

Brookstone Announces \$2.1 million EBITDA Improvement For First Quarter 2012 Financial Results

- Same Store Sales increase 7.9%
- Total Revenue increases 11.2% to \$89.1 million
- 2012 Senior Notes retired before maturation

MERRIMACK, NH, May 10, 2012 -- Innovative product development company and multi-channel lifestyle retailer Brookstone, Inc. announced today that, for the first quarter ended March 31, 2012, consolidated net sales increased 11.2% to \$89.1 million and EBITDA improved 18.1% to \$(9.7) million from the first quarter of 2011.

Net sales in the Retail channel increased \$3.7 million, or 5.9%, to \$67.5 million and same-store sales increased 7.9% as compared to the first quarter of 2011. These increases were due in part to improved selling efforts at our retail stores, offset by a net decrease in the number of stores from 300 to 284. For the same period, net sales in our e-Commerce channel increased \$3.2 million, or 26.1%, to \$15.5 million, primarily due to revenue growth in our on-line marketplace initiative under which we have significantly increased the selection of quality third party marketplace products on our website, www.brookstone.com. Net sales in the Alternative Distribution channel, which includes our wholesale business, increased \$2.0 million, or 48.7%, to \$6.0 million, as we continue to focus on expanding our revenue streams through alternative channels.

Jim Speltz, Brookstone's Chief Operating Officer, said: "We are encouraged with both the top and bottom line results for the first quarter of 2012 as we were able to realize improvements in our business, including an expansion of our product assortment in our e-Commerce segment, improved interactive selling efforts in our retail stores, and increased sales to our wholesale and corporate partners. We are especially pleased with the performance of our proprietary Bluetooth® enabled assortment featuring Big Blue Audio™ speakers and premium tablet keyboards. Our Wellness business including Sleep and Massage also performed well and provides us with optimism for 2012 as we continue to grow each of our primary channels of business."

Non-GAAP Financial Information

EBITDA is a measure used by management to evaluate the Company's ongoing operations and as a general indicator of the Company's operating cash flow. The Company defines EBITDA as net income, plus interest expense, provision for income taxes, and depreciation and amortization. Management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the comparative evaluation of companies. Because not all companies use identical calculations, the Company's presentation of EBITDA may not be comparable to similarly titled measures of other companies. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to either net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use as it does not reflect certain cash requirements such as interest payments, tax payments and debt service requirements. We have provided a reconciliation of EBITDA to GAAP net income below:

Brookstone, Inc. Reconciliation of Net Income (Loss) to Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA)

(In thousands)

(Unaudited)

	For the first quarter ended	
	March 31, 2012	April 2, 2011
Net loss	\$ (16,704)	\$ (19,135)
Interest expense	4,408	4,424
Income tax provision	188	121
Depreciation and Amortization	2,409	2,750
EBITDA	<u>\$ (9,699)</u>	<u>\$ (11,840)</u>

Brookstone, Inc. is an innovative product development and specialty lifestyle retail company that currently operates 284 Brookstone branded 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 an e-Commerce channel that includes the Brookstone catalog and the Brookstone website at <http://www.brookstone.com> as well as an alternative distribution channel that includes sales to select resellers and corporate partners.

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)
(Unaudited)

	<u>March 31, 2012</u>	<u>December 31, 2011</u>	<u>April 2, 2011</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,280	\$ 30,051	\$ 1,520
Receivables, net	8,411	13,298	8,428
Merchandise inventories	83,336	88,936	83,724
Prepaid expenses	8,458	8,603	8,004
	<hr/>	<hr/>	<hr/>
Total current assets	101,485	140,888	101,676
Property, plant and equipment, net	43,661	45,441	46,451
Intangible assets, net	105,000	105,000	105,000
Goodwill	99,734	99,734	99,734
Other assets	2,639	2,661	4,982
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 352,519</u>	<u>\$ 393,724</u>	<u>\$ 357,843</u>
<u>Liabilities and Shareholder's Equity</u>			
Current liabilities:			
Accounts payable	\$ 14,879	\$ 32,073	\$ 13,977
Other current liabilities	27,231	49,141	26,974
Short-term borrowings	10,860	---	12,585
Current portion of long term debt	2,104	10,828	904
Deferred income taxes	469	469	716
	<hr/>	<hr/>	<hr/>
Total current liabilities	55,543	92,511	55,156
Long-term debt:			
Senior Notes, at face value net of discount	125,328	125,275	135,110
Concession on 2010 Note Exchange, net	9,567	10,401	12,764
Other long-term debt	16,077	2,503	3,115
	<hr/>	<hr/>	<hr/>
Total long-term debt	150,972	138,179	150,989
Other long-term liabilities	17,759	18,757	19,318
Deferred income taxes	38,066	38,066	37,819
	<hr/>	<hr/>	<hr/>
Total liabilities	262,340	287,513	263,282
Commitments and contingencies	---	---	---
Equity:			
Brookstone Shareholder's equity:			
Additional paid-in capital	267,416	266,827	265,500
Accumulated other comprehensive loss	(2,710)	(2,717)	(1,419)
Retained deficit	(175,984)	(159,280)	(171,134)
	<hr/>	<hr/>	<hr/>
Total Brookstone Shareholder's equity	88,722	104,830	92,947
Noncontrolling interests	1,457	1,381	1,614
	<hr/>	<hr/>	<hr/>
Total equity	90,179	106,211	94,561
	<hr/>	<hr/>	<hr/>
Total liabilities and equity	<u>\$ 352,519</u>	<u>\$ 393,724</u>	<u>\$ 357,843</u>

BROOKSTONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Thirteen weeks ended	
	March 31, 2012	April 2, 2011
Net sales	\$ 89,052	\$ 80,095
Cost of sales	<u>68,854</u>	<u>64,271</u>
Gross profit	20,198	15,824
Selling, general and administrative expenses	<u>32,014</u>	<u>30,174</u>
Loss from operations	(11,816)	(14,350)
Interest expense, net	<u>4,408</u>	<u>4,424</u>
Loss before income taxes	(16,224)	(18,774)
Income tax provision	<u>188</u>	<u>121</u>
Consolidated net loss	(16,412)	(18,895)
Less: Net income attributable to noncontrolling interests	<u>292</u>	<u>240</u>
Net loss attributable to Brookstone	<u><u>\$ (16,704)</u></u>	<u><u>\$ (19,135)</u></u>

Contact:

Thomas F. Moynihan
Vice President, Chief Financial Officer
(603) 880-9500