IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
BROOKSTONE HOLDINGS CORP., *et al.*,[1]	Case No. 18-11780 (BLS)
Debtors.	(Jointly Administered)
	Ref. Docket No. 5

INTERIM ORDER AUTHORIZING (A) THE MAINTENANCE OF THE CASH MANAGEMENT SYSTEM; (B) MAINTENANCE OF THE EXISTING BANK ACCOUNTS; (C) CONTINUED USE OF EXISTING BUSINESS FORMS; (D) CONTINUED PERFORMANCE OF INTERCOMPANY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND GRANT OF ADMINISTRATIVE EXPENSE STATUS FOR POSTPETITION INTERCOMPANY CLAIMS; AND (E) GRANTING RELATED RELIEF

Upon the *Debtors' Motion for Interim and Final Orders Authorizing (A) the Maintenance of the Cash Management System; (B) Maintenance of the Existing Bank Accounts; (C) Continued Use of Existing Business Forms; (D) Continued Performance of Intercompany Transactions in the Ordinary Course of Business and Grant of Administrative Expense Status for Postpetition Intercompany Claims; and (E) Granting Related Relief* (the "Motion")[2] filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that venue of these cases and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court

[1] The Debtors, along with the last four digits of each Debtor's tax identification number, are: Brookstone Holdings Corp. (4638), Brookstone, Inc. (2895), Brookstone Company, Inc. (3478), Brookstone Retail Puerto Rico, Inc. (5552), Brookstone International Holdings, Inc. (8382), Brookstone Purchasing, Inc. (2514), Brookstone Stores, Inc. (2513), Big Blue Audio LLC (N/A), Brookstone Holdings, Inc. (2515), and Brookstone Properties, Inc. (2517). The Debtors' corporate headquarters and the mailing address for each Debtor is One Innovation Way, Merrimack, NH 03054.

[2] All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and upon consideration of the First Day Declaration; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein on an interim basis until such time as this Court conducts a final hearing on this matter (the "Final Hearing").

2. The Final Hearing shall take place on August 29th, 2018 at 1:00 p.m. (prevailing Eastern Time). Any objections or responses to the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) August 22, 2018 and served on (a) the Office of the United States Trustee for the District of Delaware (Attn: Linda Casey), (b) Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166 (Attn: Matthew J. Williams, David M. Feldman, Matthew K. Kelsey, and Keith R. Martorana), (c) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Michael R. Nestor, Sean M. Beach, Andrew L. Magaziner), (d) counsel to any statutory committee appointed in these Chapter 11 Cases, (e) counsel to the DIP Administrative Agent, Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110 (Attn: Christopher L. Carter), and (f) counsel to the

DIP Term Agent, Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Jonathan D. Marshall).

3. The Debtors are authorized to maintain and use the Cash Management System as described in the Motion.

4. The Debtors are authorized to (a) continue to use, with the same account numbers, the Bank Accounts, (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession, and (c) use, in their present form, all Business Forms, without reference to their status as debtors in possession, except as otherwise provided in this Order.

5. The Banks are hereby authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession without interruption and in the usual and ordinary course, and to receive, process, honor, and pay any and all checks and drafts drawn on, or electronic transfer requests made on, the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, that any check drawn or issued by the Debtors before the Petition Date may be honored by the Banks only if specifically authorized by order of this Court.

6. Notwithstanding any other provision of this Order, if the Banks honor a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in good faith belief that this Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, it shall not be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order.

7. The Banks are authorized to debit the Bank Accounts in the ordinary course of business without need for further order of this Court for: (a) all checks, automated clearing house

entries, and other items deposited or credited to the Bank Accounts prior to filing of the Chapter 11 Cases that have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to filing of the Chapter 11 Cases and (b) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the Banks as service charges for the maintenance of the Cash Management System.

8. The Banks may rely on the representations of the Debtors with respect to whether any check, item, or other payment order drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and the Banks shall not have any liability to any party for relying on such representations by the Debtors as provided for herein.

9. Those certain existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect. The Debtors may, without further order of this Court, implement changes to the Debtors' Cash Management System in the ordinary course of business pursuant to the terms of those existing deposit agreements, including, without limitation, the opening and closing of bank accounts. Notwithstanding the foregoing or anything to the contrary contained herein, however, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under the Debtors' postpetition financing agreements (the "DIP Documents") and any orders approving the DIP Documents and governing the Debtors' use of cash collateral (including with respect to any budgets governing or relating thereto).

10. The Debtors are authorized, upon prior notice to the DIP Administrative Agent and the DIP Term Agent, to open any new bank accounts or close the existing Bank Accounts as they may deem necessary and appropriate in their discretion and in consultation with the DIP Administrative Agent and the DIP Term Agent; *provided* that the Debtors give notice within fifteen (15) days thereafter to the U.S. Trustee and any statutory committees appointed in the Chapter 11 Cases; *provided, further*, that the Debtors shall only open any such new bank accounts at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at banks that are willing to immediately execute such an agreement. To the extent the Debtor open any new bank accounts with a bank other than the Banks, the provisions of this Order shall apply with equal force to such banks.

11. The Debtors are authorized to use their existing Business Forms; *provided*, that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; *provided further* that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor in Possession" legend on such items within ten (10) days of the date of entry of this Order.

12. Subject to the terms below, the Debtors are authorized to continue performing Intercompany Transactions in the ordinary course of business and to honor and pay obligations in connection with the Intercompany Transactions.

13. The Debtors shall maintain accurate and detailed records of all transfers, including Intercompany Transfers between Debtors, so that all transactions may be readily ascertained, traced, recorded properly, and distinguished between prepetition and postpetition transactions. All Intercompany Claims owed by a Debtor to another Debtor shall be accorded

administrative priority status of the kind specified in section 503(b) of the Bankruptcy Code to the extent such obligations arise after the Petition Date.

14. The Debtors are authorized and empowered to continue engaging in Intercompany Transactions among the Debtors and the non-debtor joint venture subsidiaries (the "JVs") of the Debtors in the ordinary course, and, in connection therewith, are directed to maintain their cash management system so that all transfers and transactions are adequately documented and readily ascertainable; provided, however, that, for the avoidance of doubt, the Debtors shall not be authorized by this Order to undertake any Intercompany Transaction that is not on the same terms as, or materially consistent with, the Debtors' operations of their businesses in the ordinary course during the prepetition period; provided, further, that Intercompany Transactions between the Debtors and the JVs are approved solely on an interim basis and shall be subject to further consideration by this court at the final hearing.

15. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended until the date that is thirty (30) days after the date hereof, without prejudice to the Debtors' right to seek further suspensions from the U.S. Trustee without further Order of this Court.

16. For banks at which the Debtors hold bank accounts that are party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, within fifteen (15) days of the date of entry of this Order the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case.

17. For banks at which the Debtors hold accounts that are not party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, (i) the amount in such accounts shall not exceed $250,000 per account at any one time, and (ii) the Debtors shall use their good-faith efforts to cause the banks to execute a Uniform Depository agreement in a form prescribed by the Office of the United States Trustee within forty-five (45) days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

18. For any PayPal account maintained by any Debtor, the Debtor shall use reasonable good faith efforts to ensure that the daily balance in the account does not exceed $30,000. The Debtors shall provide to the U.S. Trustee, on a bi-weekly basis, statements showing the daily balances in the PayPal accounts.

19. Notwithstanding use of a consolidated Cash Management System, the Debtor shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity pays those disbursements.

20. Within five (5) business days from the date of the entry of this Order, the Debtors shall (i) serve a copy of this Order on the Banks and (ii) request that the Banks internally code the Bank Accounts as "debtor in possession" accounts.

21. Nothing in this Order (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors, (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority, or amount of

any claim against the Debtors and their estates, or (c) shall be construed as a promise to pay a claim.

22. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

23. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief requested in the Motion, as granted hereby, is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

24. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

25. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: August 3, 2018
Wilmington, Delaware

BRENDAN LINEHAN SHANNON
UNITED STATES BANKRUPTCY JUDGE