

# MERGENT INDUSTRIAL

NEW LISTING

March 27, 2009

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED MANUALS and will be included in the bound 2009 April Monthly News Reports and is published on our Website.

## PIER 1 IMPORTS INC.

Company Website: [www.pier1.com](http://www.pier1.com)

**History:** Incorporated in Georgia on May 31, 1978, as Newcorp, Inc. Reincorporated in Delaware in Apr. 1979. Name changed to Pier 1, Inc. on July 13, 1984. Present name adopted on Sept. 19, 1986.

On Nov. 30, 1979, Co. acquired substantially all of the assets of Pier 1 Imports, Inc. and its subsidiary companies.

In July 1984, Co. acquired Nurseryland Garden Centers, Inc. for 700,000 shares of common stock.

On July 11, 1984, Co. acquired Green Brothers Nursery, Inc. for approx. \$15,435,000.

On Dec. 30, 1985, Co. distributed to its common shareholders all of its shares of stock of two of its major subsidiaries, Sunbelt Nursery Group, Inc. and Ridge-wood Properties, Inc. (formerly CMEI, Inc.).

In July 1988, Intermark, Inc. acquired 294,133 shares of Co.'s preferred stock for \$3 in cash per share.

In Sept. 1990, Co. purchased a 50.4% interest in Sunbelt Nursery Group common stock from Intermark, Inc. for \$22,700,000. On Nov. 19, 1990, Co. purchased the remaining 49.6% of Sunbelt outstanding common stock for approx. \$22,700,000.

On June 6, 1991, Intermark, Inc. sold all common shares held in Co. in a public offering. Co. repurchased its preferred stock held by Intermark, thereby Intermark no longer holds any voting stock in Co.

In 1992, an initial public offering and subsequent sale of 600,000 shares of Sunbelt Nursery Group common stock to certain unaffiliated investors reduced Co.'s ownership to 49.5%.

In Apr. 1993, Co. completed the sale of its 49.5% interest in the common shares of Sunbelt Nursery Group to General Host Corp. for 1,940,000 shares of General Host's common stock.

In May 1997, Co. acquired a national bank and its assets in Omaha, Nebraska.

On Feb. 21, 2001, Co. acquired certain assets and assumed certain liabilities of Cargo Furniture, Inc. for \$3,931,000, including cash acquired.

On Mar. 20, 2006, Co. sold its subsidiary based in the United Kingdom, The Pier Retail Group Limited, to Palli Limited for approximately \$15,000,000.

On Nov. 11, 2006, Co., through its subsidiary Pier 1 Assets, Inc., sold its private-label credit card operations to Chase Bank USA, N.A. The net cash proceeds to Co. at closing were approximately \$155 million.

On June 9, 2008, Co. sold its headquarters building and accompanying land, in Fort Worth, TX, to Chesapeake Plaza, LLC, for \$102,000,000.

**Reorganization:** Co. was created as part of the reorganization of Cousins Mortgage and Equity Investments, a Georgia business trust which had been organized and operated as a real estate investment trust. As a result of the reorganization, which was completed on Apr. 9, 1979, the Trust's legal existence terminated, with all of its assets and substantially all of its liabilities held by a subsidiary of the Co., CMEI, Inc.

**Business:** Pier 1 Imports consist of retail stores operating under the name Pier 1 Imports. As of Mar 1 2008, Co. operated 1,034 Pier 1 Imports stores in the U.S. and 83 Pier 1 Imports stores in Canada. As of the date above, Co. categorized its products into two groups. Co.'s Decorative Accessories group products include decorative wood accessories, lamps, vases, dried and artificial flowers, baskets, wall decorations, ceramics, dinnerware, bath and fragrance products, candles, bedding, epicurean products, and seasonal and gift items. Co.'s Furniture

group products consist of furniture and furniture cushions to be used in living, dining, kitchen and bedroom areas, sunrooms, and on patios.

**Properties:** Co. maintains its principal executive offices in approx. 460,000 sq. ft. of office space in Fort Worth, TX.

Co. leases almost all of its retail stores, its warehouses and regional space.

The following table shows the distribution of Co.'s North American stores by state and province as of Mar. 1, 2008:

Location # of Stores	United States:	Alabama . . . . . 15
	Alaska 1	Arizona 26
	Arkansas 8	California 116
	Colorado 22	Connecticut 21
	Delaware 4	Florida 78
	Georgia 32	Hawaii 4
	Idaho 6	Illinois 43
	Indiana 18	Iowa 9
	Kansas 9	Kentucky 11
	Louisiana 15	Maine 1
	Maryland 25	Massachusetts 25
	Michigan 34	Minnesota 20
	Mississippi 7	Missouri 19
	Montana 6	Nebraska 3
	Nevada 9	New Hampshire 6
	New Jersey 35	New Mexico 5
	New York 46	North Carolina 34
	North Dakota 3	Ohio 33
	Oklahoma 9	Oregon 14
	Pennsylvania 39	Rhode Island 3
	South Carolina 17	South Dakota 2
	Tennessee 19	Texas 84
	Utah 10	Vermont 0
	Virginia 35	Washington 28
	West Virginia 5	Wisconsin 19
	Wyoming 1	Canada:
	Alberta 11	British Columbia 14
	Manitoba 2	New Brunswick 2
	Newfoundland 1	Nova Scotia 1
	Ontario 35	Quebec 15
	Saskatchewan 2	

The following table sets forth Co.'s owned or leased warehouse properties as of Mar. 1, 2008

Location	Approx. Owned/Leased Sq. Ft.	Baltimore, MD . . . . . 981,000
	Leased Chicago, IL	514,000
	Owned Columbus, OH	527,000
	Leased Fort Worth, TX	460,000
	Owned Ontario, CA	747,000
	Leased Savannah, GA	784,000
	Leased Tacoma, WA	451,000

### Subsidiaries

Pier 1 Assets, Inc.  
 Pier 1 Licensing, Inc.  
 Pier 1 Imports (U.S.), Inc.  
 Pier 1 Funding, LLC  
 Pier 1 Value Services, LLC  
 Pier Lease, Inc.  
 Pier-SNG, Inc.  
 PIR Trading, Inc.  
 Pier International Limited (Hong Kong)  
 Pier Alliance Ltd. (Bermuda)  
 Pier Group, Inc.  
 Pier 1 Holdings, Inc.  
 Pier 1 Services Company

### Officers

Tom M. Thomas, Non-Executive Chairman  
 Alexander W. Smith, President, Chief Executive Officer  
 Charles H. Turner, Executive Vice President; Chief Financial Officer  
 Gregory S. Humenesky, Executive Vice President - Human Resources  
 Sharon M. Leite, Executive Vice President - Store Operations  
 Michael A. Carter, Senior Vice President; Secretary; General Counsel  
 Laura A. Schack, Principal Accounting Officer

### Directors

Tom M. Thomas  
 John H. Burgoyne  
 Michael R. Ferrari, Ph.D.  
 Robert B. Holland, III

Karen W. Katz  
 Alexander W. Smith  
 Terry E. London  
 Cece Smith

**Auditors:** Ernst & Young LLP

**Shareholder Relations:** Nancy Benson, Tel: 817-252-6083

**Annual Meeting:** In June

**No. of Stockholders:** Mar. 17, 2009, 10,216

**No. of Employees:** Mar. 1, 2008, 6,100 full time; 10,300 part time

**Address:** 100 Pier 1 Place, Fort Worth, TX 76102  
**Tel.:** 817 252-8000 **Fax:** 817 252-8174 **E-mail:** macarter@pier1.com **Web:** www.pier1.com Consolidated Income Account, years ended (\$000):

	3/1/2008	3/3/2007	2/25/2006
		(revised)	(revised)
Net sales . . . . .	1,511,832	1,623,216	1,776,701
Cost of sales (incl buying & store occupancy) . . . . .	1,072,280	1,149,257	1,175,011
Selling, gen & administrative exps . . . . .	487,898	649,005	588,273
Deprec & amort . . . . .	39,792	51,184	56,229
Total costs & exps . . . . .	1,599,970	1,849,446	1,819,513
Oper income (loss) . . . . .	(88,138)	(226,230)	(42,812)
Int & invest inc . . . . .	8,677	12,456	3,510
Int exp . . . . .	15,916	16,116	2,610
Other inc . . . . .	1,960	1,767	.....
Tot non-oper income (expenses) . . . . .	(5,279)	(1,893)	900
Income (loss) fr contin opers . . . . .	(93,417)	(228,123)	(41,912)
Curr inc tax-federal (benefit) . . . . .	521	cr25,442	cr2,402
Defer inc tax-federal (benefit) . . . . .	.....	22,980	cr13,972
Curr inc tax-state . . . . .	1,623	cr365	1,880
Defer inc tax-state (benefit) . . . . .	.....	1,596	cr510
Curr inc tax-fgn . . . . .	450	346	577
Defer inc tax-foreign (benefit) . . . . .	.....	.....	cr14
Prov for inc tax . . . . .	2,594	cr885	cr14,441
Inc fr contin opers . . . . .	(96,011)	(227,238)	(27,471)
Income (loss) fr discont opers . . . . .	.....	(638)	(17,583)
Inc tax ben . . . . .	.....	231	5,250
Income (loss) fr discont opers . . . . .	.....	(407)	(12,333)
<b>Net inc</b> . . . . .	(96,011)	(227,645)	(39,804)
Common shares (000):			
Weight avg shares outstg-basic . . . . .	88,083	87,395	86,629
Weight avg shares outstg-diluted . . . . .	88,083	87,395	86,629
Yr end shares outstg . . . . .	88,607	87,798	87,018
Earnings (loss) per sh-cont opers-basic . . . . .	\$(1.09)	\$(2.59)	\$(0.32)

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Earnings (loss) per sh-discont opers-basic . . . . .				Less allow for doubtful accts . . . . .	1,034	566	Accrued taxes, other than inc . . . . .	24,030	26,035
Net earnings (loss) per sh-basic . . . . .	\$(1.09)	\$(2.60)	\$(0.46)	Other accts receivable, net . . . . .	23,121	21,437	Rent-rel liabil . . . . .	11,017	10,875
Earnings (loss) per sh-cont opers-diluted . . . . .	\$(1.09)	\$(2.59)	\$(0.32)	Invent . . . . .	411,709	360,063	Retirement benefits . . . . .	1,351	16,358
Earnings (loss) per sh-discont opers-dilut . . . . .	\$(0.01)	\$(0.14)		Inc tax receiv . . . . .	13,632	34,966	Other accrued liabil . . . . .	19,003	25,663
Net earnings (loss) per sh-diluted . . . . .	\$(1.09)	\$(2.60)	\$(0.46)	Office bldg held for sale . . . . .	80,539	85,187	Tot other accrued liabil . . . . .	101,817	119,541
Dividends declared per sh . . . . .	\$0.20	\$0.40		Ppd exps & other curr assets . . . . .	41,445	50,324	Tot curr liabil . . . . .	276,002	284,585
No of full time employees . . . . .	26,100	27,100	28,500	Tot curr assets . . . . .	663,879	719,155	Indust rev bonds . . . . .	19,000	19,000
No of part time employees . . . . .	10,300	8,300	9,700	Land . . . . .	6,379	7,849	Conv sr notes . . . . .	165,000	165,000
Tot no of employees . . . . .	16,400	15,400	18,200	Buildings . . . . .	29,621	31,463	Long-term debt . . . . .	184,000	184,000
No of com stkhldrs . . . . .	10,000	9,900	9,600	Equipment, furn & fixtures . . . . .	246,803	256,464	Rent-rel liabil . . . . .	34,887	40,552
As is 2 Approximate 3 As of April 24, 2006 4 As of April 21, 2008 5 As of April 30, 2007 Consolidated Balance Sheet, as of (\$000):				Lsehd improve . . . . .	167,542	179,478	Defer gains . . . . .	19,634	23,053
Assets:				Computer software . . . . .	73,175	72,010	Retir benefits . . . . .	24,276	21,857
Cash & cash equivs	93,433	167,178		Projects in prog . . . . .	41	1,557	Other non-curr liabil . . . . .	15,361	1,306
Other accts receivable, gross . . . . .	24,155	22,003		Properties, gross . . . . .	523,561	548,821	Tot other non-curr liabil . . . . .	94,158	86,768
				Less: accum deprec & amort . . . . .	408,609	394,460	Com stk . . . . .	100,779	100,779
				Properties, net . . . . .	114,952	154,361	Paid-in cap . . . . .	126,795	130,416
				Other noncurr assets . . . . .	43,073	42,954	Retain earn . . . . .	236,094	337,178
				Tot assets . . . . .	821,904	916,470	Cum other comprehensive income (loss) . . . . .	373	2,408
				Liabilities:			Less com stk in treasury, at cost . . . . .	196,297	209,664
				Accts pay . . . . .	106,084	95,609	Tot stkhldrs eq . . . . .	267,744	361,117
				Gift cards & other defer rev . . . . .	63,101	66,130			
				Accrued inc tax pay . . . . .	5,000	3,305			
				Accrued payroll & other empl-rel liab . . . . .	46,416	40,610			

Long-Term Debt: Mar. 1, 2008, \$184,000,000 (excluding current portion) comprised of:  
 (1) \$19,000,000 industrial revenue bonds, with weighted average effective interest rate, including standby letter of credit fees of 5.2%, due 2026.  
 (2) \$165,000,000 6.375% convertible senior notes, due 2036.

Capital Stock: **1. Pier 1 Imports Inc. common; par \$1.00.**  
 AUTH — 500,000,000 shs.  
 OUTSTG — Mar. 1, 2008 88,607,000 shs; par \$1.00.  
 STOCK SPLITS — \$1 par shares split 4-for-3 Jan. 13, 1987; 3-for-2 July 1, 1987; 3-for-2, July 16, 1997; and 50% stock dividend July 30, 1998.

**DIVIDENDS PAID —**

1985 . . . . .	0.04	1986 . . . . .	0.04
On \$1.00 par shares, after 4-for-3 split:			
1987 . . . . .	0.04		
On \$1.00 par shares, after 3-for-2 split:			
1987 . . . . .	0.03	1988 . . . . .	0.07 1/2
1990 . . . . .	0.16	1991 . . . . .	1.06
1993 . . . . .	0.09	1994 . . . . .	0.10 1/2
1996 . . . . .	0.16	1997 . . . . .	0.08
On \$1.00 par shares, after 3-for-2 split:			
1997 . . . . .	0.07	1998 . . . . .	0.075
On \$1.00 par shares, after 3-for-2 split:			
1998 . . . . .	0.135	1999 . . . . .	0.12
2001 . . . . .	0.16	2002 . . . . .	0.19
2004 . . . . .	0.38	2005 . . . . .	0.40
2007-2008 . . . . .	Nil	2006 . . . . .	0.30

2 Paid one common share of Sunbelt Nursery Group, Inc. for each 2 Co. common shares held and one common share of Ridgewood Properties, Inc. for each 8 Co. common shares held 3 Also paid stock dividends: 1986, 10%; May 15, 1991, 2%; Nov. 19, 1991, 3%; May 8, 1995, 5% 4 Also one \$0.25 preferred share for each 20 common shares held  
 OPTIONS — Mar. 1, 2008, available for grant, 1,382,124 shares; reserved for issuance, 16,321,000 shares; options outstanding, 12,577,475 shares; restricted stock awards, 524,885 shares.

**Employee Stock Purchase Plan:** Substantially all Co.'s employees are eligible to participate in the Pier 1 Imports, Inc. Stock Purchase Plan under which Co.'s common stock is purchased on behalf of employees at market prices through regular payroll deductions. Each participant may contribute up to 10% of the eligible portions of compensation. Co. contributes from 10% to 100% of the participants' contributions, depending upon length of participation and date of entry into the plan. Co. contributions to the plan were \$786,000 in fiscal year 2008.

TRANSFER AGENT — BNY Mellon Shareowner Services, Jersey City, NJ  
 LISTED — New York : PIR  
 PRICE RANGE —

	2009	2008	2007	2006	2005
High . . . . .	0.77	8.25	9.06	13.25	19.98
Low . . . . .	0.10	0.31	3.26	5.61	8.73