoenix/Paradise Valley AZ	12657 North Tatum Boulevard	Phoenix	AZ	85032-7795	12/6/2019	2/26/2020
0295	Mpls/Minnetonka MN	11315 Hwy 7	Minnetonka	MN	55305-5300	12/6/2019	2/26/2020
0431	Springfield VA	6751-A Frontier Dr	Springfield	VA	22150-1412	12/6/2019	2/26/2020
0452	NJ/Paramus Route 4 NJ	58-64 Rte 4 E	Paramus	NJ	07652-2621	12/6/2019	2/26/2020
0491	Jackson/County Line Rd MS	900 East County Line Rd	Ridgeland	MS	39157-1922	12/6/2019	1/28/2020
0496	Ok City/Penn Square OK	5517 North Pennsylvania Ave	Oklahoma City	OK	73112-7753	12/6/2019	2/26/2020
0508	Manhattan Beach CA	1800 C Rosecrans Ave	Manhattan Beach	CA	90266-3776	12/6/2019	2/26/2020
0547	Calgary/Shawnessy AB	200-303 Shawville Blvd SE	Calgary	AB	T2Y3W6	12/6/2019	2/26/2020
0548	Vancouver/Langley BC	20195 Langley Bypass	Langley	BC	V3A 6K9	12/6/2019	2/26/2020
0549	Victoria BC	755 Finlayson St	Victoria	BC	V8T4W4	12/6/2019	2/26/2020
0690	Larchmont NY	1329 Boston Post Rd	Larchmont	NY	10538-3902	12/6/2019	2/26/2020
0823	Arl TX/Parks Mall TX	4145 South Cooper St	Arlington	TX	76015-4128	12/6/2019	2/26/2020
0834	Charleston/Rivers Ave SC	7643 North Rivers Ave	North Charleston	SC	29406-4073	12/6/2019	2/26/2020
0853	Holyoke MA	98 Lower Westfield Rd	Holyoke	MA	01040-2712	12/6/2019	2/26/2020
0863	Mpls/Rosedale MN	2397 North Fairview Ave	Roseville	MN	55113-2707	12/6/2019	2/26/2020
1021	Kokomo IN	1429 S Reed Rd	Kokomo	IN	46902-1927	12/6/2019	2/26/2020
1059	Jefferson City MO	3535 Missouri Blvd	Jefferson City	MO	65109-5769	12/6/2019	2/26/2020
1068	Dekalb IL	2371 SYcamore Rd	Dekalb	IL	60115-2007	12/6/2019	2/26/2020
1076	Winnipeg/St Vital Centre MB	785 Dakota Street	Winnipeg	MB	R2M5M2	12/6/2019	2/26/2020
1121	Beaver PA	135 Wagner Road	Monaca	PA	15061-2421	12/6/2019	2/26/2020
1127	Akron/Chapel Hill OH	392 Howe Avenue	Cuyahoga Falls	OH	44221-4819	12/6/2019	2/26/2020
1232	Valparaiso IN	150 Silhavy Road	Valparaiso	IN	46383-6971	12/6/2019	2/26/2020
1235	Ithaca NY	722 South Meadow Street	Ithaca	NY	14850-5321	12/6/2019	2/26/2020
1246	Boston/Acton MA	145 Great Road	Acton	MA	01720-5673	12/6/2019	2/26/2020
1250	Sudbury ON	1400 Marcus Drive	Sudbury	ON	P3B 4K5	12/6/2019	2/26/2020
1289	Kalispell MT	2375 US Highway 93 North	Kalispell	MT	59901-7531	12/6/2019	2/26/2020
1325	Merced CA	1778 W Olive Ave	Merced	CA	95348-1201	12/6/2019	2/26/2020
1334	Anderson SC	120 Station Drive	Anderson	SC	29621-1173	12/6/2019	2/26/2020
1340	St Cloud MN	3701 W Division Street	St Cloud	MN	56301-3300	12/6/2019	2/26/2020
1359	Las Vegas/Montecito NV	6680 N Durango Drive	Las Vegas	NV	89149-4430	12/6/2019	2/26/2020
1378	Phoenix/Happy Valley AZ	2501 W Happy Valley Pkwy	Phoenix	AZ	85027-3710	12/6/2019	2/26/2020
1380	Mpls/Ne Blaine MN	4325 Pheasant Ridge Drive	Blaine	MN	55449-4540	12/6/2019	1/28/2020
1385	Ottawa/South Keys ON	1009 Daxe Street Unit B	Ottawa	ON	K1V 2G3	12/6/2019	2/26/2020
1392	Toronto/Oshawa ON	1425 Harmony Road North	Oshawa	ON	L1H 7K5	12/6/2019	2/26/2020
1419	Toronto/Etobicoke ON	125 The Queensway	Etobicoke	ON	M8Y 1H6	12/6/2019	2/26/2020
1430	Manhattan KS	320 Southwind Place	Manhattan	KS	66503-3110	12/6/2019	2/26/2020
1431	Newport Coast CA	8072 East Coast Highway	Newport Coast	CA	92657-2140	12/6/2019	2/26/2020
1443	Mankato MN	1901 E Madison Avenue	Mankato	MN	56001-6266	12/6/2019	2/26/2020
1449	Hadley MA	35 J Russell Street	Hadley	MA	01035-3536	12/6/2019	2/26/2020
1455	Kingston NY	1165 Ulster Avenue	Kingston	NY	12401-1513	12/6/2019	2/26/2020
1459	LI/Sayville NY	5187 Sunrise Highway	Bohemia	NY	11716-4617	12/6/2019	1/28/2020
1461	Philadelphia/Columbus Commons PA	23 10 S Christopher Columbus	Philadelphia	PA	19148-9000	12/6/2019	2/26/2020
1469	KansasCity/Olathe KS	15340 West 119th Street	Olathe	KS	66062-1073	12/6/2019	2/26/2020
1471	Guelph ON	435 Stone Road West Unit L10	Guelph	ON	N1G 2X6	12/6/2019	2/26/2020
1480	Houston/Willowbrook TX	17725 Tomball Parkway	Houston	TX	77064-1010	12/6/2019	2/26/2020
1491	Studio City CA	12160 Ventura Boulevard	Studio City	CA	91604-2514	12/6/2019	2/26/2020
1563	Stillwater OK	2144 N Perkins Road	Stillwater	OK	74075-3075	12/6/2019	2/26/2020
1617	Marina Del Rey CA	13455 Maxella Ave	Marina Del Rey	CA	90292-5683	12/6/2019	1/28/2020
1642	South Loop IL	1014 S Canal St	Chicago	IL	60607-4907	12/6/2019	1/23/2020
0530	Anchorage AK	8535 Old Seward Hwy	Anchorage	AK	99515-2015	11/27/2019	2/26/2020
1600	Fairbanks AK	340 Merhar Avenue	Fairbanks	AK	99701-3166	11/27/2019	2/26/2020
1669	Anchorage AK	1124 N Muldoon Rd	Anchorage	AK	99504-6101	11/27/2019	2/26/2020
0371	Manu/Market Place HI	270 Dairy Rd	Kahului	HI	96732-2987	11/27/2019	2/26/2020
1581	Kona HI	74-5586 Palani Road	Kailua - Kona	HI	96740-3119	11/27/2019	2/26/2020
1613	Honolulu HI	1170 Auahi St	Honolulu	HI	96814-4900	11/27/2019	2/26/2020
1641	Kauai HI	4303 Nawiliwili Rd	Lihue	HI	96766-9581	11/27/2019	2/26/2020
1672	Hilo HI	111 E Puzinako St	Hilo	HI	96720-5278	11/27/2019	2/26/2020
1678	Pearl City HI	1000 Kamehameha Hwy	Pearl City	HI	96782-2596	11/27/2019	2/26/2020
1624	Alexandria VA	7684 Richmond Hwy	Alexandria	VA	22306-2843	12/27/2019	2/26/2020

Exhibit B
71 Store
Budget of GBRP's Controlled Expenses

Number of Stores	71
Sale Commencement	27-Nov-19
Sale End Date	26-Feb-20
Number of Days	92
Number of Weeks	13.1

Total Dollars

Advertising Budget

Signs and Banners	\$92,300
Signwalkers	\$743,014
Total Advertising	\$835,314

Supervision

Lead Consultant	0
Field Consultants	417,700
Supervision Travel	107,658
Total Supervision Budget	525,358

Miscellaneous	\$181,050
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Total Expense Budget	\$1,541,722
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Notes:

Supervision Fees includes base weekly fee, bonus and living expenses

Changes in inventory levels, sale term or other factors may affect the above expense budget

Exhibit C
Merchandise Breakdown

**(Information as previously
provided by Merchant)**

Schedule 1-D

Consulting Agreement: Statement of Work 79

Pier 1 Imports (U.S.), Inc./Gordon Brothers Retail Partners, LLC
Statement of Work No. 79
As of November 27th, 2019

Reference is made to the Store Closing Program Letter Agreement dated January 28, 2009 between Pier 1 Imports (U.S.), Inc. and Gordon Brothers Retail Partners, LLC ("Letter Agreement"). Capitalized terms used herein and not defined herein shall have the respective meanings assigned to such terms in the Letter Agreement.

The parties hereto agree as follows:

1. This is a "Statement of Work" as contemplated by the Letter Agreement.
2. Attached hereto as Exhibit A is a list of Merchant's one hundred and sixty-nine (169) retail stores to be part of a "Storewide Sale" program pursuant to, and subject to the terms and conditions of, the Letter Agreement and this Statement of Work. Also included on Exhibit A are the respective "Sale Commencement Date(s)" and "Sale Termination Date(s)" which are marked "TBD" as no decision to close the Stores subject to this Statement of Work has been made by Pier 1 Imports (U.S.), Inc.; provided, however, that (as provided in the Letter Agreement) GBRP may from time to time establish an earlier "Sale Termination Date" with respect to any one or more Stores (on a per Store basis) upon five (5) days prior notice to Merchant.
3. Attached as Exhibit B is the expense budget for the "GBRP's Controlled Expenses" with respect to the Stores subject to this Statement of Work.
4. Merchant shall pay GBRP an "Incentive Fee" (which, if earned, shall be in addition to the Base Fee) as one of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to this Statement of Work:

Recovery Percentage	GBRP's Incentive Fee
Below 50.00%	None
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work

The performance hurdles set forth above have been established based upon Merchant's representation to GBRP that: (i) the composition of the Merchandise shall be consistent with the information summarized on Exhibit C attached hereto; and (ii) from and after the date hereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant's retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.

For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the

aggregate and not on a per-Store basis (but not with reference to any of Merchant’s other stores subject to any other Statement(s) of Work).

5. Notwithstanding anything to the contrary herein, GBRP acknowledges and agrees that the Stores subject to this SOW are to be part of a “Storewide Sale” program, and therefore the product mix and inventory levels will vary from prior SOW’s which performed “Store Closing” or “Going Out of Business” programs.

6. All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.

7. Concurrently with the execution of, and as a condition to Consultant’s obligations under this Statement of Work, Merchant shall fund to Consultant \$832,000.00 (the “Special Purpose Payment”) which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant’s other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.

8. Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.

Gordon Brothers Retail Partners, LLC

Pier 1 Imports (U.S.), Inc.

By: 
Print Name and Title:

Richard P Edwards
CO- President - Retail

By: 
Print Name and Title:

Nicole Jowers
Vice President Store Operations

R.M.

Exhibits:

- A- Stores
- B- GBRP Controlled Expenses
- C- Merchandise Composition

Dec 3, 2019

Pier One
EXHIBIT A

Store No.	Store	Address	City	State	Zip Code	Sale Start Date	Last day of sales
22	PHILADELPHIA PA	140 ALLENDALE RD COURTSIDE SQ SUITE 100	KING OF PRUSSIA	PA	19406	11/27/2019	TBD
30	REDMOND WA	7225 170TH AVE NE #101	REDMOND	WA	98052	11/27/2019	TBD
31	WASH DC/MANASSAS VA	8105 SUDLEY RD	MANASSAS	VA	20109	11/27/2019	TBD
46	HOLLAND MI	2308 NORTH PARK DR	HOLLAND	MI	49424	11/27/2019	TBD
47	GASTONIA NC	3734 EAST FRANKLIN BLVD	GASTONIA	NC	28056	11/27/2019	TBD
61	LICARLE PLACE NY	216 GLEN COVE	CARLE PLACE	NY	11514	11/27/2019	TBD
63	PHILADELPHIA VALLEY PA	630 COMMERCE BLVD	FAIRLESS HILLS	PA	19030	11/27/2019	TBD
69	ROCKY MOUNT NC	1472 JEFFREYS RDAD	ROCKY MOUNT	NC	27804	11/27/2019	TBD
71	HARRISBURG/EAST SHORE PA	5104 JONESTOWN RD	HARRISBURG	PA	17112	11/27/2019	TBD
102	BISMARCK ND	715 SOUTH WASHINGTON ST	RIGMARCK	ND	58504	11/27/2019	TBD
157	MPLS/GRAND AVE MN	733 GRAND AVE	SAINT PAUL	MN	55105	11/27/2019	TBD
162	WESTMINSTER MD	405 NORTH CENTER ST SUITE 13	WESTMINSTER	MD	21157	11/27/2019	TBD
174	SEATTLE/AURORA SQUARE WA	15725 WESTMINSTER WAY	SEATTLE	WA	98133	11/27/2019	TBD
194	DETROIT/ROYAL OAK MI	31800 WOODWARD AVE	ROYAL OAK	MI	48073	11/27/2019	TBD
218	BALTIMORE/WHITE MARSH MD	8165-A HONEYGO BLVD	NOTTINGHAM	MD	21236	11/27/2019	TBD
232	TOLEDO/MONROE ST OH	5203 MONROE ST	TOLEDO	OH	43623	11/27/2019	TBD
246	MT KISCO NY	792 BEDFORD ROAD	BEDFORD HILLS	NY	10507	11/27/2019	TBD
249	MILWAUKEE/BAY SHORE WI	6010 NORTH FORT WASH RD	GLENDALE	WI	53217	11/27/2019	TBD
298	SIOUX CITY IA	4265 SFRGEANT RD	SIOUX CITY	IA	51106	11/27/2019	TBD
300	SALISBURY MD	2320 NORTH SALISBURY BLVD	SALISBURY	MD	21801	11/27/2019	TBD
309	LOUISVILLE/HURSTBORNE KY	2000 SOUTH HURSTBORNE PKWY	LOUISVILLE	KY	40220	11/27/2019	TBD
332	WASH DC/BALLEYS CROSSROADS VA	5857-A LEMBURG PIKE	FALLS CHURCH	VA	22041	11/27/2019	TBD
344	FORT WAYNE/APPLE GLEN IN	1750 APPLE GLEN BLVD	FORT WAYNE	IN	46804	11/27/2019	TBD
357	CHICAGO/MERRILLVILLE IN	1685 EAST 80TH AVE	MERRILLVILLE	IN	46410	11/27/2019	TBD
364	SEATTLE/EVERETT WA	1425 SE EVERETT MALL WAY	EVERETT	WA	98208	11/27/2019	TBD
372	NASHVILLE/RIVERGATE TN	2021 N GALLATIN RD SUITE 200	MADISON	TN	37115	11/27/2019	TBD
378	BOULDER CO	2530 ARAPAHOE	BOULDER	CO	80302	11/27/2019	TBD
400	OAK PARK IL	1143 WEST LAKE ST	OAK PARK	IL	60301	11/27/2019	TBD
408	PARK CITY UT	6535 LANDMARK DRIVE	PARK CITY	UT	84098	11/27/2019	TBD
411	CINCINNATI OH	2689 EDMONDSON ROAD	CINCINNATI	OH	45209	11/27/2019	TBD
432	LEXINGTON/NICHOLASVILLE KY	4001 NICHOLASVILLE RD	LEXINGTON	KY	40503	11/27/2019	TBD
446	MOHEGAN LAKE NY	3125 E MAIN ST	MOHEGAN LAKE	NY	10547	11/27/2019	TBD
456	HUNTINGTON STATION NY	7 EAST JERICHO TURNPIKE	HUNTINGTON STATION	NY	11746	11/27/2019	TBD
408	Mpls/Eagan MN	1275 PROMENADE PLACE	EAGAN	MN	55121	11/27/2019	TBD
501	OWENSBORO KY	5221 FREDERICA ST SUITE 101	OWENSBORO	KY	42301	11/27/2019	TBD
506	ROCHESTER/GREECE NY	2475 W RIDGE ROAD	ROCHESTER	NY	14626	11/27/2019	TBD
509	GAITHERSBURG MD	30 GRAND CORNER AVENUE	GAITHERSBURG	MD	20878	11/27/2019	TBD
510	WESTERLY RI	100 FRANKLIN STREET #M	WESTERLY	RI	2891	11/27/2019	TBD
511	ELKHART/OOSHEN IN	4024 ELKHART RD SUITE 20A	GOSHEN	IN	46526	11/27/2019	TBD
512	WARSAW IN	2802 FRONTAGE RD	WARSAW	IN	46580	11/27/2019	TBD
517	HANOVER PA	422 EISENHOWER DR	HANOVER	PA	17331	11/27/2019	TBD
525	IOWA CITY/CORAL RIDGE IA	1401 CORAL RIDGE AVE	CORALVILLE	IA	52241	11/27/2019	TBD
527	PROVIDENCE/SEEKONK MA	145 HIGHLAND AVE	SEEKONK	MA	2771	11/27/2019	TBD
543	COLUMBUS/EASTON OH	1970 MORSE CROSSING	COLUMBUS	OH	43219	11/27/2019	TBD
594	SEATTLE/TACOMA WA	4301 SOUTH STEELE ST	TACOMA	WA	98409	11/27/2019	TBD
596	HAMDEN CT	2335 DIXWELL AVE	HAMDEN	CT	6514	11/27/2019	TBD
611	CHICAGO/AURORA IL	4362 EAST NEW YORK	AURORA	IL	60504	11/27/2019	TBD
631	MISSOULA MT	2800 NORTH RESERVE	MISSOULA	MT	59808	11/27/2019	TBD
645	DECATUR IL	987 S ROUTE 51	FORSYTH	IL	62535	11/27/2019	TBD
656	OREAT FALLS MT	1601 MARKET PLACE DR SUITE 1	GREAT FALLS	MT	59404	11/27/2019	TBD
668	ROCHESTER/MARKETPLACE NY	300 HYLAN OR	ROCHESTER	NY	14623	11/27/2019	TBD
669	LUBAISHORE NY	1871 SUNRISE HWY	BAYSIIORE	NY	11706	11/27/2019	TBD
680	WHITE PLAINS NY	499 TARRYTOWN RD	WHITE PLAINS	NY	10607	11/27/2019	TBD
689	WASH DC/STERLING VA	21050 SOUTHBANK	STERLING	VA	20165	11/27/2019	TBD
695	BRUNSWICK GA	181 GOLDEN ISLES PLAZA	BRUNSWICK	GA	31520	11/27/2019	TBD
706	LONG BEACH NY	214 EAST PARK AVE	LONG BEACH	NY	11561	11/27/2019	TBD
707	BATAVIA IL	481 NORTH RANDALL	BATAVIA	IL	60510	11/27/2019	TBD
753	BRISTOL CT	594 FARMINGTON AVE	BRISTOL	CT	6010	11/27/2019	TBD
767	COLUMBIA/HARBISON SC	250 HARBISON BLVD	COLUMBIA	SC	29212	11/27/2019	TBD
793	EAST HANOVER NJ	375 RTE 10	EAST HANOVER	NJ	7936	11/27/2019	TBD
802	AVON CT	385 WEST MAIN ST UNIT A	AVON	CT	6001	11/27/2019	TBD
824	PITTSFIELD MA	555 HUBBARD AVE	PITTSFIELD	MA	1201	11/27/2019	TBD
832	DELAWARE/DOVER DE	1231 NORTH DUPONT HWY	DOVER	DE	19901	11/27/2019	TBD
835	MPLS/SOUTHDALE MN	2900 WEST 64TH ST	RICHFIELD	MN	55423	11/27/2019	TBD
841	DANBURY CT	1 SUGAR HOLLOW RD	DANBURY	CT	6810	11/27/2019	TBD
845	CLARKSVILLE/GOV SQ TN	2819 WILMA RUDDLPH BLVD STE A	CLARKSVILLE	TN	37040	11/27/2019	TBD
849	BLOOMINGTON IN	849 AUTOMALL RD	BLOOMINGTON	IN	47401	11/27/2019	TBD
855	GRAND RAPIDS/ALPINE MI	3909 ALPINE AVE NW	COMSTOCK PARK	MI	49321	11/27/2019	TBD
874	SEATTLE/FEDERAL WAY WA	2424 SOUTH 320TH ST	FEDERAL WAY	WA	98003	11/27/2019	TBD
880	RACINE/REGENCY WI	2621 SOUTH GREEN BAY RD	RACINE	WI	53406	11/27/2019	TBD
890	BALTIMORE/PIKESVILLE MD	1809 REISTERSTOWN RD SUITE 103	BALTIMORE	MD	21208	11/27/2019	TBD
1004	NORWALK CT	777 CONNECTICUT AVE	NORWALK	CT	6854	11/27/2019	TBD
1005	GREENWOOD SC	525 BYPASS 72 NW SUITE C	GREENWOOD	SC	29649	11/27/2019	TBD
1009	EDGEWATER NJ	11 THE PROMENADE	EDGEWATER	NJ	7020	11/27/2019	TBD
1013	FOND DU LAC WI	516 N ROLLING MEADOWS DR	FOND DULAC	WI	54937	11/27/2019	TBD
1023	FLEMINGTON NJ	39 REAVILLE AVE	FLEMINGTON	NJ	8822	11/27/2019	TBD
1029	BOSTON/BRAINTREE MA	120 GRANITE ST	BRAINTREE	MA	2184	11/27/2019	TBD
1043	CALIFORNIA MD	45098 WORTH AVE	CALIFORNIA	MD	20619	11/27/2019	TBD
1050	LEOMINSTER MA	289 NORTH MAIN STREET 15 WATER TOWER PL	LEOMINSTER	MA	1453	11/27/2019	TBD
1052	ST CLAIRS VILLE OH	50850 VALLEY CENTRE BLVD	SAINT CLAIRSVILLE	OH	43950	11/27/2019	TBD
1056	CONLISK PA	975 BALTIMORE PIKE	GLENMILLS	PA	19342	11/27/2019	TBD
1058	PITTSBURGH/MCKNIGHT PA	7219 B MCKNIGHT RD	PITTSBURGH	PA	15237	11/27/2019	TBD
1069	HENDERSONVILLE NC	88 HIGHLAND SQUARE OR	HENDERSONVILLE	NC	28792	11/27/2019	TBD
1108	CHRISTIANSBURG VA	35 CONSTON AVENUE	CHRISTIANSBURG	VA	24073	11/27/2019	TBD
1113	PHILADELPHIA/PAOLI PA	82 E LANCASTER AVE STORE 2A	PAOLI	PA	19301	11/27/2019	TBD
1115	DENVER/ASPEN GROVE CO	7301 S SANTA FE DRIVE #710	LITTLETON	CO	80120	11/27/2019	TBD
1131	LANSING/WEST MI	647 N MARKET PLACE BLVD	LANSING	MI	48917	11/27/2019	TBD
1148	CHICAGO/SOUTH ELGIN IL	358 RANDALL ROAD	SOUTH ELGIN	IL	60177	11/27/2019	TBD

Pier One
EXHIBIT A

Store No.	Store	Address	City	State	Zip Code	Sale Start Date	Last day of sales
1162	NORFOLK/RED MILL COMMONS VA	1169 NIMMO PARKWAY SUITE 218	VIRGINIA BEACH	VA	23456	11/27/2019	TBD
1171	CLEVELAND/NORTH OLMSTED OH	25953 GREAT NORTHERN SHOP CTR	NORTH OLMSTED	OH	46070	11/27/2019	TBD
1182	MOUNT OLIVE NJ	30 INTERNATIONAL DR SOUTH SUITE F2	FLANDERS	NJ	7836	11/27/2019	TBD
1189	BUFFALO/WALDEN NY	1740 WALDEN AVE SUITE 300	CHEEKTOWAGA	NY	14225	11/27/2019	TBD
1190	WASHINGTON PA	351 WASHINGTON ROAD	WASHINGTON	PA	15301	11/27/2019	TBD
1218	UTICANY	4799 COMMERCIAL DRIVE	NEW HARTFORD	NY	13413	11/27/2019	TBD
1222	GREENSBORO/WENOOVER & I-40 NC	1210 C BRIDFORD PARKWAY	GREENSBORO	NC	27407	11/27/2019	TBD
1237	COMMACK NY	118 VETERANS MEMORIAL HWY	COMMACK	NY	11725	11/27/2019	TBD
1251	PHILADELPHIA/FEASTERVILLE PA	120 EAST STREET ROAD	FEASTERVILLE	PA	19053	11/27/2019	TBD
1252	DURHAM/SOUTHPOINT NC	6807 FAYETTEVILLE RD SUITE 102	DURHAM	NC	27713	11/27/2019	TBD
1261	CHICAGO/GLENVIEW IL	2331 WILLOW ROAD	GLENVIEW	IL	60025	11/27/2019	TBD
1275	RALEIGH/BRJER CREEK NC	8391 BRJER CREEK PARKWAY	RALEIGH	NC	27617	11/27/2019	TBD
1282	MARQUETTE MI	3155 US HIGHWAY 41 WEST	MARQUETTE	MI	49855	11/27/2019	TBD
1284	HOWELL NJ	4759 ROUTE 9 NORTH	HOWELL	NJ	7731	11/27/2019	TBD
1287	AUGUSTA ME	12 STEPHEN KING DR SUITE 3	AUGUSTA	ME	4330	11/27/2019	TBD
1294	MINNEAPOLIS/EDEN PRAIRIE MN	574 PRAIRIE CENTER DRIVE SUITE 165	EDEN PRAIRIE	MN	55344	11/27/2019	TBD
1296	MILWAUKEE/GERMANTOWN WI	N96W18768 COUNTY LINE ROAD	GERMANTOWN	WI	53022	11/27/2019	TBD
1297	COLORADO SPRINGS/BRIARGATE CO	1685 BRIARGATE PKWY STE 311	COLORADO SPRINGS	CO	80920	11/27/2019	TBD
1302	LURIVERHEAD NY	1470 OLD COUNTRY RD	RIVERHEAD	NY	11901	11/27/2019	TBD
1306	COLORADO SPRINGS/FIRST & MAIN CO	3030 NEW CENTER POINT	COLORADO SPRINGS	CO	80922	11/27/2019	TBD
1311	WASH DC/POTOMAC YARDS VA	3941 KILIMOND HWY	ALEXANDRIA	VA	22305	11/27/2019	TBD
1313	KENOSHA WI	6830 GREENBAY ROAD	KENOSHA	WI	53142	11/27/2019	TBD
1316	CAPE MAY NJ	5 COURT HOUSE SOUTH DENNES	CAPE MAY COURT HOUSE	NJ	8210	11/27/2019	TBD
1317	CHICAGO/ALGONQUIN IL	718 SOUTH RANDALL ROAD	ALGONQUIN	IL	60102	11/27/2019	TBD
1318	PHILADELPHIA/SPRINGFIELD PA	1014 BALTIMORE PIKE	SPRINGFIELD	PA	19064	11/27/2019	TBD
1330	MINNEAPOLIS/COON RAPIDS MN	12760 RIVER DALE BLVD	COON RAPIDS	MN	55448	11/27/2019	TBD
1337	CLEVELAND/STRONGSVILLE OH	18094 ROYALTON ROAD	STRONGSVILLE	OH	44126	11/27/2019	TBD
1346	AVON CO	220 BEAVER CREEK PLACE PO BOX 8274	AVON	CO	81620	11/27/2019	TBD
1349	WEST WINDSOR NJ	3512 BRUNSWICK PIKE	PRINCETON	NJ	8540	11/27/2019	TBD
1350	KEENE NH	36 ASH BROOK ROAD	KEENE	NH	3431	11/27/2019	TBD
1369	LAKESHORE NY	1454 UNION TURNPIKE	NEW HYDE PARK	NY	11040	11/27/2019	TBD
1383	JANESVILLE WI	2800 DEERFIELD DRIVE	JANESVILLE	WI	53546	11/27/2019	TBD
1384	LAS VEGAS/TROPICANA NV	4950 SOUTH FORT APACHE RD	LAS VEGAS	NV	89148	11/27/2019	TBD
1391	CROFTON MD	1352 MAIN CHAPEL WAY	OAMBRILLS	MD	21054	11/27/2019	TBD
1406	COLUMBUS/DUBLIN OH	6672 SAWMILL RD	COLUMBUS	OH	43235	11/27/2019	TBD
1420	MINNEAPOLIS/STILLWATER MN	5855 KRUEGER LANE	OAK PARK HEIGHTS	MN	55082	11/27/2019	TBD
1460	MINNEAPOLIS/SHAKOPEE MN	8085 OLD CARRIAGE COURT	SHAKOPEE	MN	55379	11/27/2019	TBD
1479	COLONIAL HEIGHTS VA	729 SOUTH PARK BOULEVARD	COLONIAL HEIGHTS	VA	23834	11/27/2019	TBD
1482	ROSEBURG OR	780 NW GARDEN VALLEY BLVD SUITE 200	ROSEBURG	OR	97471	11/27/2019	TBD
1487	NORTH ANDOVER MA	133 TURNPIKE STREET	NORTH ANDOVER	MA	1845	11/27/2019	TBD
1488	NEWPORT NEWS VA	12551 JEFFERSON AVENUE SUITE 161	NEWPORT NEWS	VA	23602	11/27/2019	TBD
1489	OCEAN TOWNSHIP NJ	1100 HIGHWAY 35	OCEAN	NJ	7712	11/27/2019	TBD
1493	CENTERVILLE UT	120 NORTH FRONTAGE ROAD	CENTERVILLE	UT	84014	11/27/2019	TBD
1495	STAFFORD VA	1250 STAFFORD MARKET PLACE	STAFFORD	VA	22556	11/27/2019	TBD
1517	WOODBRIIDGE NJ	889 SAINT GEORGE AVENUE	WOODBRIIDGE	NJ	7095	11/27/2019	TBD
1526	CHICAGO/MUNDELEIN IL	3062 W. RT 60	MUNDELEIN	IL	60060	11/27/2019	TBD
1536	RALEIGH/CAMERON VILLAGE NC	436 DANIELS STREET	RALEIGH	NC	27605	11/27/2019	TBD
1546	DETROIT/ALLEN PARK MI	3200 FAIRLANE DRIVE	ALLEN PARK	MI	48101	11/27/2019	TBD
1552	POTTSTOWN PA	35 W. SCHUYLKILL RD STE. A-1	POTTSTOWN	PA	19465	11/27/2019	TBD
1567	FLUSHING NY	191 -24 NORTHERN BLVD	FLUSHING	NY	11358	11/27/2019	TBD
1569	DUBUQUE IA	2531 NW ARTERIAL	DUBUQUE	IA	52002	11/27/2019	TBD
1572	QUEENS/REGO PARK NY	6135 JUNCTION BLVD SUITE A5	REGO PARK	NY	11374	11/27/2019	TBD
1578	ATLANTA A BUCKHEAD/BUCKHEAD PL	3232 PEACHTREE RD UNIT A 1	ATLANTA	GA	30305	11/27/2019	TBD
1582	BRONX/BAY PLAZA NY	2146 BARTOW AVENUE	BRONX	NY	10475	11/27/2019	TBD
1584	EAST BRUNSWICK NJ	615 ROUTE 18 SOUTH	EAST BRUNSWICK	NJ	8816	11/27/2019	TBD
1590	MILLVILLE NJ	2148 NORTH 2ND STREET A	MILLVILLE	NJ	8332	11/27/2019	TBD
1592	CHARLOTTEVILLE VA	1951 SWANSON DR	CHARLOTTEVILLE	VA	22901	11/27/2019	TBD
1598	OCEAN CITY MD	12641 OCEAN G WY STE 104	OCEAN CITY	MD	21842	11/27/2019	TBD
1599	LEGACY VILLAGE/LYNDBURST OH	24703 CEDAR RD.	LYNDBURST	OH	44124	11/27/2019	TBD
1608	BOLINGBROOK IL	1116 W ROUGHGON RD	BOLINGBROOK	IL	60440	11/27/2019	TBD
1609	PORT CHESTER NY	427 BOSTON POST RD	PORT CHESTER	NY	10573	11/27/2019	TBD
1611	YORK PA	2975 CONCORD RD	YORK	PA	17402	11/27/2019	TBD
1612	JORDAN CREEK IA	6305 MILLS CIVIC PKWY. SUITE 2115	WEST DES MOINES	IA	50266	11/27/2019	TBD
1614	BROOKLYN/GATEWAY NY	410 GATEWAY DRIVE BOX 1 UNIT 8	BROOKLYN	NY	11239	11/27/2019	TBD
1616	STATEN ISLAND NY	2385 RICHMOND AVE	STATEN ISLAND	NY	10314	11/27/2019	TBD
1626	PHILADELPHIA/CHERRY HILL NJ	801 HADDONFIELD ROAD	CHERRY HILL	NJ	8002	11/27/2019	TBD
1637	WASH DC/ROCKVILLE MD	12137 ROCKVILLE PIKE B	ROCKVILLE	MD	20852	11/27/2019	TBD
1639	WASH DC/ROSSLYN VA	1717 CLARENDON BLVD	ALEXANDRIA	VA	22209	11/27/2019	TBD
1652	West Covina CA	2700 E Workmen Ave	West Covina	CA	91791-1628	12/6/2019	TBD
1657	MORRISVILLE/PARK WEST VILLAGE NC	2108 VILLAGE MARKET PL.	MORRISVILLE	NC	27560	11/27/2019	TBD
1659	BURLINGTON VT	59 GARDEN STREET	SOUTH BURLINGTON	VT	5403	11/27/2019	TBD
1661	FRANKFORT KY	7800 JOHN DAVIS DR STE 200	FRANKFORT	KY	40601	11/27/2019	TBD
1662	PLYMOUTH MA	722 COLONY PLACE RD.	PLYMOUTH	MA	2360	11/27/2019	TBD
1665	CHICAGO/LINCOLN PARK IL	1574 N KINGSBURY ST UNIT A	CHICAGO	IL	60642	11/27/2019	TBD
1666	WASH DC/ALEXANDRIA VA	4609 DUKE STREET	ALEXANDRIA	VA	22304	11/27/2019	TBD
1667	OREM UT	374 E UNIVERSITY PKWY	OREM	UT	84058	11/27/2019	TBD
1671	SOUTH WINDSOR/EVERGREEN WALK CT	69 EVERGREEN WAY	SOUTH WINDSOR	CT	6074	11/27/2019	TBD
1676	CASPER WY	555 NEWPORT RD	CASPER	WY	82609	11/27/2019	TBD
1680	BOSTON/FRAMINGHAM MA	1 WORCESTER RD #9950	FRAMINGHAM	MA	1701	11/27/2019	TBD
1685	BLOOMINGDALE IL	360 W ARMY TRAIL RD	BLOOMINGDALE	IL	60108	11/27/2019	TBD
1688	SCHAUMBURG IL	1522 EGOLF RD	SCHAUMBURG	IL	60173	11/27/2019	TBD

Exhibit B
168 Store
Budget of GBRP's Controlled Expenses

Number of Stores	169
Sale Commencement	27-Nov-19
Sale End Date	TBD
Number of Days	152 *
Number of Weeks	21.7 *

Total Dollars

Advertising Budget

Signs and Banners	\$219,700
Signwalkers	\$3,298,757
Total Advertising	\$3,518,457

Supervision

Lead Consultant	115,869
Field Consultants	2,658,146
Supervision Travel	605,860
Total Supervision Budget	3,379,875

Miscellaneous	\$430,950
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Total Expense Budget	\$7,329,282
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Notes:

Supervision Fees includes base weekly fee . bonus and living expenses

Changes in inventory levels, sale term or other factors may affect the above expense budget

*** Number of Days and Number of Weeks is an estimate; No decision to close the Stores subject to this SOW has been made.**

Exhibit C
Merchandise Breakdown

**(Information as previously
provided by Merchant)**

Schedule 1-E

Consulting Agreement: Statement of Work 80

Pier 1 Imports (U.S.), Inc./Gordon Brothers Retail Partners, LLC
Amended and Restated Statement of Work No. 80
As of January 23rd, 2020 (replacing that as of December 16th, 2019)

Reference is made to the Store Closing Program Letter Agreement dated January 28, 2009 between Pier 1 Imports (U.S.), Inc. and Gordon Brothers Retail Partners, LLC (“Letter Agreement”). Capitalized terms used herein and not defined herein shall have the respective meanings assigned to such terms in the Letter Agreement.

The parties hereto agree as follows:

1. This is a “Statement of Work” as contemplated by the Letter Agreement.
2. Attached hereto as Exhibit A is a list of Merchant’s one hundred and one (101) retail stores to be closed pursuant to, and subject to the terms and conditions of, the Letter Agreement and this Statement of Work. Also included on Exhibit A are the respective “Sale Commencement Date(s)” and “Sale Termination Date(s)” with respect to each Store subject to this Statement of Work; provided, however, that (as provided in the Letter Agreement) GBRP may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Stores (on a per Store basis) upon five (5) days prior notice to Merchant.
3. Attached as Exhibit B is the expense budget for the “GBRP’s Controlled Expenses” with respect to the Stores subject to this Statement of Work.
4. Merchant shall pay GBRP an “Incentive Fee” (which, if earned, shall be in addition to the Base Fee) as one of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to this Statement of Work:

Recovery Percentage	GBRP’s Incentive Fee
Below 50.00%	None
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work

The performance hurdles set forth above have been established based upon Merchant’s representation to GBRP that: (i) the composition of the Merchandise shall be consistent with the information summarized on Exhibit C attached hereto; and (ii) from and after the date hereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant’s retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.

For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the

aggregate and not on a per-Store basis (but not with reference to any of Merchant's other stores subject to any other Statement(s) of Work).

5. All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.

6. Concurrently with the execution of, and as a condition to Consultant's obligations under this Statement of Work, Merchant shall fund to Consultant \$750,000.00 (the "Special Purpose Payment") which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Statement of Work prior to the Final Reconciliation). Without limiting any of Consultant's other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.

7. Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant's Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.

Gordon Brothers Retail Partners, LLC

Pier 1 Imports (U.S.), Inc.

By: Sandra Yee
Print Name and Title:
Sandra Yee
Managing Director - Retail

By: 
Print Name and Title: Robert J. Riesbeck
CEO and CFO 

Exhibits:

- A- Stores
- B- GBRP Controlled Expenses
- C- Merchandise Composition

**Pier One
EXHIBIT A**

Store No.	Store	Address	City	State	Zip Code	Sale Start Date	Last day of sales
8	MONTEREY CA	490 LIGHTHOUSE AVE	PACIFIC GROVE	CA	93950	1/10/2020	4/26/2020
45	JACKSONVILLE/ATLANTIC BEACH FL	1071 ATLANTIC BLVD	ATLANTIC BEACH	FL	32233	1/10/2020	4/26/2020
57	OMAHA/DODGE NE	7405 DODGE ST	OMAHA	NE	68114	1/10/2020	4/26/2020
83	ATLANTA/MERCHANTS	1401 JOHNSON FERRY RD SUITE 172	MARIETTA	GA	30062	1/10/2020	4/26/2020
101	HOUMA LA	1556 MARTIN LUTHER KING BLVD	HOUMA	LA	70360	1/10/2020	4/26/2020
136	N ORLEANS/VET HWY LA	8832 VETERANS MEMORIAL HWY	METAIRIE	LA	70003	1/10/2020	4/26/2020
140	LA/RIVERSIDE CA	3784 TYLER STREET	RIVERSIDE	CA	92503	1/10/2020	4/26/2020
184	HOUSTON/COPPERFIELD TX	6815 HWY 6 N	HOUSTON	TX	77084	1/10/2020	4/26/2020
191	LA/HOLLYWOOD CA	5711 HOLLYWOOD BLVD	LOS ANGELES	CA	90028	1/10/2020	4/26/2020
192	DOTHAN/WIREGRASS COMMONS AL	200 BUYERS DR	DOTHAN	AL	36303	1/10/2020	4/26/2020
199	LA/WILSHIRE CA	3000 WILSHIRE BLVD	SANTA MONICA	CA	90403	1/10/2020	4/26/2020
204	HATTIESBURG MS	1000 TURTLE CREEK DR SUITE 4	HATTIESBURG	MS	39402	1/10/2020	4/26/2020
212	WICHITA FALLS TX	4400 KEMP BLVD	WICHITA FALLS	TX	76708	1/10/2020	4/26/2020
239	HOUSTON/VILLAGE TX	2501 RICE BLVD	HOUSTON	TX	77005	1/10/2020	4/26/2020
247	SAN MATEO CA	2003 CHESS DR	SAN MATEO	CA	94404	1/10/2020	4/26/2020
286	BAY AREA/GEARY BLVD CA	3535 GEARY BLVD	SAN FRANCISCO	CA	94118	1/10/2020	4/26/2020
303	KNOXVILLE/KINGSTON TN	8301 KINGSTON PIKE	KNOXVILLE	TN	37919	1/10/2020	4/26/2020
308	PHOENIX/COLONADE AZ	1743 EAST CAMELBACK RD SUITE A-3	PHOENIX	AZ	85016	1/10/2020	4/26/2020
315	TUPELO MS	3836 NORTH GLOSTER ST	TUPELO	MS	38804	1/10/2020	4/26/2020
323	LA/PASADENA CA	422 SOUTH LAKE AVE	PASADENA	CA	91101	1/10/2020	4/26/2020
361	BIRMINGHAM/RIVERCHASE AL	1727 MONTGOMERY HWY RIVERCHASE	HOOVER	AL	35244	1/10/2020	4/26/2020
374	BAY AREA/CUPERTINO	20610 STEVENS CREEK BLVD	CUPERTINO	CA	95014	1/10/2020	4/26/2020
404	ALBANY GA	2620 DAWSON RD	ALBANY	GA	31707	1/10/2020	4/26/2020
414	W LITTLE ROCK AR	724 SOUTH BOWMAN RD	LITTLE ROCK	AR	72211	1/10/2020	4/26/2020
421	CLEARWATER/LARGO FL	2351 101ST STREET	LARGO	FL	33771	1/10/2020	4/26/2020
485	BAY AREA/COLMA CA	101 COLMA BLVD	COLMA	CA	94014	1/10/2020	4/26/2020
503	ATLANTA/DOUGLASVILLE GA	2850 CHAPEL HILL ROAD	DOUGLASVILLE	GA	30135	1/10/2020	4/26/2020
520	VALDOSTA GA	1819 NORMAN DRIVE	VALDOSTA	GA	31601	1/10/2020	4/26/2020
523	ESCONDIDO/ESCONDIDO PROMENADE CA	1272 AUTO PARKWAY SUITE D	ESCONDIDO	CA	92029	1/10/2020	4/26/2020
537	MOBILE AL	3787 AIRPORT BLVD	MOBILE	AL	36608	1/10/2020	4/26/2020
554	PHOENIX/AHWATUKEE AZ	4717 EAST RAY RD	PHOENIX	AZ	85044	1/10/2020	4/26/2020
556	CARBONDALE IL	1401 EAST MAIN ST PO BOX 3636	CARBONDALE	IL	62901	1/10/2020	4/26/2020
567	GAINESVILLE GA	300 PEARL NIX PKWY	GAINESVILLE	GA	30501	1/10/2020	4/26/2020
642	FREMONT CA	39198 FREMONT BLVD. THE HUB	FREMONT	CA	94538	1/10/2020	4/26/2020
657	LA/NORTHBRIDGE CA	8940 TAMPA AVE	NORTHBRIDGE	CA	91324	1/10/2020	4/26/2020
662	AMARILLO TX	8511 WEST INTERSTATE HWY 40	AMARILLO	TX	79121	1/10/2020	4/26/2020
671	TUSCALOOSA AL	1525 SKYLAND BLVD E	TUSCALOOSA	AL	35405	1/10/2020	4/26/2020
675	TAMPA/DALE MABRY FL	16318 NORTH DALE MABRY	TAMPA	FL	33618	1/10/2020	4/26/2020
694	MEMPHIS/GERMANTOWN TN	7730 POPLAR AVE SUITE 7	GERMANTOWN	TN	38138	1/10/2020	4/26/2020
711	MONROE/PECANLAND LA	4681 PECANLAND MALL DR	MONROE	LA	71203	1/10/2020	4/26/2020
781	SANTA MARIA CA	230 EAST BETTERAVIA RD	SANTA MARIA	CA	93455	1/10/2020	4/26/2020
822	LA/SAN CLEMENTE CA	415 EAST AVENIDA PICO SUITE L	SAN CLEMENTE	CA	92672	1/10/2020	4/26/2020
865	LONGVIEW TX	307 WEST LOOP 281	LONGVIEW	TX	75604	1/10/2020	4/26/2020
878	ATLANTA/MARKET SQUARE GA	3795 NORTH DRUID HILLS RD	DECATUR	GA	30033	1/10/2020	4/26/2020
1003	JONESBORO AR	2300 E. HIGHLAND DR. STE A	JONESBORO	AR	72401	1/10/2020	4/26/2020
1034	SAN DIEGO/LA JOLLA CA	8657 VILLA LA JOLLA DR SUITE 221	LA JOLLA	CA	92037	1/10/2020	4/26/2020
1051	NEW ORLEANS/WESTBANK LA	1629 WESTBANK EXPRESSWAY SUITE A	HARVEY	LA	70058	1/10/2020	4/26/2020
1073	ST LOUIS/GALLERIA MO	1805 S BRENTWOOD BLVD	SAINT LOUIS	MO	63144	1/10/2020	4/26/2020
1089	HOUSTON/PASADENA TX	5660 FAIRMONT PKWY	PASADENA	TX	77505	1/10/2020	4/26/2020
1095	SAN ANTONIO/LOOP 1604 & BANDERA POINT TX	11625 BANDERA ROAD	SAN ANTONIO	TX	78250	1/10/2020	4/26/2020
1141	FOLEY AL	2863 S MCKENZIE ST	FOLEY	AL	36535	1/10/2020	4/26/2020
1147	BURLESON TX	1107 N BURLESON BLVD	BURLESON	TX	76028	1/10/2020	4/26/2020
1169	LOS GATOS CA	636 BLOSSOM HILL RD	LOS GATOS	CA	95032	1/10/2020	4/26/2020
1186	NOVATO CA	108 VINTAGE WAY B-1	NOVATO	CA	94945	1/10/2020	4/26/2020
1196	KANSAS CITY/LEES SUMMIT MO	1712 NW CHIPMAN ROAD	LEES SUMMIT	MO	64081	1/10/2020	4/26/2020
1208	LONG BEACH CA	7641 CARSON BLVD	LONG BEACH	CA	90808	1/10/2020	4/26/2020
1214	ATLANTA/CUMBERLAND GA	3101 COBB PARKWAY SE SUITE 100	ATLANTA	GA	30339	1/10/2020	4/26/2020
1217	SANTA ANA CA	763 S MAIN STREET SUITE 150	ORANGE	CA	92686	1/10/2020	4/26/2020
1233	LINCOLN/SOUTH POINTE NE	2950 PINE LAKE ROAD SUITE C	LINCOLN	NE	68516	1/10/2020	4/26/2020
1248	DENTON TX	1800 S LOOP 288 STE. 360	DENTON	TX	76205	1/10/2020	4/26/2020
1265	HOUSTON/PEARLAND TX	3113 SILVERLAKE VILLAGE DR	PEARLAND	TX	77584	1/10/2020	4/26/2020
1279	KANSAS CITY/SHAWNEE KS	15300 SHAWNEE MISSION PARKWAY	SHAWNEE	KS	66217	1/10/2020	4/26/2020
1285	ROME GA	1438 TURNER MCCALL BLVD SW	ROME	GA	30161	1/10/2020	4/26/2020
1291	TAMPA/CITRUS PARK FL	6907 GUNN HWY	TAMPA	FL	33625	1/10/2020	4/26/2020
1292	KANSAS CITY/STATE LINE STATION MO	1011 W 136TH STREET	KANSAS CITY	MO	64145	1/10/2020	4/26/2020
1323	EAST RIVERSIDE CA	2800 CAMPUS PARKWAY SUITE 101	RIVERSIDE	CA	92507	1/10/2020	4/26/2020
1331	KANSAS CITY/LIBERTY MO	8530 N EVANSTON RD	KANSAS CITY	MO	64157	1/10/2020	4/26/2020
1345	ORLANDO/COLONIAL PLAZA FL	2788 E COLONIAL DRIVE	ORLANDO	FL	32803	1/10/2020	4/26/2020
1356	THOUSAND OAKS CA	33 N MOORPARK ROAD SUITE K	THOUSAND OAKS	CA	91360	1/10/2020	4/26/2020
1363	OMAHA/WEST DODGE & 168TH ST NE	17110 DAVENPORT STREET SUITE 114	OMAHA	NE	68118	1/10/2020	4/26/2020
1366	LA/TUSTIN CA	2822 EL CAMINO REAL	TUSTIN	CA	92782	1/10/2020	4/26/2020
1398	GALVESTON TX	6228 BROADWAY STREET SUITE C	GALVESTON	TX	77551	1/10/2020	4/26/2020
1424	TUCSON/BROADWAY AZ	5919 EAST BROADWAY BOULEVARD	TUCSON	AZ	85711	1/10/2020	4/26/2020
1429	ARLINGTON/LINCOLN SQUARE TX	780 ROAD TO SIX FLAGS ST EAST SUITE 262	ARLINGTON	TX	76011	1/10/2020	4/26/2020
1441	FLORIDA KEYS/TAVERNIER FL	91214 OVERSEAS HIGHWAY	TAVERNIER	FL	33070	1/10/2020	4/26/2020
1463	COLLEGE STATION TX	1424 TEXAS AVENUE SOUTH	COLLEGE STATION	TX	77840	1/10/2020	4/26/2020
1500	HOUSTON/MEYERLAND TX	110 MEYERLAND PLAZA MALL	HOUSTON	TX	77096	1/10/2020	4/26/2020
1506	POMPANO BEACH FL	1981 NORTH FEDERAL HWY	POMPANO BEACH	FL	33062	1/10/2020	4/26/2020
1509	GEORGETOWN TX	1019 WEST UNIVERSITY AVE. SUITE 800	GEORGETOWN	TX	78628	1/10/2020	4/26/2020
1553	EUREKA CA	3300 BROADWAY STREET SUITE 622	EUREKA	CA	95501	1/10/2020	4/26/2020
1558	SD/EASTLAKE CA	878 EASTLAKE PARKWAY SUITE 1110	CHULA VISTA	CA	91914	1/10/2020	4/26/2020
1565	PHOENIX/LAKE PLEASANT AZ	10092 WEST HAPPY VALLEY ROAD	PEORIA	AZ	85383	1/10/2020	4/26/2020
1570	MISSION VIEJO CA	28371 MARGUERITE PARKWAY	MISSION VIEJO	CA	92692	1/10/2020	4/26/2020
1585	REDWOOD CITY CA	1087 EL CAMINO REAL UNIT E	REDWOOD CITY	CA	94063	1/10/2020	4/26/2020
1595	GOLETA CA	6996 MARKETPLACE DR	GOLETA	CA	93117	1/10/2020	4/26/2020
1597	ARROYO GRANDE CA	901 RANCHO PKWY	ARROYO GRANDE	CA	93420	1/10/2020	4/26/2020
1601	WALNUT CREEK CA	1902 MT DIABLO BLVD	WALNUT CREEK	CA	94596	1/10/2020	4/26/2020
1604	PAPILLION NE	7809 TOWNE CENTER PKWY SUITE 115	PAPILLION	NE	68046	1/10/2020	4/26/2020
1605	SAN RAFAEL CA	409 3RD STREET	SAN RAFAEL	CA	94901	1/10/2020	4/26/2020
1606	NAPA CA	3900 DEL AIRE PLZ. STE A	NAPA	CA	94558	1/10/2020	4/26/2020
1610	SHOPPES AT THE COLUMNS/JACKSON TN	1241 VANN DR	JACKSON	TN	38305	1/10/2020	4/26/2020
1618	BRANSON MO	1041 BRANSON HILLS PKWY	BRANSON	MO	65616	1/10/2020	4/26/2020

**Pier One
EXHIBIT A**

Store No.	Store	Address	City	State	Zip Code	Sale Start Date	Last day of sales
1632	EL PASO TX	8889 GATEWAY BLVD W STE 570	EL PASO	TX	79925	1/10/2020	4/26/2020
1643	LEWISVILLE TX	500 E ROUND GROVE RD. SUITE 101	LEWISVILLE	TX	75067	1/10/2020	4/26/2020
1645	ACADIAN VILLAGE/BATON ROUGE LA	3535 PERKINS RD. STE. 300	BATON ROUGE	LA	70808	1/10/2020	4/26/2020
1648	CHANDLER AZ	2600 W. CHANDLER BLVD. STE 12	CHANDLER	AZ	85224	1/10/2020	4/26/2020
1677	MACON/SHOPPES AT RIVER CROSSING GA	5080 RIVERSIDE DR STE 602	MACON	GA	31210	1/10/2020	4/26/2020
1682	SLIDELL/FREMAUX TOWN CENTER LA	690 TOWN CENTER PKWY	SLIDELL	LA	70458	1/10/2020	4/26/2020
1528	TAUNTON MA	9 MOZZONE BOULEVARD	TAUNTON	MA	02780-6965	12/13/2019	1/29/2020
659	SAGINAW MI	2508 TITABAWASSEE RD	SAGINAW	MI	48604-9477	1/24/2020	3/29/2020
1360	TORRANCE CA	23000 HAWTHORNE BLVD.	TORRANCE	CA	90505-3703	1/24/2020	4/26/2020

Exhibit B
101 Store
Budget of GBRP's Controlled Expenses

Number of Stores	101
Sale Commencement	10-Jan-20
Sale End Date	26-Apr-20
Number of Days	108
Number of Weeks	15.4

Total Dollars

Advertising Budget

Signs and Banners	\$431,300
Signwalkers	\$1,404,396
Total Advertising	\$1,835,696

Supervision

Lead Consultant	0
Field Consultants	1,149,270
Supervision Travel	290,116
Total Supervision Budget	1,439,385

Miscellaneous	\$0
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Total Expense Budget	\$3,275,081
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Notes:

Supervision Fees includes base weekly fee , bonus and living expenses

Changes in inventory levels, sale term or other factors may affect the above expense budget

Exhibit C
Merchandise Breakdown

**(Information as previously
provided by Merchant)**

Schedule 1-F

Consulting Agreement: Statement of Work 81

Pier 1 Imports (U.S.), Inc./Gordon Brothers Retail Partners, LLC
Statement of Work No. 81
As of February 17, 2020

Reference is made to the Store Closing Program Letter Agreement dated January 28, 2009 between Pier 1 Imports (U.S.), Inc. and Gordon Brothers Retail Partners, LLC (“Letter Agreement”). Capitalized terms used herein and not defined herein shall have the respective meanings assigned to such terms in the Letter Agreement.

The parties hereto agree as follows:

1. This is a “Statement of Work” as contemplated by the Letter Agreement.
2. Attached hereto as Exhibit A is a list of Merchant’s fifty-seven (57) retail stores to be closed pursuant to, and subject to the terms and conditions of, the Letter Agreement and this Statement of Work. Also included on Exhibit A are the respective “Sale Commencement Date(s)” and “Sale Termination Date(s)” with respect to each Store subject to this Statement of Work; provided, however, that (as provided in the Letter Agreement) GBRP may from time to time establish an earlier “Sale Termination Date” with respect to any one or more Stores (on a per Store basis) upon five (5) days prior notice to Merchant.
3. Attached as Exhibit B is the expense budget for the “GBRP’s Controlled Expenses” with respect to the Stores subject to this Statement of Work.
4. Merchant shall pay GBRP an “Incentive Fee” (which, if earned, shall be in addition to the Base Fee) as one of the following (e.g., back to the first dollar), based upon the applicable Recovery Percentage relating to the Sale at the Stores subject to this Statement of Work:

Recovery Percentage	GBRP’s Incentive Fee
Below 50.00%	None
50.00% - 51.99%	0.25% of the Retail Value of the Merchandise
52.00% - 53.99%	0.75% of the Retail Value of the Merchandise
54.00% and Above	1.00% of the Retail Value of the Merchandise; plus an amount equal to \$500 per Store subject to this Statement of Work

The performance hurdles set forth above have been established based upon Merchant’s representation to GBRP that: (i) the composition of the Merchandise shall be consistent with the information summarized on Exhibit C attached hereto; and (ii) from and after the date hereof and through the Sale Commencement Date, (y) the Stores will be (and have been) operated in the ordinary course consistent with historic practices (including without limitation with respect to replenishment, transfers of merchandise and FF&E in and out, PLU file administration, store hours, and promotion/advertising), and (z) there shall be no increases or decreases to the Merchant’s retail prices of any items of Merchandise outside of the ordinary course of business consistent with historic periods.

For the avoidance of doubt, the Gross Proceeds and Retail Value of Merchandise calculations shall be made with reference to the Sale at the Stores subject to this Statement of Work in the

aggregate and not on a per-Store basis (but not with reference to any of Merchant's other stores subject to any other Statement(s) of Work).

5. All other terms and conditions of the Letter Agreement are hereby affirmed and incorporated into this Statement of Work.

6. Notwithstanding anything to the contrary in the Agreement, Consultant will advance funds for the Consultant's Controlled Expenses, and Merchant shall reimburse Consultant weekly therefor (up to the aggregate budgeted amount) in connection with a weekly reconciliation upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement.

Gordon Brothers Retail Partners, LLC

Pier 1 Imports (U.S.), Inc.

By: Sandra Yee
Print Name and Title:
Sandra Yee
Managing Director - Retail

By: [Signature]
Print Name and Title: Robert J. Riesbeck
CEO and CFO

Exhibits:

- A- Stores
- B- GBRP Controlled Expenses
- C- Merchandise Composition

**Pier One
EXHIBIT A**

Store No.	Store	Address	City	State	Zip Code	Country	Sale Start Date	Last day of sales
145	LONDON/MASONVILLE ON	94 FANSHAWE PK RD E	LONDON	ON	N5X 4C5	CANADA	2/21/2020	3/29/2020
171	OTTAWA/MERIVALE RD ON	1595 MERIVALE ROAD	OTTAWA	ON	K2G 3J4	CANADA	2/21/2020	3/29/2020
241	TORONTO/AJAX ON	90 KINGSTON RD E UNIT 2	AJAX	ON	L1Z 1G1	CANADA	2/21/2020	3/29/2020
336	VANCOUVER/W BROADWAY BC	1702 WEST BROADWAY	VANCOUVER	BC	V6J 1Y1	CANADA	2/21/2020	3/29/2020
377	TORONTO/HEARTLAND ON	5980 MCLAUGHLIN RD UNIT 1	MISSISSAUGA	ON	L5R 3X9	CANADA	2/21/2020	3/29/2020
500	TORONTO/BRAMPTON ON	200 GREAT LAKES DRIVE UNIT #142	BRAMPTON	ON	L6R 2K7	CANADA	2/21/2020	3/29/2020
505	CALGARY/BRENTWOOD VILLAGE AB	3630 BRENTWOOD RD NW #700	CALGARY	AB	T2L 1K8	CANADA	2/21/2020	3/29/2020
522	TORONTO/ERIN MILLS ON	2501 HAMPSHIRE GATE #1	OAKVILLE	ON	L6H 6C8	CANADA	2/21/2020	3/29/2020
524	WATERLOO ON	564 KING STREET NORTH	WATERLOO	ON	N2L 6L3	CANADA	2/21/2020	3/29/2020
529	CALGARY/SIGNAL HILL AB	5506 SIGNAL HILL CENTER	CALGARY	AB	T3K 3P8	CANADA	2/21/2020	3/29/2020
546	PEN CENTRE/NIAGARA ON	221 GLENDALE AVE. #601	ST. CATHARINES	ON	L2T 2K9	CANADA	2/21/2020	3/29/2020
630	TORONTO/NEWMARKET ON	17440 YONGE ST	NEWMARKET	ON	L3Y 6Y9	CANADA	2/21/2020	3/29/2020
661	TORONTO/E YORK ON	815 EGLINTON AVE E	NEW YORK	ON	M4G 4G9	CANADA	2/21/2020	3/29/2020
738	TORONTO/WOODBRIDGE ON	3900 HWY 7 UNIT 4	WOODBRIDGE	ON	L4L 1A6	CANADA	2/21/2020	3/29/2020
827	OTTAWA/ST LAURENT ON	1163 ST LAURENT BLVD	OTTAWA	ON	K1K 3B7	CANADA	2/21/2020	3/29/2020
896	BARRIE ON	70 BARRIE VIEW DR	BARRIE	ON	L4N 8V4	CANADA	2/21/2020	3/29/2020
1001	S EDMONTON AB	1910 99 STREET NW SOUTH EDMONTON COMMON	EDMONTON	AB	T6N 1K9	CANADA	2/21/2020	3/29/2020
1064	KINGSTON ON	646 GARDINERS RD #15	KINGSTON	ON	K7M 3X9	CANADA	2/21/2020	3/29/2020
1078	VANCOUVER/RICHMOND BC	9771 BRIDGEPORT RD	RICHMOND	BC	V6X 1S3	CANADA	2/21/2020	3/29/2020
1097	KAMLOOPS BC	1055 HILLSIDE DR	KAMLOOPS	BC	V2E 2S5	CANADA	2/21/2020	3/29/2020
1102	VANCOUVER/WHITE ROCK BC	3091 152ND STREET UNIT 360	SURREY	BC	V4P 3K1	CANADA	2/21/2020	3/29/2020
1103	ABBOTSFORD BC	32720 S FRASER WAY	ABBOTSFORD	BC	V2T 4M5	CANADA	2/21/2020	3/29/2020
1119	EDMONTON/SKYVIEW AB	13530 137TH AVENUE NW	EDMONTON	AB	T5L 5E9	CANADA	2/21/2020	3/29/2020
1122	WEST EDMONTON AB	17515 STONY PLAIN RD NW	EDMONTON	AB	T5S 2S1	CANADA	2/21/2020	3/29/2020
1125	TORONTO/BURLINGTON ON	3230 FAIRVIEW STREET UNIT 2	BURLINGTON	ON	L7N 3H5	CANADA	2/21/2020	3/29/2020
1154	VANCOUVER/NORTH SHORE BC	1595 MARINE DRIVE	NORTH VANCOUVER	BC	V7P 1T8	CANADA	2/21/2020	3/29/2020
1168	WINDSOR ON	4315 WALKER ROAD	WINDSOR	ON	N8W 3T6	CANADA	2/21/2020	3/29/2020
1175	TORONTO/MARKHAM ON	3135 HIGHWAY 7	MARKHAM	ON	L3R 0T9	CANADA	2/21/2020	3/29/2020
1188	OTTAWA/KANATA ON	501 EARL GREY DRIVE	KANATA	ON	K2T 1K4	CANADA	2/21/2020	3/29/2020
1191	MONCTON NB	185 TRINITY DR	MONCTON	NB	E1G 2J7	CANADA	2/21/2020	3/29/2020
1197	HALIFAX NS	7010 MUMFORD ROAD UNIT B4-2	HALIFAX	NS	B3L 4W7	CANADA	2/21/2020	3/29/2020
1206	REGINA SK	2030 PRINCE OF WALES DRIVE BUILDING H	REGINA	SK	S4V 3A6	CANADA	2/21/2020	3/29/2020
1210	RED DEER AB	2004-50TH AVE UNIT 189	RED DEER	AB	T4R 3A2	CANADA	2/21/2020	3/29/2020
1216	TORONTO/WINSTON CHURCHILL & 401 ON	3135 ARGENTIA RD #4	MISSISSAUGA	ON	L5N 8E1	CANADA	2/21/2020	3/29/2020
1229	SASKATOON SK	121-1715 PRESTON AVENUE NORTH	SASKATOON	SK	S711 2V7	CANADA	2/21/2020	3/29/2020
1268	EDMONTON/SHERWOOD PARK AB	2020 SHERWOOD DRIVE UNIT 12	SHERWOOD PARK	AB	T8A 3H9	CANADA	2/21/2020	3/29/2020
1269	CALGARY/SUNRIDGE AB	3221 SUNRIDGE WAY SUITE 700	CALGARY	AB	T1Y 7M4	CANADA	2/21/2020	3/29/2020
1272	NANAIMO BC	6660 MARY ELLEN DR	NANAIMO	BC	V9V 1T7	CANADA	2/21/2020	3/29/2020
1283	HAMILTON/ANCASTER ON	737 GOLF LINKS RD UNIT 6	ANCASTER	ON	L9K 1L5	CANADA	2/21/2020	3/29/2020
1288	VANCOUVER/COQUITLAM BC	2755 LOUGHEED HWY UNIT 8	PORT COQUITLAM	BC	V3B 5Y9	CANADA	2/21/2020	3/29/2020
1344	KELOWNA BC	1500 BANKS ROAD UNIT # 502	KELOWNA	BC	V1X 7Y1	CANADA	2/21/2020	3/29/2020
1348	TORONTO/WHITBY ON	1635 VICTORIA STREET EAST	WHITBY	ON	L1N 9W4	CANADA	2/21/2020	3/29/2020
1382	LONDON/WHITE OAKS ON	1230 WELLINGTON RD UNIT 101	LONDON	ON	N6E 1M3	CANADA	2/21/2020	3/29/2020
1388	KITCHENER/FAIRVIEW ON	655 FAIRWAY RD S BLDG C	KITCHENER	ON	N2C 1X4	CANADA	2/21/2020	3/29/2020
1394	ST JOHNS NL	56 ABERDEEN AVENUE	ST JOHN'S	NL	A1A 5T3	CANADA	2/21/2020	3/29/2020
1414	TORONTO/RICHMOND HILL ON	8825 YONGE STREET UNIT A1	RICHMOND HILL	ON	L4C 6Z1	CANADA	2/21/2020	3/29/2020
1437	THUNDER BAY ON	389 MAIN STREET UNIT B 2	THUNDER BAY	ON	P7B 5L6	CANADA	2/21/2020	3/29/2020
1440	CALGARY/DEERFOOT MEADOWS AB	8180 11TH STREET SE STE 700	CALGARY	AB	T2H 3B5	CANADA	2/21/2020	3/29/2020
1504	LETHBRIDGE AB	745 1ST AVENUE SOUTH	LETHBRIDGE	AB	T1J 5A4	CANADA	2/21/2020	3/29/2020
1543	VANCOUVER/PITT MEADOWS BC	940-19800 LOUGHEED HWY	PITT MEADOWS	BC	V3Y 2W1	CANADA	2/21/2020	3/29/2020
1556	VICTORIA/LANGFORD BC	117-2401 C MILLSTREAM ROAD	VICTORIA	BC	V9B 3R5	CANADA	2/21/2020	3/29/2020
1574	OTTAWA/BARRHAVEN ON	3161 GREENBANK ROAD UNIT 1	OTTAWA	ON	K2J 4H9	CANADA	2/21/2020	3/29/2020
1579	DARTMOUTH NS	205 HECTOR GATE	DARTMOUTH	NS	B3B 0E5	CANADA	2/21/2020	3/29/2020
1615	GRANDE PRAIRIE AB	105-11517 WESTGATE DRIVE	GRANDE PRAIRIE	AB	T8V 3B1	CANADA	2/21/2020	3/29/2020
1640	TORONTO/STOCKYARDS ON	30 WESTON ROAD UNIT 209	TORONTO	ON	M6N 0A7	CANADA	2/21/2020	3/29/2020
1679	TORONTO/SHERWAY GARDENS ON	170 NORTH QUEEN ST UNIT D	TORONTO	ON	M9C 1A7	CANADA	2/21/2020	3/29/2020
1450	VISALIA/CA	4018 SOUTH MOONEY BOULEVARD	VISALIA	CA	93277	USA	2/14/2020	2/29/2020

Exhibit B
57 Store
Budget of GBRP's Controlled Expenses

Number of Stores	57
Sale Commencement	21-Feb-20
Sale End Date	29-Mar-20
Number of Days	38
Number of Weeks	5.4

Total Dollars

Advertising Budget

Signs and Banners	\$114,000
Signwalkers	\$283,800
Total Advertising	\$397,800

Supervision

Lead Consultant	0
Field Consultants	262,066
Supervision Travel	72,334
Total Supervision Budget	334,400

Miscellaneous	\$26,000
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Total Expense Budget	\$758,200
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Notes:

Supervision Fees includes base weekly fee , bonus and living expenses

Changes in inventory levels, sale term or other factors may affect the above expense budget

Exhibit C
Merchandise Breakdown

**(Information as previously
provided by Merchant)**

Schedule 2-A

U.S. Sale Guidelines

Sale Guidelines¹

1. The Sales shall be conducted so that the Closing Stores in which sales are to occur will remain open no longer than during the normal hours of operation or such hours as otherwise provided for in the respective leases for the Closing Stores.
2. The Sales shall be conducted in accordance with applicable state and local “Blue Laws”, where applicable, so that no Sale shall be conducted on Sunday unless the Merchant had been operating such Closing Store on a Sunday prior to the commencement of the Sales.
3. On “shopping center” property, the Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any Closing Stores’ premises, unless permitted by the lease or, if distribution is customary in the “shopping center” in which such Closing Store is located; *provided* that the Consultant may solicit customers in the Closing Stores themselves. On “shopping center” property, the Consultant shall not use any flashing lights or amplified sound to advertise the Sales or solicit customers, except as permitted under the applicable lease or agreed to by the landlord.
4. At the conclusion of the Sale, the Consultant shall vacate the Closing Stores in broom clean condition; *provided* that Consultant may abandon any furniture, fixtures and equipment (including, but not limited to, machinery, rolling stock, office equipment and personal property, and conveyor systems and racking) (“FF&E”) not sold in the Sales at the conclusion of the Sales (the “Termination Date”), without cost or liability of any kind to the Consultant. The Consultant shall notify the Merchant of its intention to abandon any FF&E at least two (2) days prior to the Termination Date. The Merchant will have the option to remove the FF&E, at its own cost prior to the Termination Date. Any abandoned FF&E left in a Closing Store after a lease is rejected shall be deemed abandoned to the landlord having a right to dispose of the same as the landlord chooses without any liability whatsoever on the part of the landlord to any party and without waiver of any damage claims against the Merchant. For the avoidance of doubt, as of the Termination Date, the Consultant may abandon, in place and without further responsibility or liability of any kind, any FF&E.
5. The Consultant may advertise the Sales as “store closing”, “sale on everything”, “everything must go”, “everything on sale” or similar-themed sales. The Consultant may also have a “countdown to closing” sign prominently displayed in a manner consistent with these Sale Guidelines. All signs, banners, ads and other advertising material, promotions, and campaigns will be approved by the Merchant, prior to purchase, in accordance with these Sale Guidelines.
6. The Consultant shall be permitted to utilize sign walkers, display, hanging signs, and interior banners in connection with the Sales; *provided* that such sign walkers, display, hanging signs, and interior banners shall be professionally produced and hung in a professional manner. The Merchant and Consultant shall not use neon or day-glo on its

¹ Capitalized terms used but not defined in these Sale Guidelines have the meanings given to them in the Motion.

sign walkers, display, hanging signs, or interior banners. Furthermore, with respect to enclosed mall locations, no exterior signs or signs in common areas of a mall shall be used unless otherwise expressly permitted in these Sale Guidelines. In addition, the Merchant and Consultant shall be permitted to utilize exterior banners at (i) non-enclosed mall Closing Stores and (ii) enclosed mall Closing Stores to the extent the entrance to the applicable Closing Store does not require entry into the enclosed mall common area; *provided*, however, that such banners shall be located or hung so as to make clear that the Sales are being conducted only at the affected Closing Store, and shall not be wider than the storefront of the Closing Store. In addition, the Merchant and Consultant shall be permitted to utilize sign walkers in a safe and professional manner and in accordance with the terms of the Order. Nothing contained in these Sale Guidelines shall be construed to create or impose upon the Consultant any additional restrictions not contained in the applicable lease agreement.

7. Conspicuous signs shall be posted in the cash register areas of each of the affected Closing Stores to effect that “all sales are final.”
8. Except with respect to the hanging of exterior banners, the Consultant shall not make any alterations to the storefront or exterior walls of any Closing Stores, except as authorized by the applicable lease.
9. The Consultant shall not make any alterations to interior or exterior Closing Store lighting, except as authorized by the applicable lease. No property of the landlord of a Closing Store shall be removed or sold during the Sales. The hanging of exterior banners or in-Closing Store signage and banners shall not constitute an alteration to a Closing Store.
10. The Consultant shall keep Closing Store premises and surrounding areas clear and orderly consistent with present practices.
11. The Consultant, at the direction of the Debtors, and the landlord of any Store are authorized to enter into Side Letters without further order of the Court, provided that such agreements do not have a material adverse effect on the Debtors or their estates.
12. Subject to the provisions of the Consulting Agreement, the Consultant shall have the right to use and sell all FF&E owned by the Merchant (the “Owned FF&E”), approved by the Merchant. The Consultant may advertise the sale of the Owned FF&E in a manner consistent with these guidelines. The purchasers of any Owned FF&E sold during the sale shall be permitted to remove the Owned FF&E either through the back or alternative shipping areas at any time, or through other areas after applicable business hours, *provided, however* that the foregoing shall not apply to *de minimis* FF&E sales made whereby the item can be carried out of the Closing Store in a shopping bag. For the avoidance of doubt, as of the Sale Termination Date, the Consultant may abandon, in place and without further responsibility, any FF&E.
13. At the conclusion of the Sales at each Closing Store, pending assumption or rejection of applicable leases, the landlords of the Closing Stores shall have reasonable access to the Closing Stores’ premises as set forth in the applicable leases. The Merchant, Consultant

and their agents and representatives shall continue to have access to the Closing Stores as provided for in the Consulting Agreement.

14. The rights of landlords against Merchant for any damages to a Closing Store shall be reserved in accordance with the provisions of the applicable lease.
15. If and to the extent that the landlord of any Closing Store affected hereby contends that the Merchant or Consultant is in breach of or default under these Sale Guidelines, such landlord shall email or deliver written notice by overnight delivery on the Merchant and Consultant as follows:

If to Gordon Brothers:

Gordon Brothers Retail Partners, LLC
Prudential Tower
800 Boylston Street
27th Floor
Boston, MA 02199
Attn: Mackenzie Shea
Email: mshea@gordonbrothers.com

- and -

Riemer Braunstein LLP
7 Times Square
Suite 2506
New York, New York 10036
Attn: Steven Fox
Email: SFox@riemerlaw.com

If to Merchant:

Pier 1 Imports, Inc.
100 Pier 1 Place
Fort Worth, Texas 76102
Attention: Legal Department
Facsimile:

with copies (which shall not constitute notice) to:

Kutak Rock LLP
901 East Byrd Street, Suite 1000
Richmond, Virginia 23219-4071
Attention: Michael A. Condyles, Peter J. Barrett, and Jeremy S. Williams
Email: Michael.Condyles@KutakRock.com
Peter.Barrett@KutakRock.com

Jeremy.Williams@KutakRock.com
Brian.Richardson@KutakRock.com

- and -

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains
Email: joshua.sussberg@kirkland.com
emily.geier@kirkland.com
annelyse.gains@kirkland.com

- and -

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60654
Attention: Joshua M. Altman
E-mail: josh.altman@kirkland.com

Schedule 2-B

Canada Sale Guidelines

Canadian Sale Guidelines

The following procedures shall apply to any Sales to be held at the Debtors' Canadian retail stores (the "Stores"). Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the Motion.

1. Except as otherwise expressly set out herein, and subject to: (i) the Interim Order and Final Order of the Bankruptcy Court made in the cases commenced by the Debtors under the Bankruptcy Code (the "Chapter 11 Cases") authorizing, among other things, the Debtors to assume that certain Store Closing Program Agreement dated as of January 28, 2009, as amended and restated by that certain letter dated June 6, 2016, and further detailed by the Statements of Work Letters dated as of November 27, 2019, December 16, 2019, as amended and restated on January 23, 2020, and February 17, 2020, by and between Pier 1 Imports (U.S.), Inc. (the "Merchant") and Gordon Brothers Retail Partners, LLC (the "Consultant") (collectively, the "Consulting Agreement") and the transactions contemplated thereunder (collectively, the Interim Order and the Final Order, the "US Store Closing Order"); or (ii) the Orders of the Canadian Court recognizing and giving full force and effect to the US Store Closing Order in Canada, subject to the terms of such Orders, pursuant to section 49 of the CCAA (such recognition proceedings under the CCAA, the "CCAA Proceedings"); or (iii) further Order of the Canadian Court or recognition of a further Order of the Bankruptcy Court by the Canadian Court, as applicable; or (iv) any subsequent written agreement or Side Letter between any applicable Debtor and/or the Consultant, at the direction of the Debtors, and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements for each of the affected Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon the Debtors or the Consultant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the applicable premises vacate date for each Store under the Consulting Agreement (the "Vacate Date"), and in all cases no later than March 31, 2020, unless otherwise agreed by the applicable Landlord. Rent payable under the respective Leases shall be paid as required pursuant to the Chapter 11 Cases.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws, unless otherwise ordered by the Canadian Court in the CCAA Proceedings.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the

Leases, the Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale, it being understood that the French equivalent of “clearance” is “liquidation” and is permitted to be used). Forthwith upon request, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflict with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Merchant, the Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Canadian Court or recognition of a further Order of the Bankruptcy Court by the Canadian Court, as applicable, which may be sought on an expedited basis on notice to the applicable Landlord(s). Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant. The Consultant shall not utilize any commercial trucks to advertise the Sale on the Landlord’s property or mall ring roads.

5. The Consultant shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise in the Sale; provided that (a) the additional merchandise is currently in the possession of the Debtors (including in any distribution centres owned or leased by the Debtors) or has previously been ordered by or on behalf of the Debtors and is currently in transit to the Debtors; and (b) the additional merchandise of the Debtors is of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable Leases.

7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are “final” and customers with any questions or complaints are to call the Merchant’s hotline number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale in each Store, the Consultant and the Merchant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than the Pier 1 FF&E (as defined below) for clarity) may be removed without the Landlord’s written consent unless otherwise provided by the applicable Lease and in accordance with the US Store Closing Order and any other Orders of the Canadian Court in the CCAA Proceedings. Any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been rejected by the applicable Debtor shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from the Consultant’s obligations under the Consulting Agreement.
10. Subject to the terms of paragraph 9 above, the Consultant shall have the right to sell furniture, fixtures and equipment owned by the Debtors (“Pier 1 FF&E”) and located in the Stores during the Sale. For greater certainty, Pier 1 FF&E does not include any portion of the Stores’ HVAC, sprinkler, fire suppression, or fire alarm systems. The Merchant and the Consultant may advertise the sale of Pier 1 FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any Pier 1 FF&E sold during the Sale shall only be permitted to remove the Pier 1 FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the Pier 1 FF&E can fit in a shopping bag, with Landlord’s supervision as required by the Landlord and in accordance with the US Store Closing Order and any other Orders of the Canadian Court in the CCAA Proceedings. The Consultant shall repair any damage to the Stores resulting from the removal of any Pier 1 FF&E by Consultant or by third party purchasers of Pier 1 FF&E from Consultant.

11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Debtors hereby provide notice to the Landlords of the Debtors' and the Consultant's intention to sell and remove Pier 1 FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel and with any other Landlord that so requests, a walk-through with the Consultant to identify the Pier 1 FF&E subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any Pier 1 FF&E under the provisions of the Lease, such Pier 1 FF&E shall remain on the premises and shall be dealt with as agreed between the applicable Debtor, the Consultant and such Landlord, or by further Order of the Canadian Court or recognition of a further Order of the Bankruptcy Court by the Canadian Court, as applicable, upon application by the Debtors on at least two (2) days' notice to such Landlord and any Information Officer appointed by the Canadian Court. If the Debtors have rejected the Lease governing such Store in accordance with an Order of the Bankruptcy Court, they shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in any Order of the Bankruptcy Court), and the rejection of the Lease shall be without prejudice to the Debtors' or the Consultant's claim to the Pier 1 FF&E in dispute.
13. If a notice of rejection is delivered pursuant to an Order of the Bankruptcy Court to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the rejection, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtors, any Information Officer appointed by the Canadian Court and the Consultant 24 hours' prior written notice; and (b) at the effective time of the rejection, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the applicable Debtor in respect of such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. The Consultant and its agents and representatives shall have the same access rights to the Stores as the applicable Debtor under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. The Merchant and the Consultant shall not conduct any auctions of Merchandise or Pier 1 FF&E at any of the Stores.

16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Consultant shall be Jane Dietrich of Cassels Brock & Blackwell LLP who may be reached by phone at 416-860-5223 or email at jdietrich@casselsbrock.com. If the parties are unable to resolve the dispute between themselves, the Landlord or the Debtors shall have the right to schedule a “status hearing” before the Bankruptcy Court or the Canadian Court, as applicable, on no less than two (2) days’ written notice to the other party or parties, during which time the Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Bankruptcy Court or the Canadian Court, as applicable; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Consultant, the applicable Debtor(s) and the applicable Landlord.

Exhibit B

Proposed Final Order

Debtors to assume the Consulting Agreement, (b) authorizing and approving the continuation or initiation of the Store Closings in accordance with the terms of the Consulting Agreement and the Sale Guidelines, with such sales to be free and clear of all liens, claims, and encumbrances, (c) authorizing the Debtors to conduct Store Closings with respect to the Additional Closing Stores at a later date or dates, (d) authorizing customary bonuses to non-insider Closing Store employees who remain employed for the duration of the store closing process, and (e) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference from the United States District Court for the Eastern District of Virginia*, dated August 15, 1984; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is hereby:

FOUND AND DETERMINED THAT:³

A. The Debtors have advanced sound business reasons for assuming the Consulting Agreement and adopting the Sale Guidelines, as set forth in the Motion and at the Hearing, and assuming the Consulting Agreement is a reasonable exercise of the Debtors' business judgement and in the best interest of the Debtors and their estates.

B. The Consulting Agreement, a copy of which is attached to this Final Order as **Schedule 1**, was negotiated, proposed, and entered into by the Consultant and the Debtors without collusion, in good faith and from arm's length bargaining positions.

C. The assumption of the Consulting Agreement is a sound exercise of the Debtors' business judgment.

D. The Sale Guidelines, which are attached hereto as **Schedule 2**, are reasonable and appropriate, and the conduct of the Sales in accordance with the Sale Guidelines will provide an efficient means for the Debtors to dispose of the Store Closure Assets, and are in the best interest of the Debtors' estates.

E. The Store Closings and Sales are in the best interest of the Debtors' estates.

F. The Dispute Resolution Procedures are fair and reasonable, and comply with applicable law.

G. The Debtors have represented that they intend to neither sell nor lease personally identifiable information pursuant to the relief requested in the Motion, although the Consultant will be authorized to distribute emails and promotional materials to the Debtors' customers consistent with the Debtors' existing policies on the use of consumer information.

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact where appropriate. *See* Fed. R. Bankr. P. 7052.

H. The entry of this Final Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein; and now therefore it is hereby

ORDERED THAT:

1. The Motion is granted on a final basis as set forth in this Final Order.
2. The Debtors are authorized and empowered to take any and all further actions as may be reasonably necessary or appropriate to give effect to this Final Order.
3. The Debtors are authorized, but not directed, to make payments under the Store Closing Bonus Plan, as may be amended and modified from time to time.
4. To the extent of any conflict between this Final Order, the Sale Guidelines, and the Consulting Agreement, the terms of this Final Order shall control over all other documents and the Sale Guidelines shall control over the Consulting Agreement.

I. Authority to Assume the Consulting Agreement.

5. The assumption of the Consulting Agreement by the Debtors pursuant to section 365 of the Bankruptcy Code is approved. The Debtors are authorized to act and perform in accordance with the terms of the Consulting Agreement, including making payments required by the Consulting Agreement, including fees and reimbursement of expenses to the Consultant without the need for any application of the Consultant or a further order of this Court. All such payments of fees and reimbursement of expenses shall be free and clear of any and all encumbrances.

6. Subject to the restrictions set forth in this Final Order and the Sale Guidelines, the Debtors and the Consultant are hereby authorized to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the Sales, and each of the transactions contemplated by the Consulting Agreement, and any actions taken by the Debtors and the

Consultant necessary or desirable to implement the Consulting Agreement and/or the Sales prior to the date of this Final Order, are hereby approved and ratified.

7. The Consulting Agreement and related documents may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of this Court. The Debtors are hereby authorized to enter into additional Statements of Work in connection with any Additional Closing Stores on terms materially consistent with the Debtors' historic practices.

8. Notwithstanding anything contrary in the Consulting Agreement, the Debtors and their estates shall not indemnify the Consultant for any damages arising primarily out of the Consultant's fraud, willful misconduct, or gross negligence.

II. Authority to Engage in Sales and Conduct Store Closings.

9. The Debtors are authorized, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, to continue the Sales at the Closing Stores in accordance with this Final Order, the Sale Guidelines, and the Consulting Agreement, as may be modified by any Side Letters (as defined below) between the Debtors and/or the Consultant and the landlords at the Closing Stores.

10. The Sale Guidelines are approved in their entirety on a final basis.

11. The Debtors are authorized to discontinue operations at the Closing Stores in accordance with this Final Order and the Sale Guidelines.

12. All entities that are presently in possession of some or all of the Merchandise or FF&E in which the Debtors hold an interest that are or may be subject to the Consulting Agreement or this Final Order hereby are directed to surrender possession of such Merchandise or FF&E to the Debtors or the Consultant.

13. Neither the Debtors nor the Consultant nor any of their officers, employees, or agents shall be required to obtain the approval of any third party, including (without limitation)

any Governmental Unit (as defined under section 101(27) of the Bankruptcy Code) or landlord, to conduct the Sales and Store Closings and to take the related actions authorized herein.

III. Conduct of the Sales.

14. All newspapers and other advertising media in which the Sales and Store Closings may be advertised and all landlords are directed to accept this Final Order as binding authority so as to authorize the Debtors and the Consultant to conduct the Sales and Store Closings pursuant to the Consulting Agreement, including, without limitation, to conduct and advertise the sale of the Merchandise and FF&E in the manner contemplated by and in accordance with this Final Order, the Sale Guidelines, and the Consulting Agreement.

15. The Debtors and Consultant are hereby authorized to take such actions as may be necessary and appropriate to implement the Consulting Agreement and to conduct the Sales and Store Closings without necessity of further order of this Court as provided in the Consulting Agreement and the Sale Guidelines (subject to any Side Letters), including, but not limited to, advertising the sale as a “store closing sale”, “sale on everything”, “everything must go”, or similar-themed sales as contemplated in the Sale Guidelines through the posting of signs (including the use of exterior banners at non-enclosed mall closing locations, and at enclosed mall closing locations to the extent the applicable closing location entrance does not require entry into the enclosed mall common area), use of signwalkers, A-frames, and other street signage, as contemplated in the Sale Guidelines.

16. Except as expressly provided in the Consulting Agreement and the Sale Guidelines, the sale of the Merchandise and FF&E shall be conducted by the Debtors and the Consultant notwithstanding any restrictive provision of any lease, sublease, restrictive covenant, or other agreement relative to occupancy affecting or purporting to restrict the conduct of the Store Closings or the Sales (including the sale of the Merchandise and FF&E), the rejection of leases,

abandonment of assets, or “going dark” provisions shall not be enforceable in conjunction with the Store Closings or the Sales. Breach of any such provisions in these chapter 11 cases in conjunction with the Store Closings or the Sales shall not constitute a default under a lease or provide a basis to terminate the lease; provided that the Store Closings and Sales are conducted in accordance with the terms of this Final Order, any Side Letter and the Sale Guidelines. The Debtors and/or Consultant and landlords of the Closing Stores are authorized to enter into agreements (“Side Letters”) between themselves modifying the Sale Guidelines without further order of the Court, and such Side Letters shall be binding as among the Debtors, the Consultant and any such landlords, provided that nothing in such Side Letters affects the provisions of this Final Order. In the event of any conflict between the Sale Guidelines and any Side Letter, the terms of such Side Letter shall control.

17. Except as expressly provided for herein or in the Sale Guidelines, no person or entity, including, but not limited to, any landlord, licensor, service providers, utilities, or creditors, shall take any action to directly or indirectly prevent, interfere with, or otherwise hinder consummation of the Sales or the sale of Merchandise or FF&E, or the advertising and promotion (including the posting of signs and exterior banners or the use of sign-walkers) of such sales, and all such parties and persons of every nature and description, including, but not limited to, any landlord, licensor, service providers, utilities, and creditors and all those acting for or on behalf of such parties, are prohibited and enjoined from (a) interfering in any way with, obstructing, or otherwise impeding, the conduct of the Store Closings, and/or (b) instituting any action or proceeding in any court (other than in the Bankruptcy Court or, upon recognition of this Final Order by the Canadian Court, the Canadian Court) or administrative body seeking an order or judgment against, among others, the Debtors, the Consultant, or the landlords at the closing

locations that might in any way directly or indirectly obstruct or otherwise interfere with or adversely affect the conduct of the Sales or sale of the Merchandise or FF&E or other liquidation sales at the closing locations and/or seek to recover damages for breach(es) of covenants or provisions in any lease, sublease, license, or contract based upon any relief authorized herein.

18. In accordance with and subject to the terms and conditions of the Consulting Agreement, the Consultant shall have the right to use the Closing Stores and all related Closing Store services, furniture, fixtures, equipment and other assets of the Debtors for the purpose of conducting the Sales, free of any interference from any entity or person, subject to compliance with the Sale Guidelines and this Final Order.

19. All sales of Store Closure Assets shall be “as is” and final. No returns related to the purchase of Store Closure Assets shall be accepted at any Closing Stores or any stores that are not participating in the Store Closings.

20. The Consultant shall accept return of any goods that contain a defect which the lay consumer could not reasonably determine was defective by visual inspection prior to purchase for a full refund, provided that the consumer must return the merchandise within the time period proscribed by the Debtors’ return policy that was in effect when the merchandise was purchased, the consumer must provide a receipt, and the asserted defect must in fact be a “latent” defect.

21. The Consultant shall not be liable for sales taxes except as expressly provided in the Consulting Agreement and the payment of any and all sales taxes is the responsibility of the Debtors. The Debtors are directed to remit all taxes arising from the Sales to the applicable Governmental Units as and when due, provided that in the case of a *bona fide* dispute the Debtors are only directed to pay such taxes upon the resolution of such dispute, if and to the extent that the dispute is decided in favor of the applicable Governmental Unit. For the avoidance of doubt, sales

taxes collected and held in trust by the Debtors shall not be used to pay any creditor or any other party, other than the applicable Governmental Unit for which the sales taxes are collected. The Consultant shall collect, remit to the Debtors, and account for sales taxes as and to the extent provided in the Consulting Agreement. This Final Order does not enjoin, suspend, or restrain the assessment, levy, or collection of any tax under state, provincial or federal law, and does not constitute a declaratory judgment with respect to any party's liability for taxes under state, provincial or federal law.

22. Pursuant to section 363(f) of the Bankruptcy Code, the Consultant, on behalf of the Debtors, is authorized to sell the Store Closure Assets and all sales of Store Closure Assets, whether by the Consultant or the Debtors, shall be free and clear of any and all liens, claims, encumbrances, and other interests; *provided, however*, that any such liens, claims, encumbrances, and other interests shall attach to the proceeds of the sale of the Store Closure Assets with the same validity, in the amount, with the same priority as, and to the same extent that any such liens, claims, and encumbrances have with respect to the Store Closure Assets, subject to any claims and defenses that the Debtors may possess with respect thereto and the Consultant's fees and expenses (as provided in the Consulting Agreement).

23. The Debtors and/or the Consultant (as the case may be) are authorized and empowered to transfer Store Closure Assets among, and into, the Closing Stores in accordance with the Sale Guidelines, as applicable. The Consultant is authorized to sell the Debtors' FF&E and abandon the same, in each case, as provided for and in accordance with the terms of the Consulting Agreement and the Sale Guidelines.

24. Neither the Sale Guidelines, Consulting Agreement, nor this Final Order authorize the Debtors to transfer or sell to Consultant or any other party the personal identifying information

(which means information which alone or in conjunction with other information identifies an individual, including but not limited to an individual's first name (or initial) and last name, physical address, electronic address, telephone number, social security number, date of birth, government-issued identification number, account number and credit or debit card number ("PII") of any customers unless such sale or transfer is permitted by the Debtors' privacy policy and state, provincial or federal privacy and/or identity theft prevention laws and rules (collectively, the "Applicable Privacy Laws"). The foregoing shall not limit the Consultant's use of the Debtors' customer lists and mailing lists in accordance with the Consulting Agreement solely for purposes of advertising and promoting the Sales.

25. The Debtors shall remove or cause to be removed any confidential and/or PII in any of the Debtors hardware, software, computers or cash registers or similar equipment which are to be sold or abandoned so as to render the PII unreadable or undecipherable. At the conclusion of the Sales, the Consultant shall provide the Debtors with written verification that the Consultant has not removed, copied, or transferred any customer PII and that any records containing PII were shredded, erased or otherwise modified to render the PII unreadable or undecipherable.

IV. Procedures Relating to Additional Closing Stores.

26. To the extent that the Debtors seek to conduct Sales at any Additional Closing Store, the Sale Guidelines and this Final Order shall apply to the Additional Closing Stores.

27. Prior to conducting the Sales at any Additional Closing Store, the Debtors will consult with the DIP Agents, file a list including such Additional Closing Store with this Court (each, an "Additional Closing Store List"), and serve a notice of their intent to conduct the Sales at the Additional Closing Store on the applicable landlord (collectively, the "Additional Closing Store Landlords") and other interested parties, including counsel to the DIP Agents, by email (to the extent available to the Debtors) or overnight mail. With respect to

Additional Closing Store Landlords, the Debtors will mail, if applicable, such notice to the notice address set forth in the lease for such Additional Closing Store (or, if none, at the last known address available to the Debtors).

28. The Additional Closing Store Landlords and any interested parties shall have seven days after service of the applicable Additional Closing Store List to object to the application of this Final Order. If no timely objections are filed with respect to the application of this Final Order to an Additional Closing Store, the Debtors all be authorized, pursuant to sections 105(a), and 363(b) and (f) of the Bankruptcy Code, to proceed with conducting the Sales at the Additional Closing Stores in accordance with this Final Order, the Sale Guidelines, and the Consulting Agreement. If any objections are filed with respect to the application of this Final Order, to an Additional Closing Store, and such objections are not resolved, the objections and the application of this Final Order to the Additional Closing Store will be considered by the Court at the next regularly scheduled omnibus hearing, subject to the rights of any party to seek relief on an emergency basis on shortened notice, to the extent necessary.

V. Dispute Resolution Procedures with Governmental Units.

29. Nothing in this Final Order, the Consulting Agreement, or the Sale Guidelines, releases, nullifies, or enjoins the enforcement of any liability to a Governmental Unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) to which any entity would be subject as the owner, lessor, lessee, or operator of the property after the date of entry of this Final Order. Nothing contained in this Final Order, the Consulting Agreement, or the Sale Guidelines shall in any way: (a) diminish the obligation of any entity to comply with environmental laws; or (b) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. The Store Closings and the Sales shall not be exempt

from laws of general applicability, including, without limitation, public health and safety, criminal, tax (including, but not limited to, the collection of Sales Taxes), labor, employment, environmental, antitrust, fair competition, traffic and consumer protection laws, including consumer laws regulating deceptive practices and false advertising, consumer protection, the sale of gift certificates, layaway programs, return of goods, express or implied warranties of goods, and “weights and measures” regulation and monitoring (collectively, “General Laws”). Nothing in this Final Order, the Consulting Agreement, or the Sale Guidelines, shall alter or affect obligations to comply with all applicable federal safety laws and regulations. Nothing in this Final Order shall be deemed to bar any Governmental Unit (as such term is defined in section 101(47) of the Bankruptcy Code) from enforcing General Laws in the applicable non-bankruptcy forum, subject to the Debtors’ rights to assert in that forum or before this Court or, upon recognition of this Final Order by the Canadian Court, the Canadian Court, that any such laws are not in fact General Laws or that such enforcement is impermissible under the Bankruptcy Code or this Final Order (or, upon recognition of this Final Order by the Canadian Court, the CCAA or any Order of the Canadian Court). Notwithstanding any other provision in this Final Order, no party waives any rights to argue any position with respect to whether the conduct was in compliance with this Final Order and/or any applicable law, or that enforcement of such applicable law is preempted by the Bankruptcy Code or the CCAA, as applicable. Nothing in this Final Order shall be deemed to have made any rulings on any such issues.

30. To the extent that the sale of Store Closure Assets is subject to any Liquidation Sale Laws, including any federal, state or local statute, ordinance, rule, or licensing requirement directed at regulating “going out of business,” “store closing,” or similar inventory liquidation sales, or bulk sale laws, laws restricting safe, professional and non-deceptive, customary

advertising such as signs, banners, signage, and use of sign-walkers solely in connection with the sale of the Store Closing Assets, including ordinances establishing license or permit requirements, waiting periods, time limits or bulk sale restrictions that would otherwise apply solely to the sale of the Store Closure Assets, the dispute resolution procedures in this section shall apply (provided that, subject to recognition of this Final Order by the Canadian Court, these Dispute Resolution Procedures shall not apply with respect to the sale of Store Closure Assets in Canadian stores, and that any such disputes shall be dealt with by the Canadian Court):

- i. Provided that the Sales are conducted in accordance with this Order, any Final Order, and the Sale Guidelines, the Debtors, the Consultant, and the Debtors' landlords, shall be deemed to be in compliance with any requirements of all county, parish, or municipal or other local government (hereinafter referred to as "Local") and State requirements governing the conduct of the Sales of the Store Closure Assets, including but not limited to Local statutes, regulation and ordinances establishing licensing or permitting requirements, waiting periods or time limits, or bulk sale restrictions that would otherwise apply to the Sales and sales of the Store Closure Assets (collectively, the "Liquidation Sale Laws") of any state or local Governmental Unit (as defined in Bankruptcy Code section 101(27); provided, that the term "Liquidation Sale Laws" shall be deemed not to include any public health or safety laws or any state (collectively, "Safety Laws"), and the Debtors and the Consultant shall continue to be required to comply, as applicable, with such Safety Laws and General Laws, subject to any applicable provision of the Bankruptcy Code and federal law, and nothing in this Order shall be deemed to bar Governmental Units (as defined in section 101(27) of the Bankruptcy Code) or public officials from enforcing Safety Laws or General Laws.
- ii. Within three (3) business days after entry of this Final Order, the Debtors will serve by first-class mail, copies of this Final Order, the Consulting Agreement, and the Sale Guidelines on the following: (a) the Attorney General's office for each state where the Sales are being held; (b) the county consumer protection agency or similar agency for each county where the Sales are being held; (c) the division of consumer protection for each state where the Sales are being held; and (d) the landlords for the Closing Stores (collectively, the "Dispute Notice Parties").
- iii. With respect to any Additional Closing Stores, within three (3) business days after filing any Additional Closing Store List with the Bankruptcy Court, the Debtors will serve by first-class mail, copies of this Final Order, the Consulting Agreement, and the Sale Guidelines on the Dispute Notice Parties.
- iv. To the extent that there is a dispute arising from or relating to the Sales, this Final Order, the Consulting Agreement, or the Sale Guidelines, which dispute relates to

any Liquidation Sale Laws (a “Reserved Dispute”), the Bankruptcy Court shall retain exclusive jurisdiction to resolve the Reserved Dispute. Any time within ten days following entry of this Final Order, or service of an Additional Store Closing List, as applicable, any Governmental Unit may assert that a Reserved Dispute exists by sending a notice (the “Dispute Notice”) explaining the nature of the dispute to: (a) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua A. Sussberg, P.C., Emily E. Geier, and AnnElyse Scarlett Gains, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Joshua M. Altman; (b) Kutak Rock LLP, 901 East Byrd Street, Suite 1000, Richmond, Virginia, Attn: Michael A. Condyles, Peter J. Barrett, Jeremy S. Williams, and Brian H. Richardson; (c) on behalf of Gordon Brothers Retail Partners, LLC, Prudential Tower, 800 Boylston Street, 27th Floor, Boston, Massachusetts 02199, Attn: Mackenzie Shea; and (d) Riemer Braunstein LLP, 7 Times Square, Suite 2506, New York, New York 10036, Attn: Steven Fox. If the Debtors and the Governmental Unit are unable to resolve the Reserved Dispute within 15 days after service of the notice, the Governmental Unit may file a motion with the Bankruptcy Court requesting that the Bankruptcy Court resolve the Reserved Dispute (a “Dispute Resolution Motion”).

- v. In the event that a Dispute Resolution Motion is filed, nothing in this Final Order shall preclude the Debtors, a landlord, or any other interested party from asserting (A) that the provisions of any Liquidation Sale Laws are preempted by the Bankruptcy Code, or (B) that neither the terms of this Final Order nor the conduct of the Debtors pursuant to this Final Order, violates such Liquidation Sale Laws. Filing a Dispute Resolution Motion as set forth herein shall not be deemed to affect the finality of this Final Order or to limit or interfere with the Debtors’ or the Consultant’s ability to conduct or to continue to conduct the Sales pursuant to this Final Order, absent further order of the Bankruptcy Court. Upon the entry of this Final Order, the Bankruptcy Court grants authority for the Debtors and the Consultant to conduct the Sales pursuant to the terms of this Final Order, the Consulting Agreement, and the Sale Guidelines and to take all actions reasonably related thereto or arising in connection therewith. The Governmental Unit will be entitled to assert any jurisdictional, procedural, or substantive arguments it wishes with respect to the requirements of its Liquidation Sale Laws or the lack of any preemption of such Liquidation Sale Laws by the Bankruptcy Code. Nothing in this Final Order will constitute a ruling with respect to any issues to be raised in any Dispute Resolution Motion.
- vi. If, at any time, a dispute arises between the Debtors and/or the Consultant and a Governmental Unit as to whether a particular law is a Liquidation Sale Law, and subject to any provisions contained in this Final Order related to the Liquidation Sale Laws, then any party to that dispute may utilize the provisions of subparagraphs (iv) and (v) above by serving a notice to the other party and proceeding thereunder in accordance with those paragraphs. Any determination with respect to whether a particular law is a Liquidation Sale Law shall be made *de novo*.

31. Subject to paragraphs 29 and 30 above, each and every federal, state, or local agency, departmental, or Governmental Unit with regulatory authority over the Sales and all newspapers and other advertising media in which the Sales are advertised shall consider this Final Order as binding authority that no further approval, license, or permit of any Governmental Unit shall be required, nor shall the Debtors or the Consultant be required to post any bond, to conduct the Sales.

32. Provided that the Sales are conducted in accordance with the terms of this Final Order, the Consulting Agreement, and the Sale Guidelines, and in light of the provisions in the laws that exempt court-ordered sales from their provisions, the Debtors and Consultant shall be presumed to be in compliance with any Liquidation Sale Laws and are authorized to conduct the Sales in accordance with the terms of this Final Order and the Sale Guidelines without the necessity of further showing compliance with any such Liquidation Sale Laws.

33. Nothing in this Final Order, the Consulting Agreement, or the Sale Guidelines releases, nullifies, or enjoins the enforcement of any liability to a Governmental Unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) to which any entity would be subject as the owner, lessor, lessee, or operator of the property after the date of entry of this Final Order. Nothing contained in this Final Order, the Consulting Agreement, or the Sale Guidelines shall in any way: (a) diminish the obligation of any entity to comply with environmental laws; or (b) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code.

VI. Other Provisions.

34. To the extent the Debtors are subject to any state Fast Pay Laws in connection with the Store Closings, the Debtors shall be presumed to be in compliance with such laws to the extent,

in applicable states, such payroll payments are made by the later of: (a) the Debtors' next regularly scheduled payroll; and (b) seven calendar days following the termination date of the relevant employee, and in all such cases consistent with, and subject to, any previous orders of this Court regarding payment of same.

35. Neither the Consultant nor any of its respective affiliates (whether individually, as part of a joint venture, or otherwise), shall be precluded from providing additional services to the Debtors and/or bidding on the Debtors' assets in connection with any other future process that may or may not be undertaken by the Debtors to close additional stores, *provided* that any such services and/or transactions is approved by separate order of this Court.

36. On a confidential basis and for professionals' "eyes only" and upon the written (including email) request of the U.S. Trustee or counsel to the DIP Agent, the Debtors shall provide such requesting party, if any, with copies of periodic reports concerning the Sales that are prepared by the Debtors, their professionals or the Consultant, *provided*, that the foregoing shall not require the Debtors, their professionals, or the Consultant to prepare or undertake to prepare any additional or new reporting not otherwise being prepared by the Debtors, their professionals, or the Consultant in connection with the Sales.

37. Not later than five (5) business days prior to the objection deadline related to entry of an order approving the Motion on a final basis, the Consultant shall file a declaration disclosing connections to the Debtors, their creditors, and other parties in interest in these chapter 11 cases.

38. Consultant shall act solely as an independent consultant to the Debtors and shall not be liable for any claims against the Debtors other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines, with the exception of acts of gross negligence or willful misconduct and, for greater certainty, the

Consultant shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labor standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successor liability whatsoever.

39. The Debtors are authorized and permitted to transfer to the Consultant personal information in the Debtors' custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes, provided that Consultant removes such personal information from the FF&E prior to the abandonment of the same.

40. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing contained in the Motion or this Final Order shall constitute, nor is intended to constitute: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease, other than the Consulting Agreement, pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid and the Debtors and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Final Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party-in-interest's rights to subsequently dispute such claim, other than with respect to payments

made to the Consultant, which are governed by the reconciliation procedures in the Consulting Agreement.

41. Notwithstanding the relief granted in this Final Order, any payment made by the Debtors pursuant to the authority granted herein shall be subject to the provisions of the *Interim 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, (IV) Scheduling a Final Hearing, and (VII) Granting Related Relief*, (the “Interim DIP Order”), and the DIP Senior Credit Facility Documentation (as defined in the Interim DIP Order), and shall be made strictly in accordance with the Budget (as defined in the Interim DIP Order), subject to such variances as permitted by the DIP Senior Credit Facility Documentation; provided, however, that the DIP Senior Credit Facility Documentation shall not require a cap or reduction on amounts due to the Consultant under the Consulting Agreement other than any such cap or reduction resulting from the Debtors’ required compliance with the Budget. Additionally, not later than two (2) business days after entry of this Final Order the Debtors shall deliver to the Consultant a cash deposit in the amount of \$500,000 as provided in the Budget as security for payment of Consultant’s fees and expenses earned and incurred under the Consulting Agreement (the “Consultant’s Deposit”); any remaining balance of Consultant’s Deposit being held by Consultant upon completion of the Sale shall be applied by Consultant as shall be set forth in a final reconciliation of the Sale as contemplated by Section 5(B) of the Consulting Agreement. Following such final reconciliation payment of all amounts due to the Consultant, any remaining balance of the Consultant’s Deposit shall be part of the “Cash Collateral” (as

defined in the Interim DIP Order) and shall be subject to all provisions relating to Cash Collateral set forth in the Interim DIP Order.

42. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall take effect immediately upon its entry.

43. Notice of the Motion as provided therein is deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules of this Court are satisfied by such notice.

44. Notwithstanding Bankruptcy Rules 6003(b) and 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

45. Cause exists to shorten the notice period set forth in Bankruptcy Rule 2002, to the extent applicable.

46. The requirement under Local Bankruptcy Rule 9013-1(G) to file a memorandum of law in connection with the Motion is hereby waived to the extent necessary.

47. This Court shall retain jurisdiction with regard to all issues or disputes relating to this Final Order or the Consulting Agreement, including, but not limited to, (a) any claim or issue relating to any efforts by any party or person to prohibit, restrict or in any way limit banner and sign-walker advertising, including with respect to any allegations that such advertising is not being conducted in a safe, professional, and non-deceptive manner, (b) any claim of the Debtors, the landlords and/or the Consultant for protection from interference with the Store Closings or Sales, (c) any other disputes related to the Store Closings or Sales, and (d) protect the Debtors and/or the Consultant against any assertions of any liens, claims, encumbrances, and other interests; provided that, notwithstanding the foregoing and subject to recognition of this Final Order by the Canadian Court, the Canadian Court shall retain jurisdiction with regard to all issues or disputes in respect

of the Sale at the Canadian Closing Stores. No such parties or person shall take any action against the Debtors, the Consultant, the landlords, the Store Closings, or the Sales until this Court or the Canadian Court, as applicable, has resolved such dispute. This Court shall hear the request of such parties or persons with respect to any such disputes on an expedited basis, as may be appropriate under the circumstances.

48. Within 30 days of conclusion of the Sale, the Debtors shall (a) file with the Court a summary report of the store closing process that will include (i) a list of the stores closed and (ii) gross revenue from the store closing assets sold, and (b) file with the Court and serve on the U.S. Trustee, any statutory committee, and any other party in interest who may so request, a report showing payment of each of the Consultant's fees, setting forth detail and information regarding the calculation of such fees paid to the Consultant and expenses reimbursed to the Consultant. Only the U.S. Trustee (and no other party) shall have 20 days after the date on which such report is filed to object, under the standards of section 328(a) of the Bankruptcy Code, solely as to the reasonableness of the compensation paid or expenses reimbursed to the Consultant; provided, however, that with respect to any such objection: (i) the Consultant's "Base Fee" and reimbursement of expenses in accordance with the aggregate budget set forth on Exhibit B to the Consulting Agreement (including any individual Statement of Work thereunder) shall be reviewed under the standards of section 328(a) and are found to be reasonable as of the date hereof, and such Base Fee shall not be later deemed unreasonable on the basis that the success of the Sale, whether on account of sales, recovery, or otherwise, resulted in the Consultant receiving compensation, in dollar terms, that was greater than any budget or forecast provided by the Debtors, their advisors, and/or the Consultant; and (ii) the Consultant's "Incentive Fee" or any other fee not reflected in the Consulting Agreement, and any additional expenses reimbursed in excess of the aggregate

budget, shall not receive the same presumption and shall be reviewed under the standards of section 330 of the Bankruptcy Code. To the extent an objection is filed by the U.S. Trustee and cannot be resolved, the parties shall coordinate to have the objection to the Consultant's compensation brought before the Court at the next scheduled omnibus hearing or such other date and time as shall be agreed by the parties.

Dated: _____
Richmond, Virginia

United States Bankruptcy Judge

WE ASK FOR THIS:

/s/ Jeremy S. Williams

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Peter J. Barrett (VA 46179)

Jeremy S. Williams (VA 77469)

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Proposed Co-Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jeremy S. Williams

Schedule 1-A

Consulting Agreement

Schedule 1-B

Amendment to Consulting Agreement

Schedule 1-C

Consulting Agreement: Statement of Work 78

Schedule 1-D

Consulting Agreement: Statement of Work 79

Schedule 1-E

Consulting Agreement: Statement of Work 80

Schedule 1-F

Consulting Agreement: Statement of Work 81

Schedule 2-A

U.S. Sale Guidelines

Schedule 2-B

Canada Sale Guidelines

Exhibit C

Riesbeck Declaration

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Proposed Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

)	
In re:	)	Chapter 11
)	
PIER 1 IMPORTS, INC., <i>et al.</i> , ¹	)	Case No. 20-30805 (KRH)
)	
Debtors.	)	(Joint Administration Requested)
)	

**DECLARATION OF ROBERT J. RIESBECK IN SUPPORT
OF DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS (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**

I, Robert J. Riesbeck, declare as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* filed contemporaneously herewith. The location of the Debtors' service address is 100 Pier 1 Place, Fort Worth, Texas 76102.

1. I am the Chief Executive Officer of Pier 1 Imports, Inc. and have served in that role since November 4, 2019. I also currently serve as the Chief Financial Officer of Pier 1 Imports, Inc., having served in that role since July 2019.

2. I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion for Interim and Final Orders (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 “Store Closing Motion”), filed contemporaneously herewith.² I have reviewed and am familiar with the Store Closing Motion and the relief sought therein.

Qualifications

3. Prior to joining the company, I was Chief Financial Officer of FULLBEAUTY Brands from June 2018 to February 2019. Before FULLBEAUTY I served as the Chief Financial officer of hhgregg, Inc. from September 2014 to June 2016, and then as Chief Executive Officer from February 2016 to June 2017. I also served as the Operating Executive of Sun Capital Partners, Inc. from 2010 to 2014, and Chief Financial Officer of a Sun Capital Partners, Inc. portfolio company, Marsh Supermarkets, from 2006 through 2010. Prior to that, I served as the Chief Operating Officer and Chief Financial Officer of subsidiaries of Nike, Inc. from 2000 through 2005.

4. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by

² Capitalized terms used but not otherwise defined in this Declaration shall have the meanings ascribed to them in the Store Closing Motion, the Consulting Agreement, or as later defined herein, as applicable.

the Debtors' employees, the employees of Gordon Brothers Retail Partners, LLC (the "Consultant") working with the Debtors, and other advisors, or my opinion based upon experience, knowledge, and information concerning the Debtors' operations and the retail industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

The Store Closing Motion

A. The Closing Stores

5. A key component of the Debtors' strategy is to right-size their operations by closing underperforming stores and also selling excess and aged inventory during the store closing process. Such closures and sales will help improve profitability, increase the Debtors' liquidity, and allow the Debtors to focus their efforts around a smaller footprint of more profitable stores.

6. Upon a review of its business and store footprint, it became evident that certain of the Debtors' stores would need to be closed in order to right-size their operations. The Debtors and their advisors have identified 398 stores for closure (the "Initial Closing Stores"), and are considering closure of additional stores, depending upon the outcome of, among other things, lease negotiations with the Debtors' landlords (the "Additional Closing Stores," and, together with the Initial Closing Stores, the "Closing Stores").

7. In formulating the list of Closing Stores, the Debtors considered, among other factors, historical store profitability, recent sales trends, the geographic market in which each store is located, the potential to realize negotiated rent reductions with applicable landlords, and specific circumstances related to a store's performance. Many of the Closing Stores are located in geographic markets that the Debtors have made a strategic decision to exit or otherwise consolidate multiple stores in the region, have experienced poor or negative sales trends, and no longer fit

within the Debtors' go-forward business plan. The liquidation of the saleable inventory located in the Closing Stores (the "Merchandise"), and the associated furniture, fixtures, and equipment (the "FF&E" and, together with the Merchandise, the "Store Closure Assets") is expected to yield approximately \$177 million in proceeds.

8. The determination of whether or not to close certain stores will depend, in part, on receiving more favorable lease terms and rent reductions from landlords. The Debtors have retained A&G Real Estate Partners, LLC to assist with these negotiations, which are on-going at this time.

9. In order to maximize value for their creditors, the Debtors may need to close Additional Closing Stores. The determination of whether or not to close certain stores will depend, in part, on receiving more favorable lease terms and rent reductions from landlords. The Debtors have retained A&G Real Estate Partners, LLC to assist with these negotiations, which are on-going at this time. The decision will also be made by the Debtors in the exercise of their reasonable business judgment and in consultation with their advisors based upon continued evaluation of performance, whether the Debtors are able to negotiate rent concessions, and the outcome of the third-party sale process. Although the Debtors have not yet definitively set any plans to close Additional Closing Stores, they will continue to evaluate their retail footprint on a store-by-store basis, and may close stores whose performance falls below benchmark performance metrics during these chapter 11 cases.

B. The Sale Guidelines

10. Based on my experience with other retail chapter 11 debtors, I believe that implementing the U.S. Sale Guidelines and the Canadian Sale Guidelines will provide the best and most efficient means for the Debtors to sell the Store Closure Assets to maximize their value to

the estates (such sales, the “Sales” or “Store Closings”). I believe that completion of the majority (if not all) of the currently contemplated Sales will be completed no later than March 31, 2020. The Debtors have also determined that the leases for the Closing Stores are not marketable and have determined to reject those leases upon completion of the Sales.³

11. I believe that conducting the Sales at the Closing Stores in accordance with the Sale Guidelines will provide an efficient means for the Debtors to dispose of the assets in the Closing Stores. Any interruption or delay in the Debtors’ ability to implement the Sale Guidelines at the Closing Stores could cause serious and irreparable harm to the Debtors’ estates. In the event the Debtors are forced to wait to commence the Sales, they will, by definition, have less time to complete the Sales and will be forced to either pay additional rent to extend the sale timeline or further reduce prices.

12. The relief requested in the Store Closing Motion with respect to the Sale Guidelines is integral to maximizing the value of the Debtors’ estates. It will permit the Debtors to execute the Sales at the Closing Stores, resulting in a helpful boost to the Debtors’ liquidity, and will establish fair and uniform guidelines to assist the Debtors and their creditors through the Debtors’ transition to a more efficient and profitable enterprise.

C. The Consultant and Consulting Agreement

13. For more than ten years, the Debtors engaged the Consultant to facilitate store closures for the Company—both in the United States and Canada. As a result, the Consultant has significant expertise and expert knowledge of the Debtors’ business, their merchandise, and their

³ The Debtors are continuing to analyze whether or not certain of the leases of the Closing Stores may have value to potential purchasers and will consider any offers to purchase such lease received following the Petition Date. Relevant lease information is available on A&G’s website. In the event that the Debtors receive interest in any particular lease, the Debtors will provide notice of an auction or otherwise negotiate between interested parties for a highest and best offer and seek approval of such sale (and related assumption and assignment of the Lease) as appropriate.

store operations. Additionally, the Debtors and the Consultant are already party to the Consulting Agreement, which sets forth the terms pursuant to which the Consultant has operated store closings for the Debtors for a decade. Further, the Debtors and the Consultant agreed to Statements of Work #78, 79, 80, and 81—which govern the closure of the 398 Closing Stores—on terms materially consistent with their existing relationship. In light of this and the Consultant’s historic success in closing other stores for the Debtors, the Debtors concluded in their business judgment that (a) the services of the Consultant are necessary (i) for a seamless and efficient large-scale store closing process, as is contemplated by the Store Closing Motion, and (ii) to maximize the value of the Store Closure Assets, and (b) the Consultant is qualified and capable of performing the required tasks in a value-maximizing manner.

14. Members of my management team working at my direction were involved with assisting the Debtors’ in evaluating the terms and conditions of the relevant Statements of Work and I believe that they were evaluated in good faith. I also believe that the Debtors’ assumption of the Consulting Agreement is a sound exercise of the Debtors’ reasonable business judgment and in the best interests of their estates.

15. The Consulting Agreement generally provides that the Consultant will conduct the Sales at certain identified Closing Stores during the Sale Term (as defined therein) and, among other things: (a) recommend appropriate point-of-purchase, point-of-sale, presentation and external and internal advertising and signage necessary to effectively sell all of the Merchandise in accordance with a “this store location closing” or other mutually agreeable theme; (b) provide qualified supervisors with respect to the stores, to oversee the conduct of the Sale, and to oversee the Sale process in the Closing Stores; (c) maintain focused and constant communication with store-level employees and managers to keep them abreast of strategy and timing and to properly

effect store-level communication by Debtors' employees to customers and others about the sale: (d) establish and provide oversight of accounting functions for the Sale, including evaluation of sales of Merchandise by category, sales reporting, and expense monitoring; (e) coordinate with Merchant so that the operation of the Closing Stores is being properly maintained, including ongoing customer services and housekeeping activities; (f) recommend appropriate staffing levels for the Closing Stores and appropriate bonus and/or incentive programs for Store employees; (g) provide recommendations for loss prevention initiatives; (h) advise Merchant with respect to the licensing requirements affecting the Sales as a "this store location closing" or other mutually agreed upon theme in compliance with the Store Closing Order and applicable state and local "going out of business" laws.

16. Under the terms of the Consulting Agreement, in consideration of the services to be rendered, the Debtors will provide the Consultant with a base fee equal to three thousand dollars (\$3,000) per Closing Store. The Consultant may also be entitled to an additional fee depending on the percentage amount that the gross proceeds from the Sale equal or exceed the cost value of the Merchandise sold, as set forth in the Statements of Work. The Consultant may also sell furniture, fixtures, and equipment in the Stores at the direction of the Debtors, and will receive a commission equal to twenty-five percent (25%) of the gross sales of the FF&E, net of applicable sales taxes. In addition, the Debtors will reimburse the Consultant for all costs and expenses of the Sale, including all Store level operating expenses, subject to an Expense Budget set forth in the applicable Statement of Work.

17. Based on my experience with liquidation consultants and liquidation consulting agreements in similar contexts, I believe the terms proposed under the Consulting Agreement are reasonable.

D. Basis for Assumption of the Consulting Agreement

18. Given the number of Closing Stores that need to be simultaneously closed and the additional excess and aged inventory to be sold in these stores, a national liquidator, such as the Consultant, with significant experience with large-scale liquidations can ensure a smooth liquidation process that will maximize the value of the Store Closure Assets. The Consulting Agreement enables the Debtors to use the logistical capabilities, experience, skills, and resources of the Consultant to effectively and efficiently conduct the Sales and, thus, significantly improves the potential value to be received through the Sales for the benefit of all stakeholders. Further, the Consultant knows the Debtors' business and has a proven track record of successfully closing the Debtors' stores. Given that the Sales of the Initial Closing Stores are ongoing, I believe the relief requested in the Store Closing Motion is necessary in order to ensure the continuity and certainty of an orderly process so as to produce the most value for the Debtors' estates. Value realized in the Sales will inure to the benefit of the Debtors' estates, which will more than offset any expenses incurred by reason of the assumption of the Consulting Agreement. Further, the Consultant's fees are based on the results of the Sale, ensuring that the Consultant is incentivized to maximize value for the Debtors' estates.

E. Store Closing Bonus Plan.

19. Through the Store Closing Motion, the Debtors are requesting the authority, but not the obligation, to pay Store Closing Bonuses (the "Store Closing Bonus Plan") to store-level non-insider employees, who remain in the employ of the Debtors during the Sales. I believe that the Store Closing Bonus Plan will motivate employees during the Sales and will enable the Debtors to retain those employees necessary to successfully complete the Sales. The Debtors will modify

the Store Closing Bonus Plan in the ordinary course of business, as they deem appropriate, to best incentivize employees.

20. The total aggregate cost of the Store Closing Bonus Plan will also vary depending on how many Closing Stores are ultimately closed. If the Debtors were to close every Closing Store the aggregate amount of Store Closing Bonuses paid will not be more than \$1.65 million, assuming one hundred percent of the eligible employees remain employed through the duration of the Closing Sales at every Closing Store.

21. I believe that providing such benefits is critical to ensuring that key employees that will be affected by the reduction in the Debtors' work force due to the Store Closings will continue to provide critical services to the Debtors during the ongoing Store Closing process. The Debtors do not propose to make any payment on account of Store Closing Bonuses to any insiders.

Conclusion

22. Based on the foregoing, I submit that the relief requested in the Store Closing Motion is reasonable, necessary, and should be granted.

Dated: February 17, 2020

Respectfully submitted,

/s/ Robert J. Riesbeck

Robert J. Riesbeck