

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

BROOKSTONE HOLDINGS CORP., *et al.*,¹

Debtors.

Chapter 11

Case No. 18-11780 (BLS)

Jointly Administered

Sale Objection Deadline:
September 24, 2018 at 4:00 p.m. (ET)

Post-Auction Objection Deadline:
September 28, 2018 at 4:00 p.m. (ET)

Hearing Date:
October 1, 2018 at 10:00 a.m. (ET)

NOTICE OF SALE, BID PROCEDURES, AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On August 8, 2018, the affiliated debtors and debtors in possession in the above-captioned cases (each a “Debtor,” and collectively, the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) their motion (the “Motion”) for the entry of: (a) an order (the “Bid Procedures Order”),² (i) scheduling an auction (the “Auction”) and hearing (the “Sale Hearing”) on approval of the proposed sale or disposition (the “Sale”) of substantially all of the assets of the Debtors (the “Assets”) or any portion thereof, free and clear of all liens, claims, encumbrances, and other interests, except certain permitted encumbrances as determined by the Debtors and any purchaser of the Assets (collectively, the “Encumbrances and Liabilities”), to the Successful Bidder(s) and authorizing the assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Assigned Contracts”) in connection therewith; (ii) authorizing and approving certain proposed bid procedures for the Sale (collectively, the “Bid Procedures”), certain proposed assumption and assignment procedures for the Assigned Contracts (collectively, the

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 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bid Procedures Order (including the Bid Procedures). Any summary of the Bid Procedures and the Bid Procedures Order contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

“Assignment Procedures”), and the form and manner of notice thereof; and (iii) granting related relief; and (b) an order (the “Sale Order”), (i) authorizing and approving the Debtors’ entry into an agreement with the Successful Bidder(s) for all or a portion of the Assets; (ii) authorizing and approving the Sale, free and clear of all Encumbrances and Liabilities; (iii) authorizing and approving the assumption and assignment of the Assigned Contacts in connection therewith; and (iv) granting related relief.

2. On August 29, 2018, the Bankruptcy Court entered the Bid Procedures Order [Docket No. 265].

3. Pursuant to the Bid Procedures, a Potential Bidder that desires to make a bid shall deliver an electronic copy of its bid to the parties identified in the Bid Procedures so as to be received on or before **September 20, 2018 at 5:00 p.m. (ET)** (the “**Bid Deadline**”) and **otherwise comply with the Bid Procedures. FAILURE TO ABIDE BY THE BID PROCEDURES MAY RESULT IN A BID BEING REJECTED. ANY PARTY INTERESTED IN BIDDING ON THE ASSETS SHOULD CONTACT J. SOREN REYNERTSON (SOREN.REYNERTSON@GLCA.COM), (212) 542-4550, AND MICHAEL SELLINGER (MICHAEL.SELLINGER@GLCA.COM, (212) 542-4545 WITH GLC ADVISORS & CO., LLC, THE DEBTORS’ INVESTMENT BANKER.**

4. Pursuant to the Bid Procedures, in the event that the Debtors receive at least two Qualified Bids (or one Qualified Bid if there is also a Stalking Horse Bid) by the Bid Deadline with regard to any particular Assets, the Debtors will conduct an auction which shall take place on **September 24, 2018, beginning at 10:00 a.m. (ET)** (the “**Auction**”) at the offices of counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, or such later time or such other place as the Debtors shall designate and notify to all Qualified Bidders who have submitted Qualified Bids. Only Qualified Bidders (including any Stalking Horse Bidder), shall be entitled to participate at the Auction.

5. If the Debtors do not receive any Stalking Horse Bid prior to the Stalking Horse Bid Deadline or Qualified Bids prior to the Bid Deadline with respect to a particular portion of the Assets (or all of the Assets), the Debtors may, in consultation with the Consultation Parties and consistent with the terms of the DIP Documents, among other things, (i) extend such Bid Deadline with respect to the subject Assets, (ii) cancel the Auction and terminate the proposed Sale for the subject Assets, or (iii) otherwise seek Bankruptcy Court relief.

6. Each Successful Bid and any Next-Highest Bid (or if no Qualified Bid other than that of a Stalking Horse Bidder or one Qualified Bidder is received with respect to a particular Asset or grouping of Assets, then the Stalking Horse Bid or the Qualified Bidder, respectively) will be subject to approval by the Bankruptcy Court. The Sale Hearing shall take place on **October 1, 2018, at 10:00 a.m. (ET)**. The Sale Hearing may be adjourned by the Debtors consistent with the terms of the DIP Documents and from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in

open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda, stating the adjournment, on the docket of the Debtors' chapter 11 cases.

7. Any objections to the Sale or the relief requested in connection with the Sale, including objections to entry of the proposed Sale Order (a "Sale Objection"), other than a Post-Auction Objection (as defined below) or a Cure Cost/Assignment Objection (which shall be governed by the Assignment Procedures) must: (i) be in writing; (ii) signed by counsel or attested to by the objecting party; (iii) in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with the Clerk of the Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, together with proof of service, **on or before 4:00 p.m. (ET) on September 24, 2018** (the "Sale Objection Deadline"); and (vi) be served, so as to be actually received on or before the Sale Objection Deadline, upon (a) counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Michael R. Nestor, Esq. (mnestor@ycst.com), Sean Beach, Esq. (sbeach@ycst.com) and Andrew L. Magaziner, Esq. (amagaziner@ycst.com)), and Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166 (Attn: Matthew J. Williams (mjwilliams@gibsondunn.com), Esq., David M. Feldman, Esq. (dfeldman@gibsondunn.com), Matthew K. Kelsey, Esq. (mkelsey@gibsondunn.com) and Keith R. Martorana, Esq. (kmartorana@gibsondunn.com)); (b) proposed counsel to the official committee of unsecured creditors, Cooley LLP, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Cathy Hershcopf, Esq. (chershcopf@cooley.com), Seth Van Aalten, Esq. (svanaalten@cooley.com), Robert Winning, Esq. (rwinning@cooley.com), Evan Lazerowitz, Esq. (elazerowitz@cooley.com), and Summer McKee, Esq. (smckee@cooley.com)), and Bayard, P.A., 600 N. King Street, Suite 400, Wilmington, Delaware 19801 (Attn: Justin R. Alberto, Esq. (jalberto@bayardlaw.com), Erin R. Fay, Esq. (efay@bayardlaw.com), and Gregory J. Flasser (gflasser@bayardlaw.com)); (c) the Office of the United States Trustee for the District of Delaware (linda.casey@usdoj.com); (d) counsel to Wells Fargo, National Association, in its capacity as (i) Agent under the Credit Agreement, dated as July 7, 2014, and (ii) Administrative Agent under the DIP Credit Agreement, Morgan, Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110 (Attn: Marjorie S. Crider, Esq. (marjorie.crider@morganlewis.com), Christopher L. Carter, Esq. (christopher.carter@morganlewis.com), and 101 Park Avenue, New York, NY 10178 (Attn: Glenn E. Siegel, Esq. (glenn.siegel@morganlewis.com) and Rachel Jaffe Mauceri (rachel.mauceri@morganlewis.com)) and Burr & Forman LLP, 1201 N. Market Street, Suite 1407, Wilmington, Delaware 19801 (Attn: J. Cory Falgowski (jfalgowski@burr.com)); (e) counsel to Gordon Brothers Finance Company, in its capacity as (i) Term Agent under the Term Note dated June 3, 2015 and (ii) Term Agent under the DIP Credit Agreement, Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin J. Simard, Esq. (ksimard@choate.com) and Jonathan D. Marshall, Esq. (jmarshall@choate.com)), and Richards Layton & Finger, P.A., One Rodney Square, 920 North King St., Wilmington, DE 19801 (Attn: John H. Knight (knight@rlf.com)); and (f) counsel to Wilmington Trust, National Association, in its capacity as Indenture Trustee under the Indenture dated as of July 7, 2014 pursuant to which the 10.0% Second Lien Subordinated Secured Notes Due 2021 were issued, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 (Attn: Erez E. Gilad, Esq. (egilad@stroock.com), Jonathan D. Canfield, Esq. (jcanfield@stroock.com), and Isaac S. Sasson,

Esq. (isasson@stroock.com)) and Fox Rothschild LLP, Citizens Bank Center, 919 North Market Street, Suite 300, Wilmington, Delaware 19899 (Attn: Thomas M. Horan, Esq. (thoran@foxrothschild.com) and Courtney A. Emerson, Esq. (cemerson@foxrothschild.com)) (collectively, the “Notice Parties”).

8. Any objections solely with respect to conduct at the Auction (a “Post-Auction Objection”) must: (i) be in writing; (ii) signed by counsel or attested to by the objecting party; (iii) in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with the Clerk of the Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, together with proof of service, **on or before 4:00 p.m. (ET) on September 28, 2018** (the “Post-Auction Objection Deadline”); and (vi) be served, so as to be actually received on or before the Post-Auction Objection Deadline, upon the Notice Parties.

9. If a Sale Objection is not filed and served on or before the Sale Objection Deadline or a Post-Auction Objection is not filed and served on or before the Post-Auction Objection Deadline in accordance with the foregoing requirements, the Court may enter the Sale Order without further notice to such party.

10. Copies of the Motion, the Bid Procedures, the Bid Procedures Order, and the Assignment Procedures may be obtained by parties in interest free of charge on the dedicated webpage related to the Debtors’ chapter 11 cases maintained by the claims and noticing agent in these cases (<http://omnimgt.com/sblite/BKST>). Copies of such documents are also available for inspection during regular business hours at the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, and may be viewed for a fee on the internet at the Court’s website (<http://www.deb.uscourts.gov/>) by following the directions for accessing the ECF system on such website.

11. For ease of reference, the following chart has been included to indicate the dates relevant to this Notice:

Date	Event
September 10, 2018	Service of Potential Assumption and Assignment Notice
September 20, 2018, 5:00 p.m. (ET)	Bid Deadline
September 24, 2018, 10:00 a.m. (ET)	Auction
September 24, 2018, 4:00 p.m. (ET)	Sale Objection Deadline Cure Cost/Assignment Objection Deadline
September 28, 2018, 4:00 p.m. (ET)	Post-Auction Objection Deadline

October 1, 2018, 10:00 a.m. (ET)	Sale Hearing
October 4, 2018	Closing Date

Dated: August 30, 2018
Wilmington, Delaware

/s/ Andrew L. Magaziner
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Sean M. Beach (No. 4070)
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