

Brookstone Announces First Quarter 2011 Financial Results

MERRIMACK, N.H. May 17, 2011 -- Innovative product development company and specialty lifestyle retailer Brookstone, Inc. today announced financial results for the first quarter ended April 2, 2011.

For the 13-week period ended April 2, 2011, Brookstone reported total net sales of \$80.1 million, a 14.9% increase from the comparable 13-week period of 2010. Same-store sales increased 10.2% as compared to the comparable 13-week period last year.

For the 13-week period ended April 2, 2011, Brookstone reported a loss from operations of \$14.4 million, compared to a loss from operations of \$17.0 million for the comparable 13-week period last year.

Ron Boire, Brookstone President and Chief Executive Officer, said, "We are encouraged by the improving results in both segments of our business. For our retail stores, the first quarter of 2011 marks our sixth consecutive quarter of same-store sales increases, while the direct segment has generated increased sales in the internet and wholesale divisions. This positive trend reflects an expanding product assortment in our direct segment and improved selling efforts in our retail stores. We believe that Brookstone is well-positioned for the remainder of 2011."

About Brookstone:

Brookstone, Inc. is an innovative product development and specialty lifestyle retail company that operates approximately 300 Brookstone Brand stores nationwide and in Puerto Rico. Typically located in high-traffic regional shopping malls and airports, the stores feature unique and innovative consumer products. The Company also operates a Direct Marketing business that includes the Brookstone catalog and an e-commerce website at <http://www.brookstone.com>.

Brookstone is principally owned by three sponsors, Osim International, J.W. Childs, and Temasek Holdings. In accordance with the terms governing its publicly-held debt, the Company issues quarterly and annual reports under SEC guidelines.

Statements in this release which are not historical facts, including statements about the Company's confidence or expectations, earnings, anticipated operations of its e-commerce sites and those of third-party service providers, and other statements about the Company's operational outlook are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 ("Reform Act") and are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties include, without limitation, risks of changing market conditions in the overall economy and the retail industry, consumer demand, the effectiveness of e-commerce technology and marketing efforts, availability of products, availability of adequate transportation of such products, and other factors detailed from time to time in the Company's annual and other reports posted to the Company's website. Words such as "estimate", "project", "plan", "believe", "feel", "anticipate", "assume", "may", "will", "should" and similar words and phrases may identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. The Company undertakes no obligations to publicly release any revisions to these forward-looking statements or reflect events or circumstances after the date hereof.

BROOKSTONE, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	<u>April 2, 2011</u> (Unaudited)	<u>January 1, 2011</u>	<u>April 3, 2010</u> (Unaudited)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,520	\$ 32,097	\$ 1,125
Receivables, net	8,428	7,266	6,772
Merchandise inventories	83,724	96,004	79,006
Prepaid expenses	8,004	8,950	12,760
Total current assets	101,676	144,317	99,663
Property, plant and equipment, net	46,451	46,362	50,256
Intangible assets, net	105,000	105,000	105,000
Goodwill	99,734	99,734	99,734
Other assets	4,982	5,386	5,254
Total assets	<u>\$ 357,843</u>	<u>\$ 400,799</u>	<u>\$ 359,907</u>
<u>Liabilities and Equity</u>			
Current liabilities:			
Accounts payable	\$ 13,977	\$ 32,836	\$ 7,357
Other current liabilities	27,878	44,435	30,281
Short-term borrowings	12,585	---	---
Deferred income taxes	716	716	762
Total current liabilities	55,156	77,987	38,400
Long-term debt:			
Senior Notes, at face value net of discount	135,110	135,080	169,293
Concession on 2010 Note Exchange, net	12,764	13,529	---
Other long-term debt	3,115	3,408	4,086
Total long-term debt	150,989	152,017	173,379
Other long-term liabilities	19,318	19,604	20,413
Deferred income taxes	37,819	37,819	37,773
Total liabilities	263,282	287,427	269,965
Commitments and contingencies	---	---	---
Equity:			
Brookstone Shareholder's equity:			
Common stock – \$0.01 par value 1,000 shares authorized, one share issued and outstanding	---	---	---
Additional paid-in capital	265,500	265,485	244,259
Accumulated other comprehensive loss	(1,419)	(1,414)	(656)
Retained deficit	(171,134)	(151,999)	(154,934)
Total Brookstone Shareholder's equity	92,947	112,072	88,669
Noncontrolling interests	1,614	1,300	1,273
Total equity	94,561	113,372	89,942
Total liabilities and equity	<u>\$ 357,843</u>	<u>\$ 400,799</u>	<u>\$ 359,907</u>

BROOKSTONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)
(Unaudited)

	Thirteen weeks ended	
	April 2, 2011	April 3, 2010
Net sales	\$ 80,095	\$ 69,732
Cost of sales	64,271	57,848
Gross profit	15,824	11,884
Selling, general and administrative expenses	30,174	28,930
Loss from operations	(14,350)	(17,046)
Interest expense, net	4,424	6,051
Loss before income taxes	(18,774)	(23,097)
Income tax provision	121	187
Consolidated net loss	(18,895)	(23,284)
Less: Net income attributable to noncontrolling interests	240	118
Net loss attributable to Brookstone	\$ (19,135)	\$ (23,402)

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