**Brookstone Nearing Deal with Spencer Spirit Holdings**

**No Impact to Customers; Operations Continue as Usual**

**Deal May be Effectuated Through Voluntary Chapter 11 Reorganization**

**Merrimack, NH—March 27, 2014**—Innovative product development company and multi-channel lifestyle retailer Brookstone, Inc. (“Company”) announced today that it is working toward an agreement with Spencer Spirit Holdings to acquire the Company. In order to facilitate the sale, the Company, with the support of holders of its outstanding bonds, is contemplating filing a pre-negotiated Chapter 11 in the United States Bankruptcy Court.

Brookstone, headquartered in New Hampshire, currently operates approximately 240 mall and airport locations. The stores, catalog, website, and wholesale channels will continue to operate under the Brookstone brand, with current employees remaining at their respective locations.

“Today marks a new chapter in Brookstone’s history,” said Jim Speltz, President and Chief Executive Officer, Brookstone. “While we have implemented various successful cost-cutting initiatives, the search for a strong strategic partner who shares our vision and passion was a natural progression. We think we have found that in Spencer Spirit and are excited about the opportunity to begin leveraging the resources of the two companies and popularity of the Spencer, Spirit, and Brookstone brands.”

Steven Silverstein, Spencer Spirit’s Chief Executive Officer, stated, “Brookstone is a well-recognized brand with a long history of selling a unique assortment of innovative consumer products. We see many similarities between the Spencer Spirit and Brookstone business models and are excited to begin sharing knowledge and building a strong future together.”

During these discussions and beyond, employees, customers, vendors, and wholesale partners can be assured that day-to-day operations will continue uninterrupted.

Brookstone’s legal advisor for the restructuring is K&L Gates LLP and its financial advisor is Deloitte CRG. Jefferies LLC is the Company’s investment banker, and has provided advice on the restructuring and sale of the Company. Spencer Spirit’s legal advisor is Cole Schotz, P.A. and its financial advisor is PricewaterhouseCoopers LLP.

**About Brookstone:**

Brookstone is an innovative product development company and multichannel lifestyle retailer. Brookstone operates approximately 240 stores nationwide and in Puerto Rico. Typically located in high-traffic regional shopping malls and airports, the stores feature unique and innovative consumer products. Brookstone also operates an e-commerce business that includes the Brookstone catalog and [Brookstone.com](http://www.brookstone.com). Fans of Brookstone are encouraged to Like Brookstone on [Facebook](http://www.facebook.com/brookstone), follow on [Twitter](http://www.twitter.com/brookstone.com) and [The Fancy](http://www.thefancy.com/brookstoneinc), and pin on [Pinterest](http://pinterest.com/mybrookstone/)

**About Spencer Spirit Holdings:**

Spencer Spirit Holdings is a leading specialty retailer offering unique merchandise in fun and engaging store environments through two principal concepts, Spencer’s and Spirit. Founded in 1947, Spencer’s is a specialty lifestyle retailer of a unique products tailored to reflect popular themes and trends for young adults. As of December 31, 2013, the Company operated 644 Spencer stores in 49 states and Canada. Founded in 1983, Spirit is a seasonal Halloween retailer that operated 1,052 temporary stores in 48 states and Canada in 2013.

**For Brookstone: For Spencer Spirit Holdings:**

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