IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

KURT TOMPKINS	§	
	§	
and	§	
	§	
TOMPKINS RESEARCH, INC.,	§	
	§	
Plaintiffs,	§	**CIVIL ACTION NO. 1:12-cv-00809**
	§	
VS.	§	
	§	
BROOKSTONE, INC., and	§	
BROOKSTONE COMPANY, INC.	§	
	§	
Defendants.	§	

PLAINTIFFS' ORIGINAL COMPLAINT AND JURY DEMAND

TO THE HONORABLE UNITED STATES DISTRICT JUDGE:

Plaintiffs Kurt Tompkins and Tompkins Research, Inc. file this, their Original Complaint against Defendant Brookstone, Inc., and Brookstone Company, Inc. as follows:

A. SUMMARY OF THE CASE

1. This is an action to recover both monetary damages and injunctive relief, as well as all other appropriate relief, as a result of illegal actions taken by Defendants Brookstone, Inc. and Brookstone Company, Inc. (collectively, "Brookstone"). Brookstone induced Plaintiffs to distribute their "made in the USA" product through Brookstone's network of stores and catalog sales from 2008-2012. "

2. During the course of the business relationship between Plaintiffs and Defendant Brookstone, Brookstone asked to take over production of Tompkins's Bedfan and move production from Texas to China.

3. Tompkins refused to move production of the Bedfan to China. Thereafter, Brookstone surreptitiously developed a knockoff of Plaintiffs' Bedfan, which Brookstone called the "Bed Fan" and began palming it off as its "Bed Fan."

B. PARTIES

4. Plaintiff Kurt Tompkins is a resident of this judicial district, the Western District of Texas, and lives in Kendalia, Texas. Tompkins is a successful small businessman who takes immense pride in the fact that his Bedfan is manufactured in Texas. Production of Tompkins's Bedfan contributes to local employment.

5. Plaintiff Tompkins Research, Inc. is a Delaware corporation having its principal place of business in Kendalia, Texas.

6. Defendant Brookstone Company, Inc. is a corporation having its principal place of business in Merrimack, New Hampshire, and is incorporated under the laws of New Hampshire. It has physical store locations from which it sells its wares across the United States, including within the Western District of Texas. Brookstone Company, Inc. has store locations in both Austin and San Antonio. Brookstone Company, Inc. may be served with summons and a copy of the Complaint through its registered agent for service, Thomas P. Manson, Esq., 1000 Elm Street 20F1, Manchester, New Hampshire 03101. In addition or in the alternative, Brookstone Company, Inc. may be served with process through its president, Mr. Stephen Bebis or any other officer of the corporation.

7. Defendant Brookstone, Inc. is a corporation having its principal place of business in Merrimack, New Hampshire and is incorporated under the laws of Delaware. It is the sole and entire owner of Brookstone Co., Inc. It has no business operations aside from owning and operating Brookstone Co., Inc. Brookstone, Inc. may be served with summons and a copy of the

Complaint through its registered agent for service, Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. In addition or in the alternative, Brookstone, Inc. may be served with process through its president, Mr. Stephen Bebis or any other officer of the corporation.

C. JURISDICTION AND VENUE

8. The Court has personal jurisdiction over Defendant Brookstone Co., Inc. because it has multiple physical store locations, from which it makes sales and conducts business, in the Western District of Texas. Brookstone has multiple physical store locations in Austin and the surrounding area. In addition, the contract between Plaintiffs and Brookstone giving rise to some of Plaintiffs' claims was performable in the Western District of Texas.

9. The Court has personal jurisdiction over Defendant Brookstone, Inc. because its only business operations consist of owning and operating Brookstone Co, Inc., which has multiple physical store locations, from which it makes sales and conducts business, in the Western District of Texas. Brookstone has multiple physical store locations in Austin and the surrounding area. In addition, the contract between Plaintiffs and Brookstone giving rise to some of Plaintiffs' claims was performable in the Western District of Texas.

10. This Court also has personal jurisdiction over both of the Brookstone Defendants because they intentionally mail a catalog advertising their wares and soliciting purchases into the Western District of Texas.

11. The Court has federal question jurisdiction over the subject matter of Plaintiffs' claims that arise under federal law. *See* 28 U.S.C. § 1331.

12. The Court has supplemental jurisdiction over the subject matter of Plaintiffs' claims arising under Texas law, because Plaintiffs' state law claims are so related to Plaintiffs' federal

law claims "that they form part of the same case or controversy under Article III of the United States Constitution." *See* 28 U.S.C. § 1367(a).

13. This Court also has jurisdiction over the subject matter of all of Plaintiffs' claims because there is complete diversity of parties and more than $75,000 in controversy. *See* 28 U.S.C. § 1332(a)(1).

14. Plaintiff Kurt Tompkins is a citizen of Texas.

15. Plaintiff Tompkins Research, Inc. is incorporated in Delaware and has its principal place of business in Texas. It has had its principal place of business in the Western District of Texas at all times relevant to this litigation.

16. Defendant Brookstone Company, Inc. is incorporated in New Hampshire and has its principal place of business in New Hampshire.

17. Defendant Brookstone, Inc. is incorporated in Delaware and has its principal place of business in New Hampshire.

18. Venue is proper in this District because all or a substantial portion of the events and omissions giving rise to Plaintiffs' claims occurred in the Western District of Texas. *See* 28 U.S.C. § 1391(b)(2).

19. Plaintiff Kurt Tompkins has resided in the Western District of Texas at all times relevant to this litigation.

20. The Bedfans that Plaintiff Kurt Tompkins sold to Defendant Brookstone during the course of their business relationship were invented, designed, and manufactured in the Western District of Texas.

21. On information and belief, Defendant Brookstone markets and sells its knockoff Bed Fan at physical store locations in the Western District of Texas.

D. BACKGROUND

PLAINTIFFS' PRODUCT, THE BEDFAN

22. The Bedfan is an award-winning product, invented and perfected by Kurt Tompkins, that cools a sleeper by taking in cool air from below the sleeper's bed and blowing this cool air between the sleeper's sheets. It is useful for those who want to cut down on nighttime air conditioning usage, menopausal women suffering from hot flashes, and couples who prefer to sleep at different temperatures in the same bed.

TOMPKINS INVENTS AND PERFECTS THE BEDFAN

23. The Bedfan was created through Kurt Tompkins's hard work and patient experimentation.

24. Kurt Tompkins developed and designed the Bedfan in his garage in Boerne, Texas and then Snook, Texas, by trial and error and the sweat of his brow.

25. Tompkins had identified a problem common to many people, especially during a Texas summer: one can easily become hot while sleeping, leading to costly increased air conditioner usage. To address this problem, Plaintiffs began designing a device that would get air between the sheets, while also fitting the height of a standard bed and being unobtrusive. Tompkins came up with a design that would meet all of these requirements.

26. Once he had the concept, Tompkins started working on technical drawings. Tompkins taught himself how to do technical drawings.

27. Self-teaching was nothing new to Tompkins. He attended engineering school at Texas A&M University until a professor encouraged him to follow his entrepreneurial dream. This professor was so impressed with Tompkins's ideas (including the Bedfan) that he considered joining Tompkins's venture as a partner.

28. After coming up with the concept for the Bedfan, Tompkins started working on prototypes. Plaintiffs began experimenting with different materials, to find the optimum one. After thorough experimentation, Plaintiffs settled on the most effective material for the product.

29. Tompkins also experimented with different shapes for the Bedfan. Tompkins went through hundreds of design changes, searching for the perfect design for the Bedfan.

30. Tompkins's thorough experimentation was time-consuming, labor-intensive, difficult, and expensive, but was ultimately effective, as it yielded the current design.

31. Tompkins's Bedfan has been recognized as a valuable invention, garnering a medal at the Minnesota Inventor's Congress.

TOMPKINS BRINGS THE BEDFAN TO MARKET

32. Tompkins applied for a patent for the Bedfan before he began selling Bedfans. Exhibit A, Patent Application. Tompkins eventually received US Patent No. 7908688 for the Bedfan. Exhibit B, US Patent No. 7908688.

33. Tompkins also obtained trademark rights on the Bedfan and currently holds a trademark for the Bedfan Personal Cooling System. Exhibit C, Trademark for the Bedfan Personal Cooling System.

34. Tompkins began selling the Bedfan online at www.bedfan.com.

35. Tompkins marketed the Bedfan through his company, Tompkins Research, Inc.

36. Having brought his creation to market, Tompkins did not rest on his laurels. Tompkins, along with his wife, oldest child, in-laws, and close friends, continued assembling Bedfans themselves in their garage for at least the first two years that the Bedfan was on sale. Exhibit D, Pictures of Bedfan Production in Tompkins's Garage.

37. During this time, the Bedfan's parts were manufactured in Boerne, Texas by Bee Jay Molding and assembled in Kurt Tompkins's garage in Texas.

38. Tompkins's business grew rapidly for the three years from 2005 to 2008. Exhibit E, Honolulu Star-Bulletin, August 1, 2008. More than 12,000 units had been sold by August 1, 2008. *Id.*

39. As the Bedfan's popularity took off, the quantities that Tompkins could assemble in his garage were no longer enough to keep up with rising demand. From that time on, Bee Jay Molding took over assembly in addition to part production.

40. This arrangement has continued through to the present. Tompkins's Bedfan is produced – from injection molding of parts to final assembly – at Bee Jay Molding in Boerne, Texas.

**TOMPKINS'S BEDFAN GROWS IN POPULARITY,
DUE IN PART TO MASS MEDIA ATTENTION**

41. The Bedfan has gained popularity due to its ingenious design, high quality, and the deeply felt need that it addresses for many people who struggle to sleep uncomfortably night after night. The Bedfan's popularity has also been greatly augmented by the significant mass media attention it has received.

42. The Bedfan has been featured on numerous national and local TV shows, including Good Morning America, Dr. Oz, The View, Fox and Friends, and Good Day San Antonio, among others.

43. When Tompkins's Bedfan was on The View, it was a hit. The television personalities on The View loved it and it was prominently featured on the nationally-broadcast network television show. Exhibit F, Emails from Audrey Jones to Kurt Tompkins.

44. Whoopi Goldberg liked the Bedfan so much that she expressed interest in taking the Bedfan with her to Las Vegas to keep her cool when The View went to Las Vegas to film. Exhibit F, Emails from Audrey Jones to Kurt Tompkins.

45. The Bedfan has also been featured in scores of newspapers across the nation from New York to Honolulu, including the Houston Chronicle (circulation 677,425), the Fort Worth Star-Telegram (circulation 218,916), the New York Daily News (circulation 718,174), the Honolulu Star-Bulletin (circulation 65,167), and many more. Exhibit G, Newspaper Articles.

46. The Bedfan has also been advertised on television and radio.

47. Plaintiffs' Bedfan has been a media hit.

TOMPKINS DECLINES TO DO BUSINESS WITH WALMART

48. In 2006, Walmart offered to buy 20,000 Bedfans, but Tompkins declined because Walmart wanted to manufacture the Bedfans in China rather than Texas.

49. It is important to Tompkins that his Bedfan be manufactured close to where he lives, so that he can supervise production and ensure quality control. Tompkins's reputation is based on producing and selling a high-quality product.

TOMPKINS AGREES TO SELL SOME OF HIS BEDFANS THROUGH BROOKSTONE

50. Tompkins began selling his Bedfans to Brookstone in 2008.

51. Tompkins sold Bedfans to Brookstone, which retailed them. Brookstone paid Tompkins $40 per unit for his Bedfans and resold them for $79.95.

52. Tompkins's business relationship with Brookstone continued for several years, as the Bedfan became a successful seller for Brookstone.

53. Between 2008 and 2012, Tompkins sold approximately 13,310 units to Brookstone, generating approximately $1,064,134.50 of revenue for Brookstone.

54. Tompkins also continued to sell Bedfans from his own website and through other retailers (including QVC, Relax the Back, Mattress Pro, The Mattress Firm, American Mattress Company, Mattress World, and Bedmart), as well as various catalogs (including Hammacher Schlemmer, Air Mall, and Home Trends).

BROOKSTONE APPROACHES TOMPKINS ABOUT TAKING OVER PRODUCTION AND MOVING PRODUCTION TO CHINA

55. During the course of their business relationship, Brookstone approached Tompkins about licensing his patent for the Bedfan to Brookstone and allowing Brookstone to take over production.

56. Brookstone indicated that, if it took over production, production would be moved to China.

57. Tompkins said no to Brookstone's offer, even though it was lucrative, because Tompkins wanted to maintain control of production and maintain the Bedfan's "Made in the USA" status. Tompkins wanted to keep manufacturing jobs in Boerne, Texas and did not want to lose quality control by allowing the Bedfan to be produced at a distant location.

58. Tompkins had explicitly informed Brookstone executives that Tompkins was committed to producing his Bedfans in the United States. Exhibit H, Emails between Kurt Tompkins and Brookstone Executives.

59. As a result, the business relationship between Tompkins and Brookstone continued as before – at least, this is what Brookstone led Tompkins to believe.

FRUSTRATED BY TOMPKINS'S DECISION TO RETAIN CONTROL OF BEDFAN PRODUCTION AND KEEP PRODUCTION IN THE USA, BROOKSTONE STEALS HIS INVENTION AND BEGINS TO PRODUCE BED FANS IN CHINA

60. On information and belief, when Tompkins said no to Brookstone's offer, Brookstone secretly decided to go ahead with its plans to manufacture the Bedfan in China anyway.

61. In doing so, Brookstone stole the fruit of Tompkins's labor.

62. On February 14, 2011, while Tompkins still believed that his business relationship with Brookstone was continuing as before, a Brookstone executive, Chris Archard, asked Tompkins for three samples, ostensibly to be used in promoting the Bedfan to magazines. Exhibit I, Emails between Kurt Tompkins and Chris Archard.

63. Tompkins agreed to send the samples, but added "I expect that these samples are not for sending to China for production bids." Exhibit I, Emails between Kurt Tompkins and Chris Archard.

64. Archard assured Tompkins that his samples would not be sent to China. Exhibit I, Emails between Kurt Tompkins and Chris Archard. Rather, they would be used to promote the Bedfan to magazines. *Id.*

65. Archard was acting within his agency for Brookstone as one of its executives when he made these representations to Tompkins.

66. Tompkins sent three samples to Chris Archard, as requested.

67. In doing so, Tompkins reasonably relied on Archard's representation that the samples would not be sent to China and would be used only for marketing Tompkins's Bedfan.

68. Notwithstanding Archard's stated purpose for requesting the samples, no magazine placements ever materialized as far as Tompkins knows. Plaintiff believes that the units were acquired by fraud for the purpose of getting a bid from China.

69. On June 7, 2012, Tompkins found out about Brookstone's new Bed Fan, when the first in a long line of confused customers sent Tompkins an email saying that she had seen what she

assumed was *Tompkins's* new Bed Fan at Brookstone. Exhibit J, Email from Patricia T. Callahan to Kurt Tompkins.[1]

70. To Tompkins's surprise, Brookstone was manufacturing a new Bed Fan without Tompkins's permission and without even informing Tompkins.

71. Brookstone's new Bed Fan is made in China. It is the knockoff that Brookstone promised Tompkins it was not creating.

72. During the course of their business relationship, Plaintiffs sold Bedfans to Brookstone for $40 per unit. Brookstone then resold these Bedfans for $79.95 – a markup of approximately 100%.

73. On information and belief, this was apparently not lucrative enough for Brookstone's tastes. Brookstone's knockoff sells for $99.99 and is now produced in China, rather than in Texas.

74. Brookstone's securities filings make clear that Brookstone's decision to produce Bed Fans in China was part of a "strategy to increase profit margins" by purchasing from foreign vendors, "including, but not limited to, vendors located in Asia." Exhibit K, Brookstone's 2011 10-K, Page 12.

75. For a substantial period of time in June, 2012, Brookstone advertised its new Bed Fan as the featured item on the front page of its website. Exhibit L, Screenshot of Brookstone.com front page, dated June 21, 2012.

76. Brookstone's knockoff Bed Fan was featured by itself on the front page of Brookstone's Summer 2012 catalog. Exhibit M, Cover of Brookstone's Summer 2012 Catalog. On that catalog cover, Brookstone referred to its knockoff Bed Fan as "*our* most amazing innovation

[1] Tompkins's original is called the "Bedfan." Brookstone gave its knockoff a confusingly similar name: "Bed Fan."

between the sheets," falsely implying that Brookstone came up with the concept for the Bed Fan. (emphasis added).

77. Brookstone's intense marketing efforts to publicize their knockoff attest to the tremendous appeal of Kurt Tompkins's invention.

BROOKSTONE ALSO STEALS TOMPKINS'S IDEAS FOR IMPROVING THE NEXT GENERATION OF HIS BEDFANS

78. During the course of their dealings, Tompkins informed Brookstone that he planned to add a wireless remote control and possibly a filter in the front to the next incarnation of his Bedfan, which he expected to sell through Brookstone and other retailers.

79. Brookstone's new Bed Fan incorporates precisely these features: a wireless remote control and a filter in the front.

80. Indeed, the biggest selling point for Brookstone's new Bed Fan is that it has a wireless remote. Exhibit L, Screenshot of Brookstone.com front page, dated June 21, 2012.

81. Brookstone has misappropriated Tompkins' trade secret plans for improving his Bedfan.

PHYSICAL SIMILARITIES BETWEEN TOMPKINS'S BEDFAN AND BROOKSTONE'S BED FAN

82. Brookstone's Bed Fan is strikingly similar in appearance to Tompkins's Bedfan.

83. Brookstone has copied much of the appearance of Tompkins's Bedfan in order to confuse customers into thinking that Brookstone's Bed Fan was associated with Tompkins's Bedfan, thus allowing Brookstone to capitalize on the reputation and goodwill of Tompkins's Bedfan.

BROOKSTONE COPIES PLAINTIFFS' MARKETING STRATEGY

84. Brookstone appears to have copied not only Tompkins's product, but also his marketing strategy.

85. Brookstone's marketing materials mimic Tompkins's selling points.

86. Brookstone is still using very similar marketing text to that used when it marketed Kurt Tompkins's Bedfan, thereby confusing consumers by giving them the impression of continuity between Tompkins's Bedfan and Brookstone's Bed Fan.

87. On information and belief, Brookstone is doing so in an attempt to trick consumers into believing that its Bed Fan and Tompkins's Bedfan are not different.

88. Moreover, Brookstone maintained its webpage for Tompkins's Bedfan after it stopped selling Tompkins's Bedfan. Customers wishing to buy Tompkins's Bedfan would see that Tompkins's Bedfan was "out of stock," but would also see on the same webpage that a "new" Bed Fan was in stock.

89. On information and belief, Brookstone took the actions described in the previous paragraph to divert potential purchasers from Tompkins's Bedfan to Brookstone's knockoff.

90. Brookstone also promoted its Bed Fan on the television show The View, as discussed by an article on The View's website. Exhibit N, Article on The View's Website. As mentioned above, The View had previously featured Tompkins's Bedfan. Exhibit F, Emails from Audrey Jones to Kurt Tompkins.

91. Brookstone's wholesale cooption of Tompkins's marketing strategy demonstrates Brookstone's intention to cause confusion between its Bed Fan and Tompkins's Bedfan in order to capitalize on Tompkins's goodwill.

BROOKSTONE'S INTENTIONAL ASSOCIATION OF ITS POORLY MADE BED FAN WITH TOMPKINS'S HIGH-QUALITY BEDFAN HAS TARNISHED TOMPKINS'S TRADE NAME

92. Brookstone's Bed Fan is poorly made and has received terrible reviews. Exhibit O, Reviews of Brookstone's Bed Fan on HSN.com.

93. As a result of these terrible reviews and Brookstone's deliberate choice to sell its product under a name almost indistinguishable from the one under which Tompkins sells his product, the Bed Fan/Bedfan name has been tarnished.

94. By associating its shoddy Chinese knockoff with Tompkins's high-quality American Bedfan, Brookstone is destroying Tompkins's hard-earned goodwill.

BROOKSTONE HAS MADE FALSE AND MISLEADING STATEMENTS ABOUT TOMPKINS'S BUSINESS

95. A Brookstone representative has falsely claimed that Brookstone manufactures both Kurt Tompkins's Bedfan and Brookstone's New Bed Fan.

96. Brookstone has also stated that it no longer manufactures the "old" Bedfan and that the "old" Bedfan is no longer available.

97. Brookstone has also stated that its knockoff "white bed fan is the updated version of our previous black one." Exhibit P, Email from Brookstone Customer Service to Kurt Tompkins.

98. This is likely to deceive customers into thinking that Tompkins's Bedfan was made by Brookstone and has been discontinued.

99. To the contrary, Tompkins stills makes and sells his Bedfan on his website and through other retailers.

100. Brookstone also interfered with sales of Tompkins's Bedfan by sending an email to one or more customers who purchased Tompkins's Bedfan from Brookstone, encouraging these customers to switch from Tompkins's Bedfan to Brookstone's knockoff. Exhibit Q, Email from Bedfan Customer to Kurt Tompkins.

BROOKSTONE IS INTENTIONALLY CAUSING CONFUSION BETWEEN ITS BED FAN AND TOMPKINS'S BEDFAN IN ORDER TO MISAPPROPRIATE TOMPKINS'S GOODWILL

101. Attempting to ride the coattails of Kurt Tompkins's popular "Bedfan," Brookstone calls its knockoff the "Bed Fan."

102. In fact, as mentioned above, Tompkins first found out that Brookstone had copied his Bedfan when a customer and friend sent Tompkins an email saying that he had seen what he believed to be *Tompkins's* new Bed Fan at Brookstone. Exhibit J, Email from Patricia T. Callahan to Kurt Tompkins.

103. By putting out essentially the same product as Tompkins and using essentially the same name as the Tompkins Bedfan that Brookstone used to sell, Brookstone strongly implied that its "new" Bed Fan was the new version of Tompkins's Bedfan. Brookstone was trying to associate its product with Tompkins's.

104. Brookstone's actions created a likelihood of consumer confusion as to source and as to sponsorship.

105. Brookstone's actions made it likely that consumers would believe that Brookstone's "new" Bed Fan was the new version of Tompkins's Bedfan, which Brookstone previously sold.

106. On information and belief, Brookstone deliberately and intentionally created this confusion in an attempt to palm off its "new" Bed Fan as the new version of Tompkins's Bedfan.

107. On information and belief, Brookstone intended for consumers to believe that its "new" Bed Fan was made by Tompkins and that Brookstone was still retailing Bedfans made by Tompkins.

108. The prior business relationship between Tompkins and Brookstone, in which Brookstone was an authorized retailer of Tompkins's Bedfan for four years, also suggests that Brookstone intended to palm off its Bed Fan as the new version of Tompkins's Bedfan.

E. CAUSES OF ACTION

109. All conditions precedent to Plaintiffs' recovery on all of the claims enumerated below have been performed or have occurred.

COUNT I

TEXAS UNFAIR COMPETITION BY MISAPPROPRIATION

110. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

111. As described above, Kurt Tompkins created the Bedfan through extensive time, labor, skill, and money.

112. The Bedfan is being used by Brookstone in competition with Tompkins (albeit under the almost imperceptibly altered name "Bed Fan"), thereby giving Brookstone a special competitive advantage, because it was burdened with little or none of the expense incurred by Tompkins in the creation of the Bedfan.

113. Plaintiffs have suffered commercial damage as a result of Brookstone's misappropriation of the Bedfan and use of it in competition with Plaintiffs.

114. To give just one example of Plaintiffs' commercial damage, Brookstone has sold "Bed Fans" to customers who may otherwise have bought Bedfans from Plaintiffs.

COUNT II

LANHAM ACT UNFAIR COMPETITION (15 U.S.C. § 1125(a)(1)(A))

115. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

116. Brookstone has used the "Bed Fan" name in commerce in connection with the sale of goods, specifically the sale of a device highly similar to, if not the same as, Kurt Tompkins's Bedfan.

117. Brookstone's use of the "Bed Fan" name in commerce on such goods is likely to cause consumer confusion as to whether the knockoff Brookstone is selling is an authentic new version of Tompkins's Bedfan or is in some other way associated with Tompkins's Bedfan.

118. Brookstone's "Bed Fan" is not associated with Tompkins's Bedfan in any way, save for being a knockoff of Tompkins's Bedfan.

119. On information and belief, Brookstone's use of the "Bed Fan" name in commerce is intended to deceive, and is in fact likely to deceive, as to the origin of the knockoffs sold by Brookstone.

120. Moreover, on information and belief, Brookstone's use of the "Bed Fan" name in commerce is intended to imply, and in fact does imply, a non-existent affiliation, connection, and association between Brookstone's knockoff and Plaintiffs' original, so that Brookstone can palm off its knockoff as a Tompkins Bedfan and thereby misappropriate the goodwill Plaintiffs' Bedfan has built up.

121. The implied association between Tompkins's Bedfan and Brookstone's pirated "Bed Fan" is especially strong because Brookstone was previously an authorized retailer of the

Tompkins's Bedfan from 2008-2012. In fact, Brookstone sold Tompkins's Bedfans right up until it began selling its pirated "Bed Fan."

122. This previous relationship is highly likely to confuse customers into thinking that Brookstone's pirated "Bed Fan" is the new version of Tompkins's Bedfan.

123. Moreover, Brookstone has falsely claimed that it manufactured Kurt Tompkins's Bedfan, that it no longer manufactures the "old" Bedfan, and that the "old" Bedfan is no longer available.

124. On information and belief, these false claims are intended to deceive potential purchasers of Tompkins's Bedfan into thinking that Tompkins's Bedfan was made by Brookstone and has been discontinued.

125. On information and belief, Brookstone's attempt to deceive potential purchasers is intended to cause purchasers who might have bought Tompkins's Bedfan to buy Brookstone's "Bed Fan" instead on the mistaken belief that Tompkins's Bedfan was made by Brookstone and is no longer available.

126. Plaintiffs are likely to be damaged by Brookstone's acts described above.

127. Plaintiffs have, indeed, already been damaged by Brookstone's acts described above, as detailed throughout this Complaint. Specifically, Brookstone's acts have forced Plaintiffs to compete with a confusingly similarly-named product and have tarnished and diluted Plaintiffs' trade name, among other damages.

COUNT III

LANHAM ACT FALSE ADVERTISING (15 U.S.C. § 1125(a)(1)(B))

128. Brookstone's knockoff Bed Fan was featured by itself on the front page of Brookstone's Summer 2012 catalog. Exhibit M, Cover of Brookstone's Summer 2012 Catalog. On that

catalog cover, Brookstone referred to its knockoff Bed Fan as "our most amazing innovation between the sheets," falsely implying that Brookstone came up with the concept for the Bed Fan.

129. In point of fact, the Bed Fan – whether the Tompkins original or the Brookstone knockoff – was Tompkins's "innovation," not Brookstone's.

130. By calling its knockoff Bed Fan "our … innovation," Brookstone made the false factual assertion that Brookstone invented the Bedfan/Bed Fan.

131. Brookstone's false statement of fact was made in a commercial advertisement, namely Brookstone's Summer 2012 catalog, which was mailed out to all customers on Brookstone's mailing list.

132. This statement has a tendency to deceive its entire audience into believing that Brookstone invented the Bedfan/Bed Fan. On information and belief, Brookstone's statement actually deceived most or all of its audience into believing that Brookstone invented the Bedfan/Bed Fan.

133. Indeed, as a result of Brookstone's deception, many potential customers now incorrectly believe that Brookstone produces the original Bed Fan and that Tompkins's original Bedfan is actually a knockoff.

134. Brookstone's deception is likely to influence its audience's purchasing decisions. Being the inventor of a product endows a seller of that product with prestige that the seller of a knockoff does not have. That prestige is likely to increase customers' willingness to buy from that seller.

135. Moreover, customers who believe that Brookstone invented the Bedfan/Bed Fan are likely to believe that Brookstone is the only seller of such products and to not discover that Plaintiffs' sell a competing product that has been knocked off by Brookstone.

136. On information and belief, Brookstone has mailed its Summer 2012 catalog across state lines, thereby causing Brookstone's false statement to enter interstate commerce.

137. Plaintiffs have been or are likely to be injured by Brookstone's false advertising because Brookstone's false advertising is likely to cause consumers to purchase Brookstone's knockoff Bed Fan instead of Plaintiffs' original Bedfan.

COUNT IV

COMMON LAW TRADE NAME INFRINGEMENT

138. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

139. The trade name "Bedfan" is eligible for protection as a common law trade name.

140. Due to its ungrammatical spelling, "Bedfan" may be considered arbitrary or fanciful and, thus, inherently distinctive.

141. Even if "Bedfan" was once a merely descriptive mark, it has acquired secondary meaning through its use in trade by Tompkins and through the television, radio, and newspaper exposure described above.

142. Indeed, "Bedfan" was once a federally-registered trademark owned by Tompkins.

143. Tompkins's use of the "Bedfan" name is senior to Brookstone's use of either the "Bedfan" or "Bed Fan" names.

144. The confusing similarity between Tompkins's "Bedfan" trade name and the "Bed Fan" name under which Brookstone sells its competing – and very similar – product creates a likelihood of confusion between Tompkins's "Bedfan" trade name and the "Bed Fan" name used by Brookstone.

145. On information and belief, Brookstone's infringement of Tompkins's trade name was intended to deceive consumers into believing that its "Bed Fan" was a new version of Tompkins's Bedfan.

146. Plaintiffs have been injured by Brookstone's use of the "Bed Fan" name.

COUNT V

TEXAS TRADEMARK DILUTION BY TARNISHMENT/ INJURY TO BUSINESS REPUTATION (TEX. BUS. & COM. CODE § 16.29)

147. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

148. As described above, Brookstone's "Bed Fan" is poorly made.

149. As a result, Brookstone's "Bed Fan" has received terrible reviews from purchasers. Exhibit O, Reviews of Brookstone's Bed Fan on HSN.com.

150. As described above, Brookstone has copied the design of Tompkins's Bedfan and has used the "Bed Fan" name for its knockoff in an attempt to associate its "Bed Fan" with Tompkins's Bedfan, which Brookstone used to sell.

151. By associating its poorly made "Bed Fan" with Tompkins's high-quality Bedfan, Brookstone is tarnishing the reputation for quality that Tompkins's Bedfan has built up.

152. This is likely to injure Plaintiffs' business reputation.

153. Indeed, it already has injured Plaintiffs' business reputation. Consumers who have been displeased with Brookstone's "Bed Fan" are unlikely to ever buy a Bedfan from Tompkins, because Brookstone has caused them to believe that the two products are associated. Tompkins has permanently lost potential customers.

154. As long as Brookstone continues to sell its poorly made knockoff and associate it with Tompkins's high-quality Bedfan, Plaintiffs' business reputation will continue to be injured.

155. Accordingly, Plaintiffs are entitled to an injunction under Tex. Bus. & Com. Code § 16.29. This injunction should permanently enjoin Brookstone (1) from selling its knockoff of Tompkins's Bedfan and (2) from using the "Bedfan" or "Bed Fan" trade names, or any similar trade names.

COUNT VI

TEXAS TRADEMARK DILUTION BY BLURRING (TEX. BUS. & COM. CODE § 16.29)

156. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

157. Plaintiffs own both a registered trademark for the "Bedfan Personal Cooling System" and a mark or trade name valid at common law for the "Bedfan" trade name.

158. Brookstone's use of the "Bed Fan" trade name on its inferior products is likely to dilute the distinctive quality of both Plaintiffs' registered trademark for the "Bedfan Personal Cooling System" and Plaintiffs' "Bedfan" trade name, which is a mark or trade name valid at common law.

159. Accordingly, Plaintiffs are entitled to an injunction under Tex. Bus. & Com. Code § 16.29. This injunction should permanently enjoin Brookstone (1) from selling its knockoff of Tompkins's Bedfan and (2) from using the "Bedfan" or "Bed Fan" trade names, or any similar trade names.

COUNT VII

TRADE SECRET MISAPPROPRIATION

160. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

161. Tompkins owned at least two trade secrets: his plans to add (1) a wireless remote control and (2) a filter in the front to the next version of his Bedfan.

162. Tompkins kept these trade secret plans secret from the public.

163. During the course of their business relationship, Tompkins revealed these trade secret plans to Brookstone.

164. When Tompkins informed Brookstone about his trade secret plans, he told Brookstone's representatives not to tell anyone what he had told them, because he was still working on implementing these improvements. This clearly indicated that Tompkins expected Brookstone to keep his trade secrets confidential.

165. As a result, a confidential relationship arose between Tompkins and Brookstone, if one did not already exist before these events.

166. On information and belief, Brookstone used Tompkins's trade secret plans without Tompkins's knowledge or authorization in Brookstone's competing "Bed Fan." This use was in violation of the confidential relationship between Tompkins and Brookstone.

167. The fact that Brookstone misappropriated Tompkins's trade secret plans for improving his Bedfan is borne out by the similarity between Brookstone's "Bed Fan" and Tompkins's Bedfan.

168. Tompkins suffered injury as a result of Brookstone's misappropriation of his trade secret plans for improving his Bedfan, because Tompkins's product competes with the Brookstone "Bed Fan" that uses Tompkins's trade secret plans.

COUNT VIII

TEXAS UNFAIR COMPETITION BY BREACH OF CONFIDENCE

169. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

170. As described above, Tompkins and Brookstone had a confidential relationship, in which Tompkins divulged confidential planned improvements for the planned next version of his Bedfan to Brookstone.

171. Tompkins divulged this confidential information about planned improvements to his Bedfan, which was not available to the general public, to Brookstone because of Brookstone's status as a major retail outlet for Tompkins's Bedfans.

172. Brookstone improperly used this confidential information by integrating Tompkins's planned improvements into its "Bed Fan" knockoff.

173. Plaintiffs were damaged by this improper use, because Tompkins's product competes with the Brookstone "Bed Fan" that uses Tompkins's trade secret plans. Tompkins will now not be the first to introduce the features he devised to the market.

COUNT IX

COMMON LAW FRAUD

174. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

175. At all times relevant to this litigation, Chris Archard was a Senior Merchandise Director for Brookstone. Exhibit I, Emails between Kurt Tompkins and Chris Archard.

176. In his capacity as a Senior Merchandise Director, Archard was an agent of Brookstone.

177. On February 14, 2011, within the course and scope of his agency for Brookstone, Archard requested that Kurt Tompkins send three "samples" of Tompkins's Bedfan to Archard. Exhibit I, Emails between Kurt Tompkins and Chris Archard.

178. Tompkins responded that he would send the "samples," but that he "expect[ed] that these samples are not for sending to China for production bids." Exhibit I, Emails between Kurt Tompkins and Chris Archard.

179. On February 14, 2011, within the course and scope of his agency for Brookstone, Archard assured Tompkins "No they are not bound for China. They are going to our publicist in NY to pitch to magazines for exposure." Exhibit I, Emails between Kurt Tompkins and Chris Archard.

180. In spite of Archard's stated purpose for procuring the "samples," no magazine placements ever materialized, as far as Tompkins knows.

181. In spite of Archard's assurance that the "samples" were "not bound for China," Brookstone's knockoff "Bed Fan" is made in China.

182. On information and belief, the "samples" Tompkins sent to Brookstone were sent to China to obtain production bids for Brookstone's knockoff "Bed Fan."

183. Archard's representation to Tompkins that the "samples" would not be sent to China, but would instead be used to pitch for magazine exposure was material and was made by Archard as a Brookstone agent.

184. On information and belief, Archard's material representation to Tompkins was false.

185. On information and belief, Archard knew or should have known that his material representation to Tompkins was false.

186. On information and belief, Archard made the above-described false material representation to Tompkins with the intent that Tompkins act on it by sending three "sample" Bedfans to Archard.

187. Tompkins reasonably relied on Archard's false material representation by sending the "samples," as requested by Archard.

188. On information and belief, Archard's representation caused injury to Tompkins because, by sending "sample" Bedfans that Brookstone was able to send to China in order to obtain production bids, Tompkins unwittingly enabled Brookstone to knock off his Bedfan.

COUNT X

BREACH OF CONTRACT

189. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

190. This count, breach of contract, is pled in the alternative to Count VIII, common law fraud.

191. The events described above in Count VIII, common law fraud, created a valid, enforceable contract wherein Tompkins agreed to send three Bedfans to Archard in exchange for Archard's promise that the Bedfans would not be sent to China, but would instead be used for pitching to magazines. Exhibit I, Emails between Kurt Tompkins and Chris Archard.

192. Archard entered into this contract as an agent of Brookstone, on behalf of Brookstone.

193. Tompkins performed on this contract by sending three Bedfans to Archard.

194. On information and belief, Brookstone breached the contract, both by sending to China the Bedfans Tompkins sent to Brookstone and by not using the Bedfans for pitching to magazines, as promised.

195. On information and belief, either of Brookstone's breaches (sending the Bedfans to China and not using the Bedfans for pitching to magazines, as promised) is sufficient by itself to sustain a cause of action.

196. Tompkins was injured by Brookstone's breaches. On information and belief, Brookstone's sending the Bedfans to China injured Tompkins because by sending "sample" Bedfans that Brookstone was able to send to China in order to obtain production bids, Tompkins unwittingly enabled Brookstone to knock off his Bedfan.

197. On information and belief Tompkins was injured by Brookstone's failure to use the Bedfans for pitching to magazines, as promised, because Tompkins was deprived of the expected publicity that would have resulted.

COUNT XI

PROMISSORY ESTOPPEL

198. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

199. This count, promissory estoppel, is pled in the alternative to both Count VIII, common law fraud, and Count IX, breach of contract.

200. Through its agent, Chris Archard, Brookstone made a promise to Kurt Tompkins that if Tompkins sent three Bedfan "samples" to Archard, Brookstone would use the Bedfans for pitching to magazines and would not send the Bedfans to China.

201. Tompkins reasonably and substantially relied on this promise to his detriment, by sending the Bedfan "samples" to Archard, as requested.

202. Tompkins's reliance was foreseeable by Brookstone. Indeed, Archard made the promise on behalf of Brookstone in order to convince Tompkins to send the Bedfan "samples" to Archard.

203. If Tompkins is not successful on his common law fraud or breach of contract claims, injustice can be avoided only by enforcing Brookstone's promise. This is because Tompkins has, on information and belief, suffered an injustice in that he was tricked into enabling Brookstone to knock off his Bedfan by sending Brookstone the Bedfans that it then sent to China in order to obtain production bids for its knockoff "Bed Fan."

COUNT XII

UNJUST ENRICHMENT

204. Plaintiffs incorporate by reference every other paragraph of this Complaint as if set out fully herein.

205. As discussed above, on information and belief, a Brookstone executive fraudulently tricked Tompkins into sending three sample Bedfans to Brookstone so that Brookstone could send these Bedfans to China to obtain production bids for its knockoff Bed Fan.

206. On information and belief, Brookstone did not use the sample Bedfans for the stated purpose of securing magazine placements for the Bedfan. As far as Plaintiff knows, no such magazine placements ever materialized.

207. On information and belief, Brookstone benefitted from tricking Tompkins into sending sample Bedfans to Brookstone because sending the Bedfans to China to obtain production bids enabled Brookstone to produce its knockoff Bed Fan.

208. On information and belief, Brookstone makes a profit off of the sales of its Bed Fans.

209. Accordingly, Brookstone obtained a benefit from Plaintiffs by fraud and the taking of an undue advantage.

F. PUNITIVE DAMAGES

210. Some of Plaintiffs' claims (including unfair competition, common law fraud, and trade-secret misappropriation) allow for the award of punitive/exemplary damages. Defendants' actions were willful, wanton and reckless. Plaintiffs request that punitive damages be awarded against Defendant Brookstone, Inc.

G. DAMAGES

211. Plaintiffs seek the recovery of:

(a) all of their general, actual, special, and consequential damages, specifically including, without limitation, Brookstone's profits on its sales of its knockoff Bed Fan;

(b) costs of court;

(c) attorneys' fees as provided by law;

(d) pre- and post-judgment interest as allowed by law; and

(e) punitive damages as may be determined by the finder of fact.

212. Plaintiffs also seek:

(f) injunctive relief, in the form of both preliminary and permanent injunctions enjoining Defendant Brookstone, Inc. (1) from selling its knockoff of Tompkins's Bedfan and (2) from using the "Bedfan" or "Bed Fan" trade names, or any similar trade names.

H. REQUEST FOR A JURY TRIAL

213. In accordance with Fed. R. Civ. P. 38, Plaintiffs request a trial by jury on all issues.

I. PRAYER

214. Plaintiffs respectfully request that the Court enter judgment awarding Plaintiffs actual and punitive damages for Brookstone's wrongful acts, as well as such other and further relief at

law or in equity as the Court deems proper, and that the Court issue orders preliminarily and then permanently enjoining Brookstone from producing or selling any Bed Fans or similar products, as well as from using the "Bedfan" or "Bed Fan" trade names, or any similar trade names.

Dated: August 31, 2012

Respectfully submitted,

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ATTORNEYS FOR PLAINTIFFS

<u>EXHIBIT LIST</u>

Exhibit A:	Patent Application.
Exhibit B:	US Patent No. 7908688.
Exhibit C:	Trademark for the Bedfan Personal Cooling System.
Exhibit D:	Pictures of Bedfan Production in Tompkins's Garage.
Exhibit E:	Honolulu Star-Bulletin, August 1, 2008.
Exhibit F:	Emails from Audrey Jones to Kurt Tompkins.
Exhibit G:	Newspaper Articles.
Exhibit H:	Emails between Kurt Tompkins and Brookstone Executives.
Exhibit I:	Emails between Kurt Tompkins and Chris Archard.
Exhibit J:	Email from Patricia T. Callahan to Kurt Tompkins.
Exhibit K:	Brookstone's 2011 10-K.
Exhibit L:	Screenshot of Brookstone.com front page, dated June 21, 2012.
Exhibit M:	Cover of Brookstone's Summer 2012 Catalog.
Exhibit N:	Article on The View's Website.
Exhibit O:	Reviews of Brookstone's Bed Fan on HSN.com.
Exhibit P:	Email from Brookstone Customer Service to Kurt Tompkins.
Exhibit Q:	Email from Bedfan Customer to Kurt Tompkins.

US 20060085911A1

(19) **United States**

(12) **Patent Application Publication**

Tompkins

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(43) **Pub. Date: Apr. 27, 2006**

(54) **PORTABLE VENTILATION SYSTEM**

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Publication Classification

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A47C 21/04 (2006.01)

(52) **U.S. Cl.** **5/423**

(57) **ABSTRACT**

Provided herein is a portable device useful for providing ventilation to a selected area via circulation of ambient air. A device according to the present invention is especially well-suited to providing ventilating air to a person resting on a bed, by directing air from the room to the volume defined by the top surface of the mattress of the bed and a bed covering disposed thereon. Use of the present invention increases the ability of persons to achieve restful sleep by enabling convenient control of the air surrounding the person to a comfortable level.

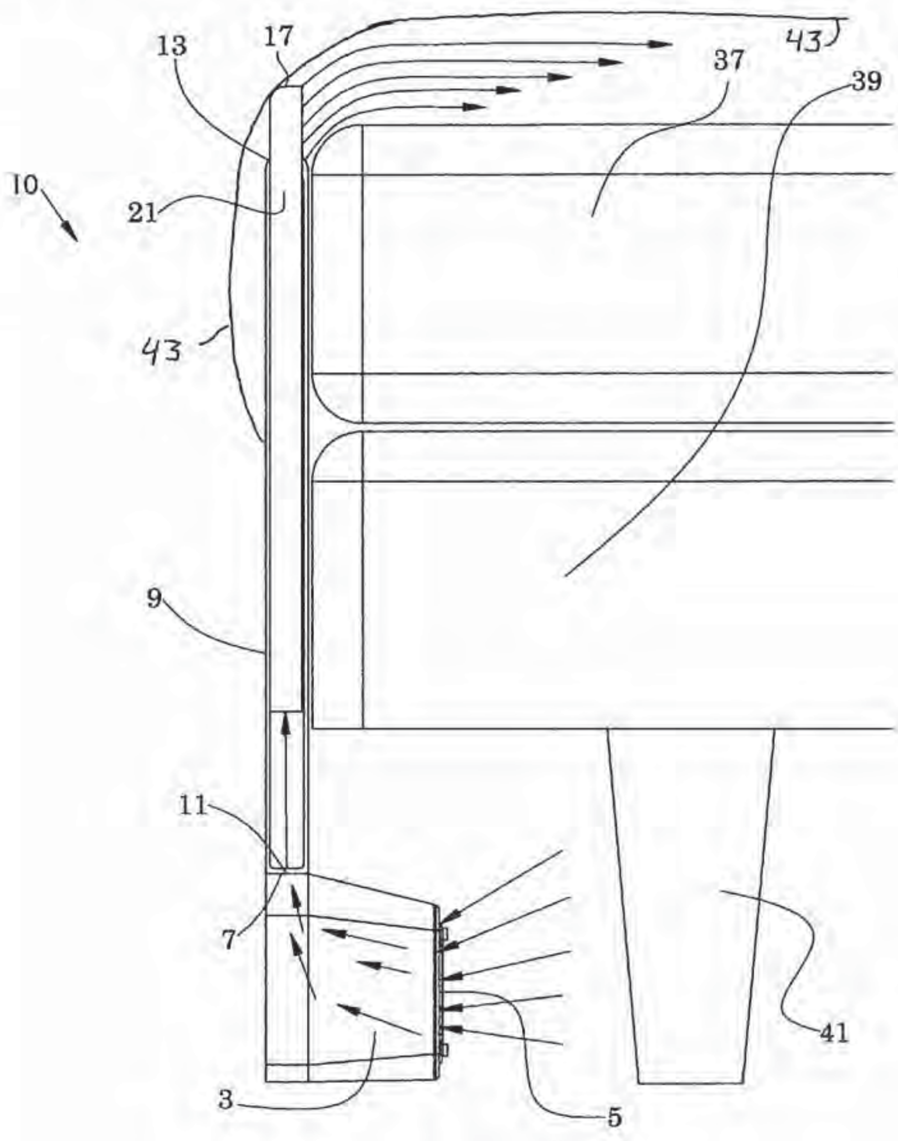

Exhibit A

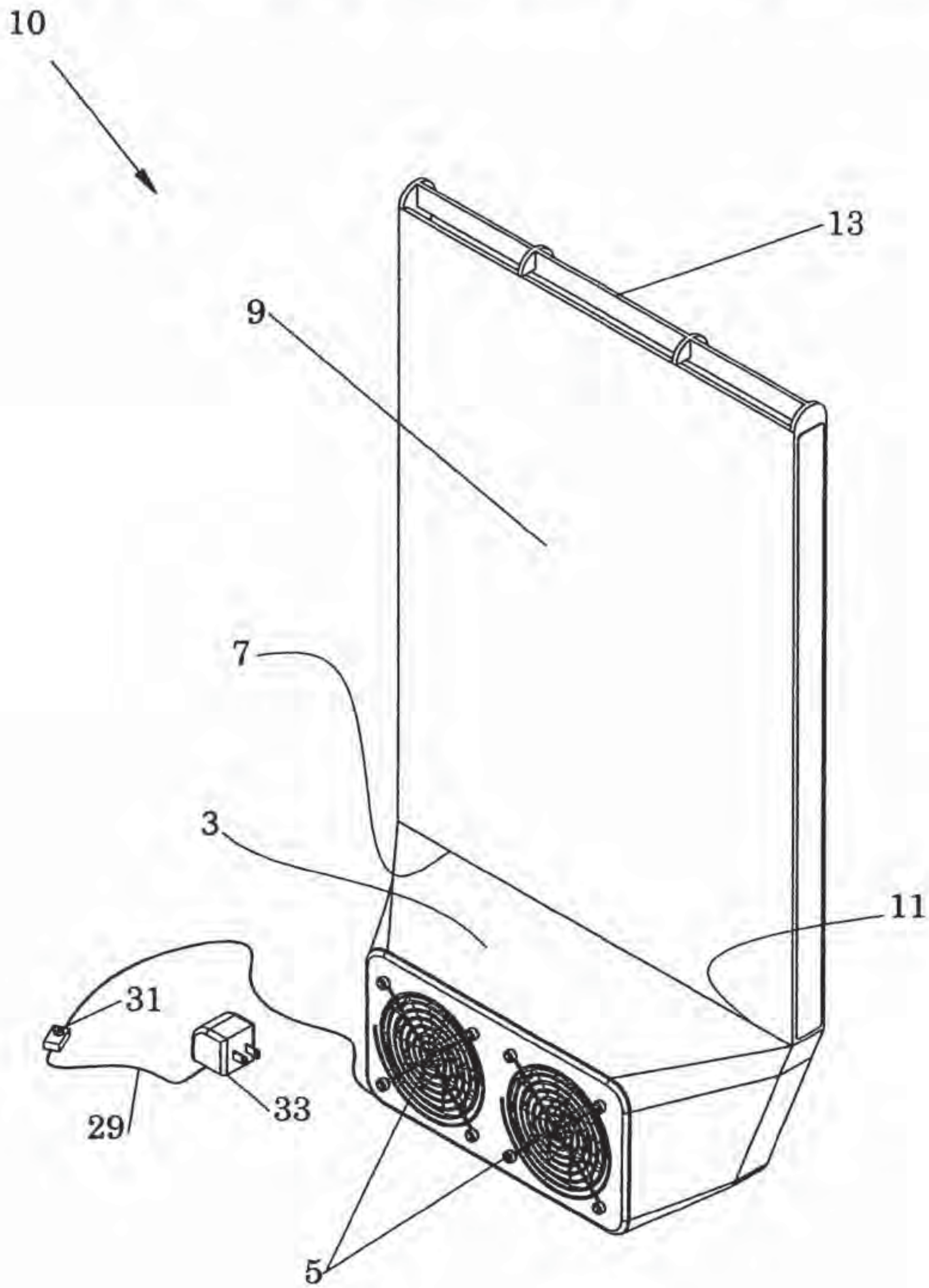

FIG. 1A

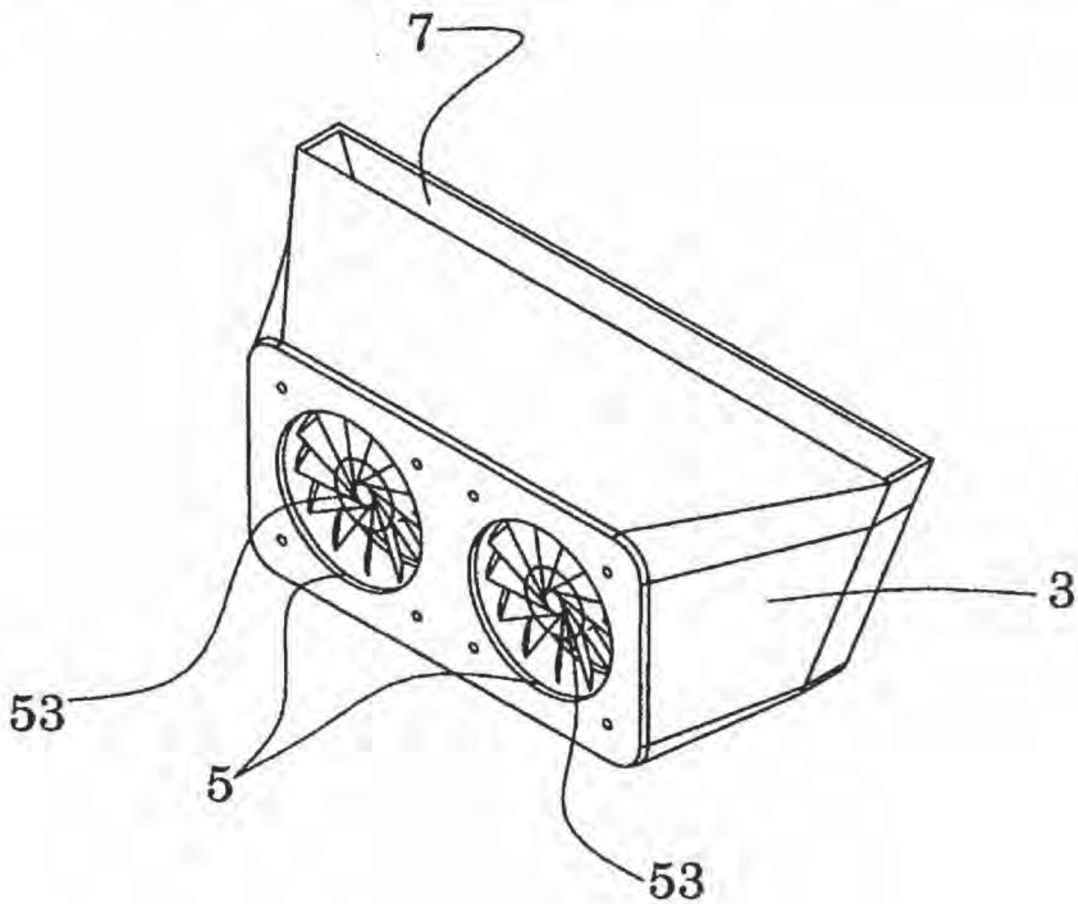

FIG. 1B

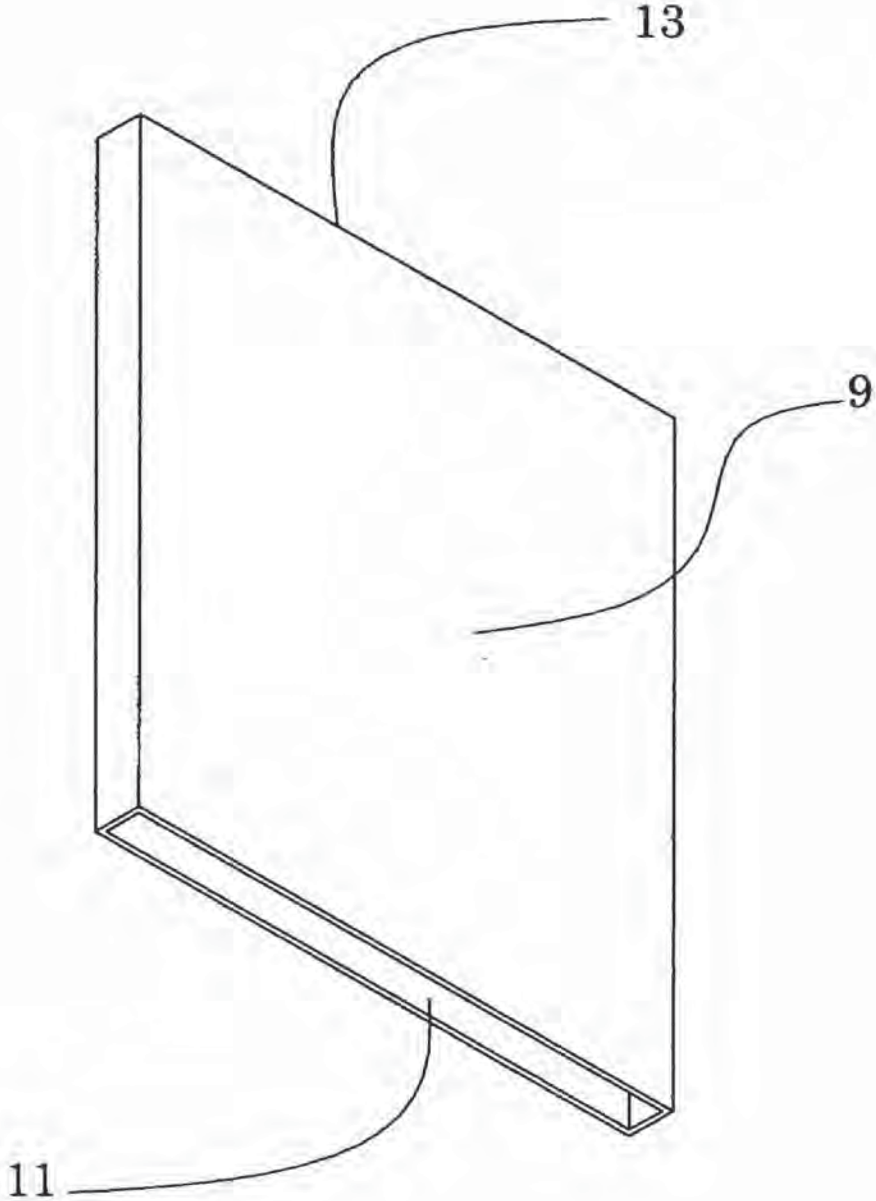

FIG. 1C

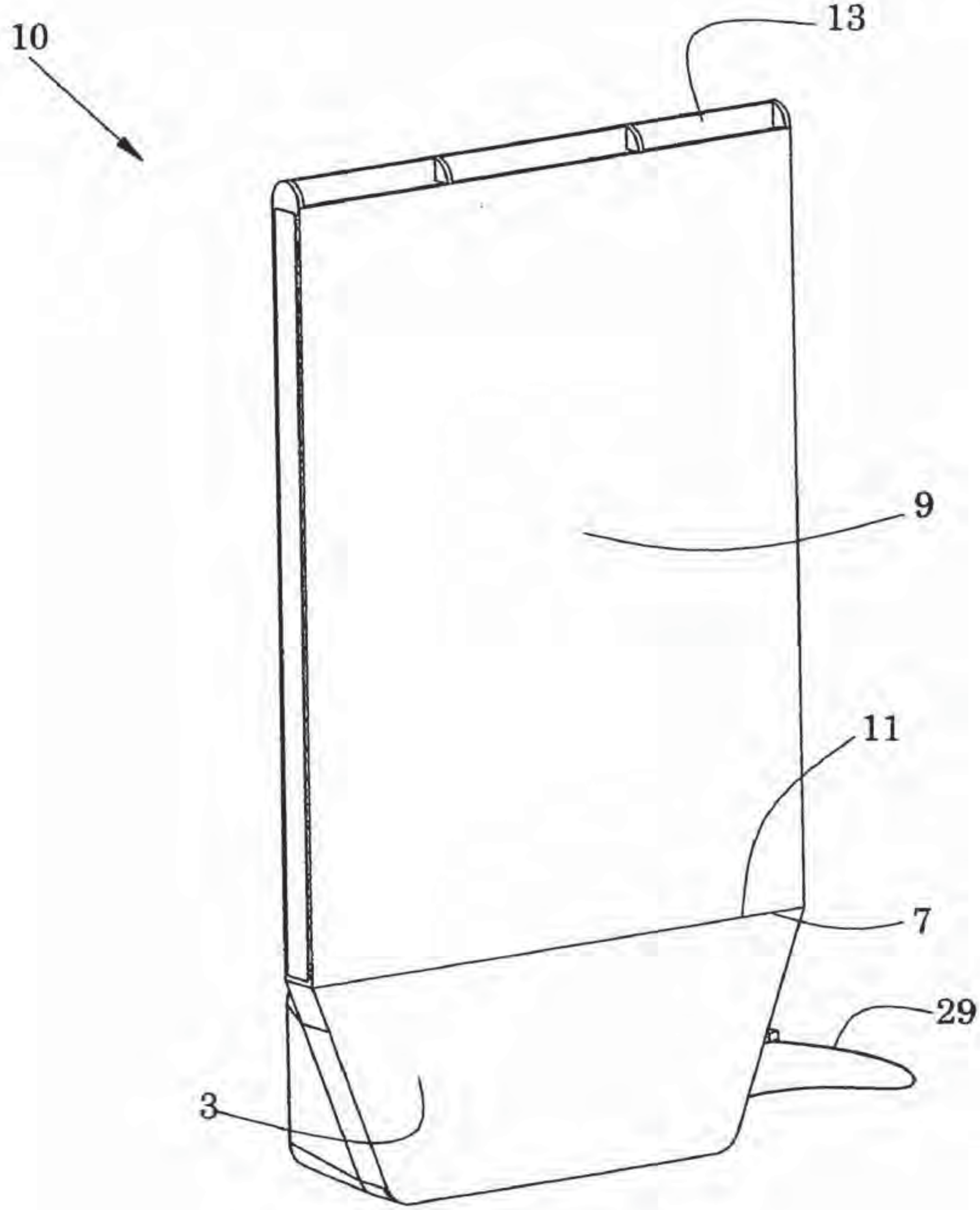

FIG. 2

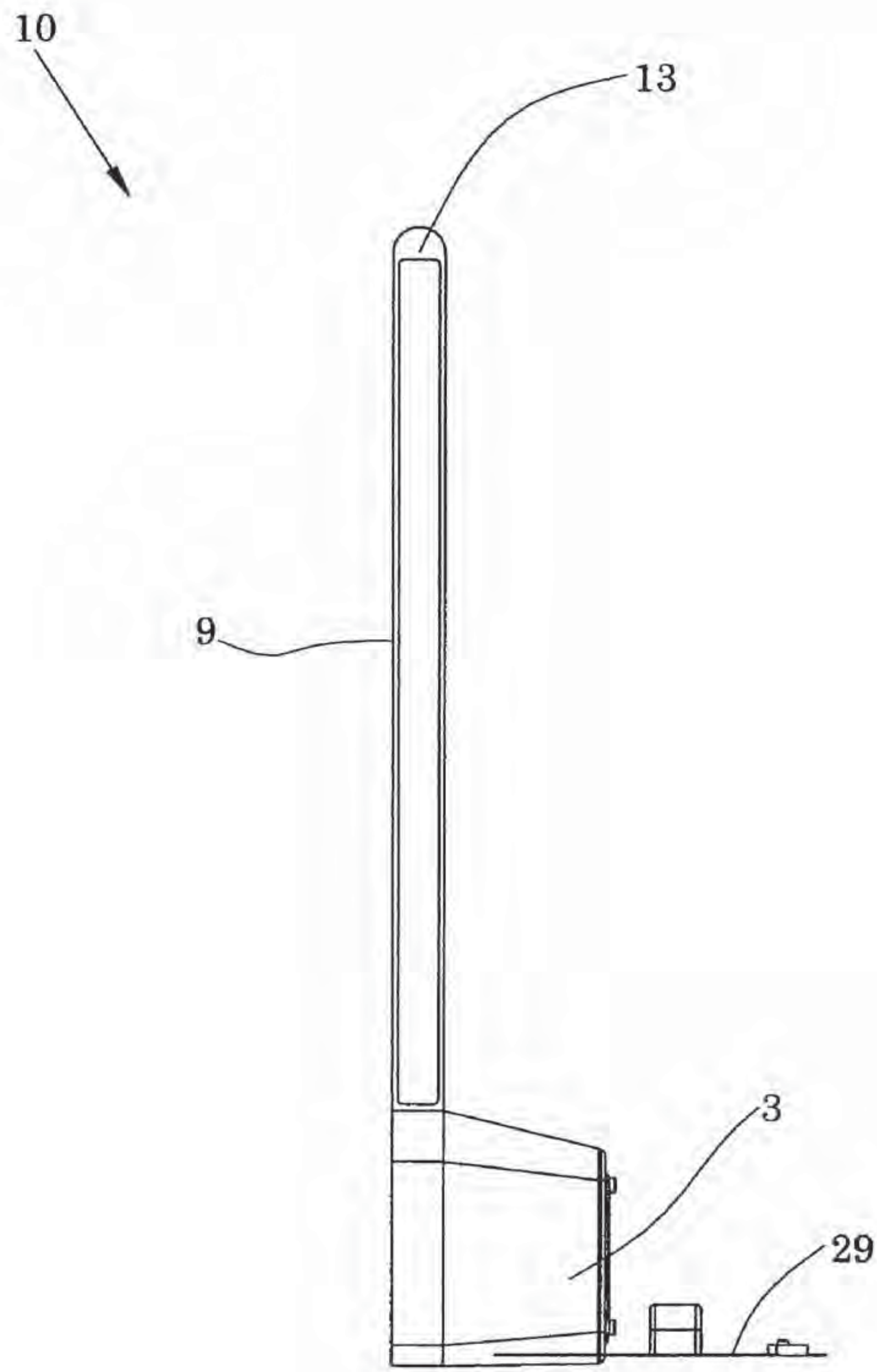

FIG. 3

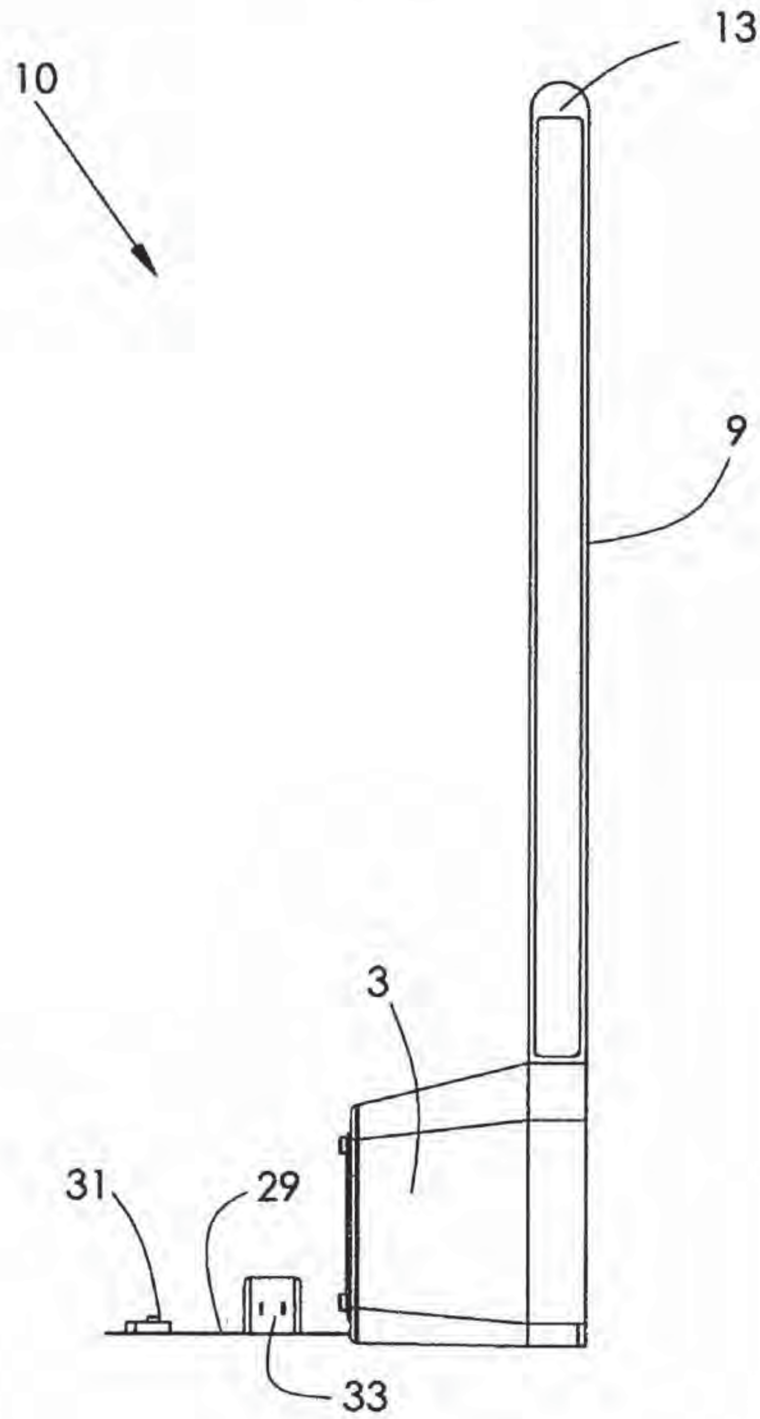

FIG. 4

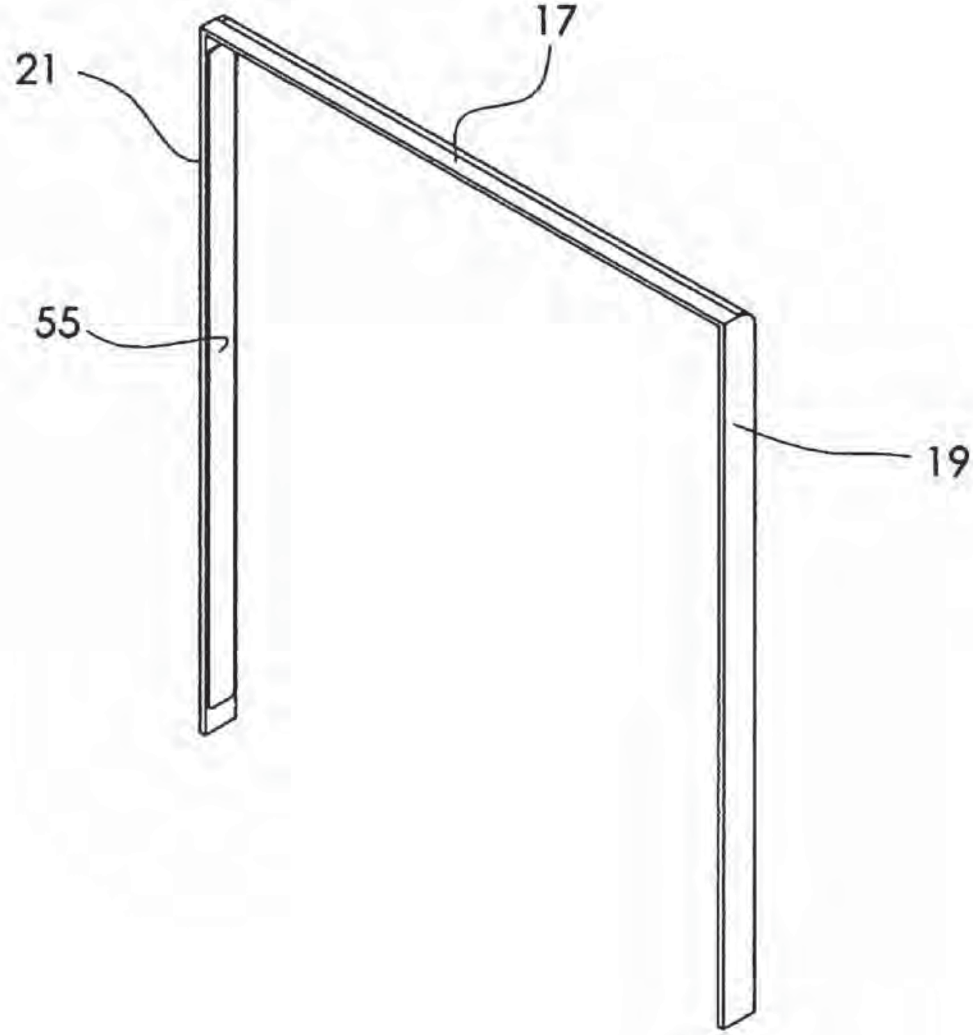

FIG. 5

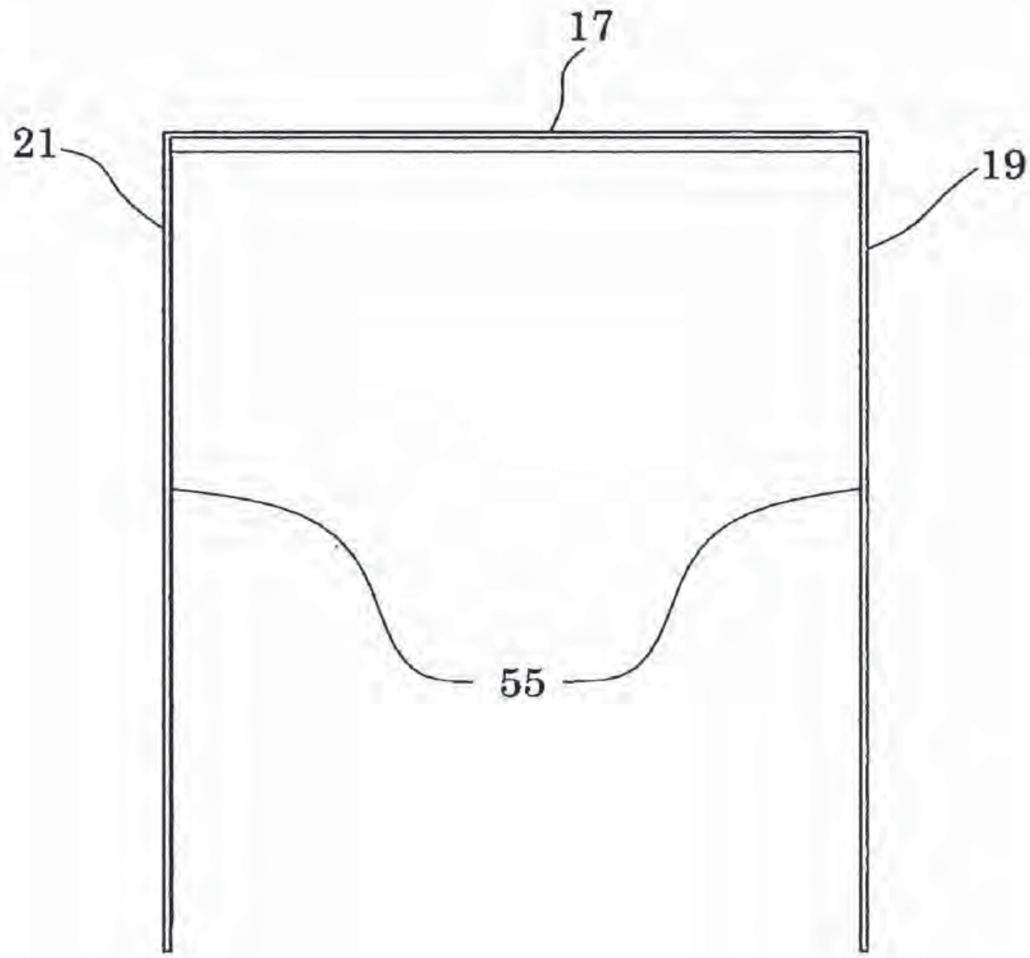

FIG. 6

FIG. 7

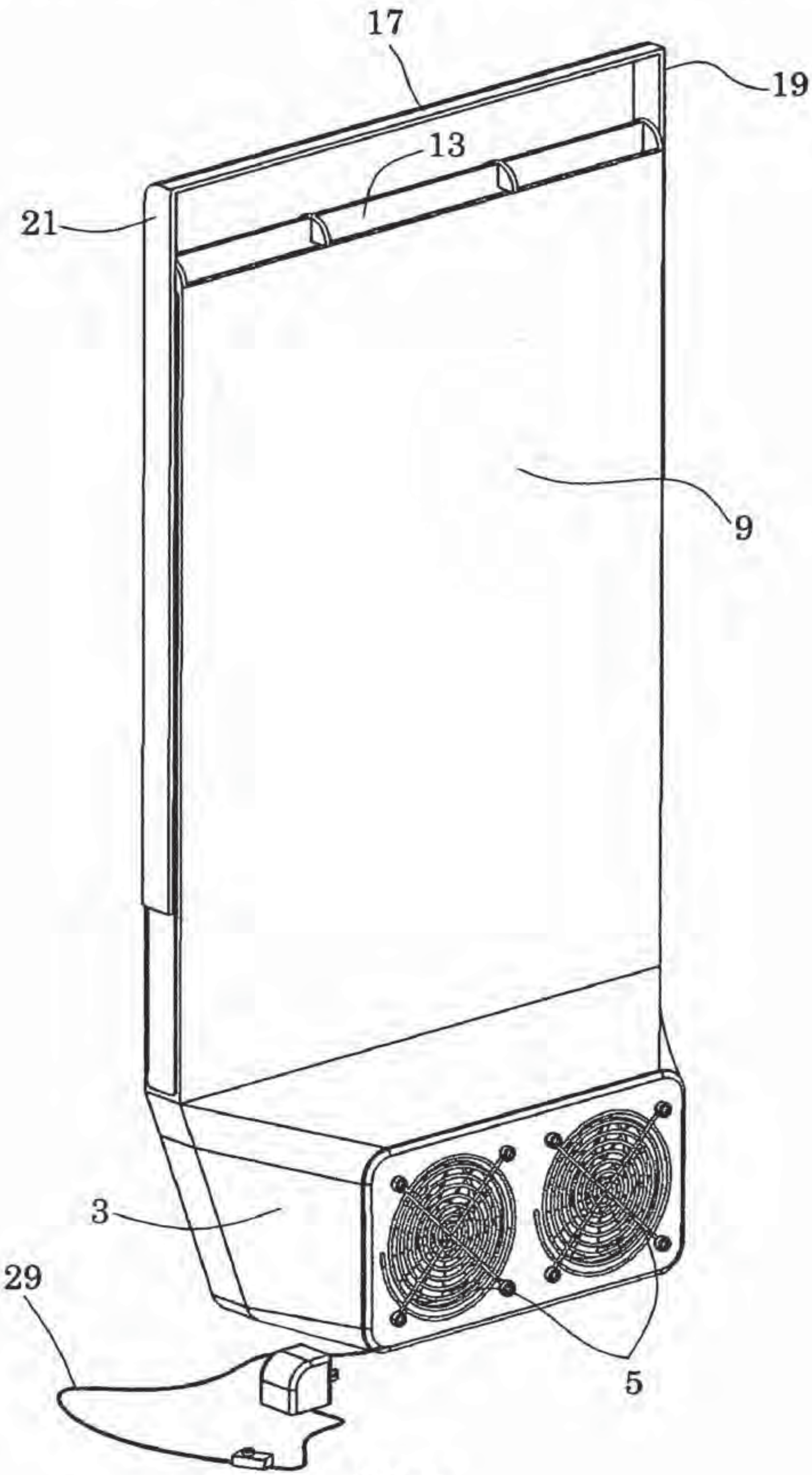

FIG. 8

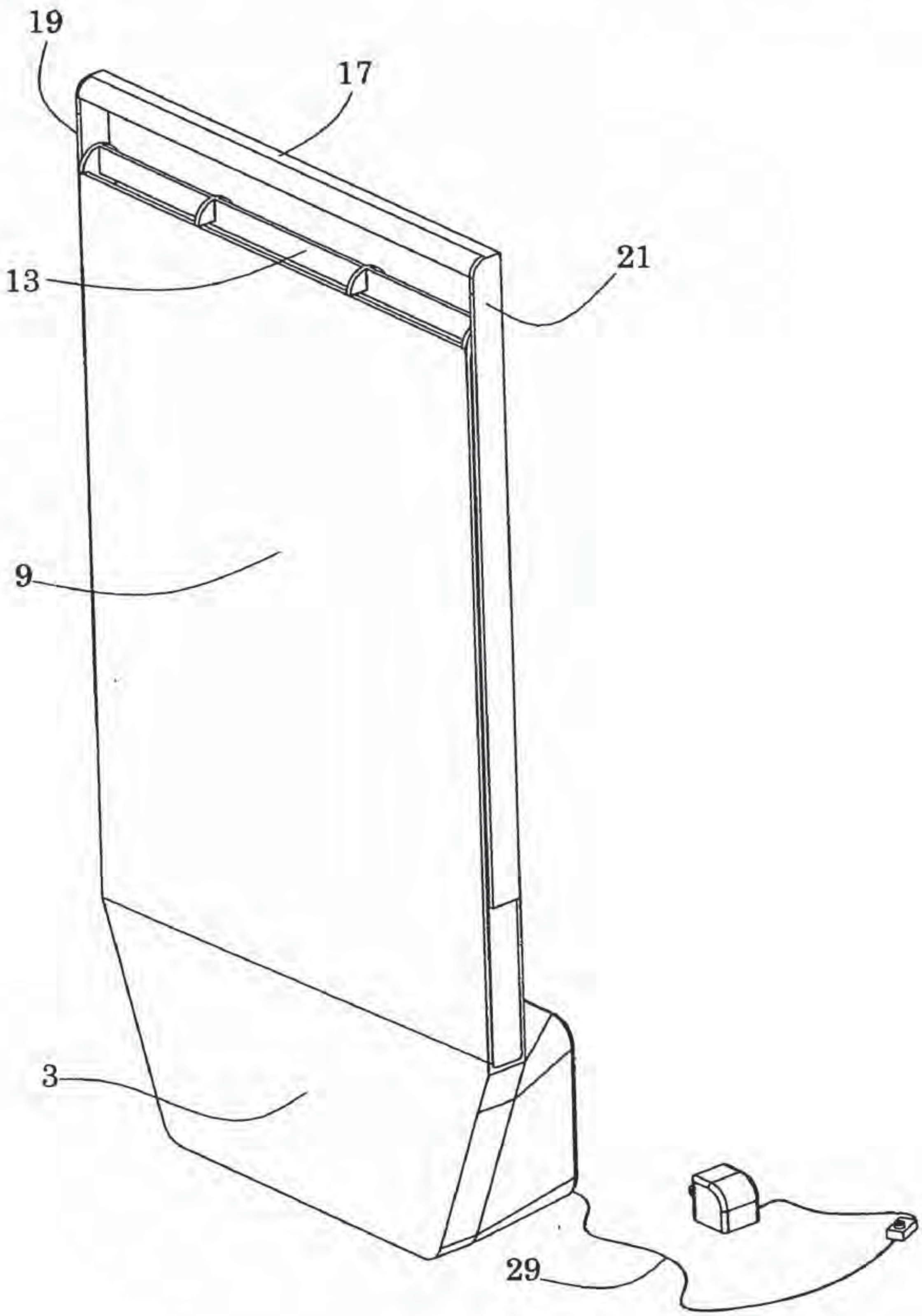

FIG. 9

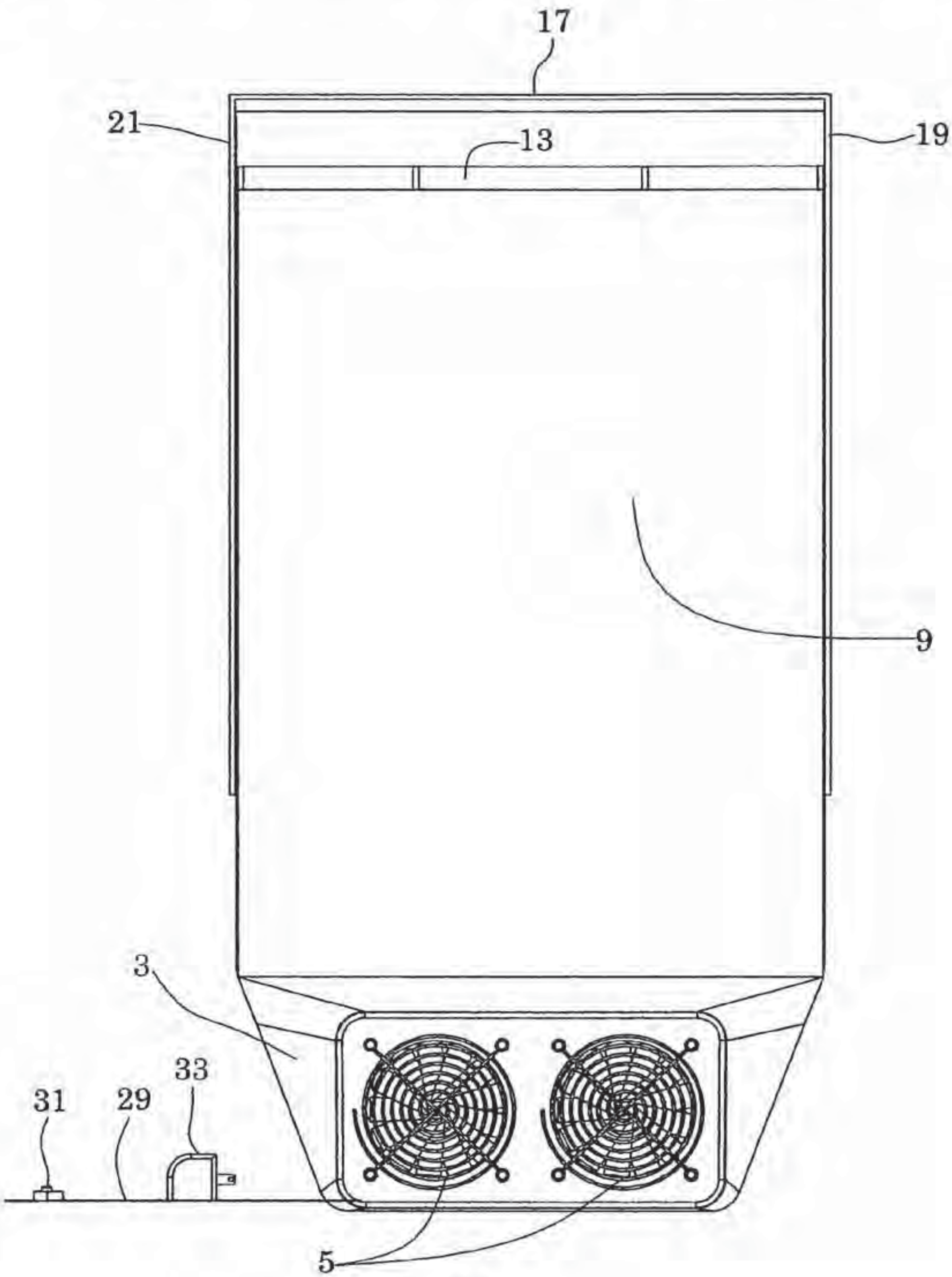

FIG. 10

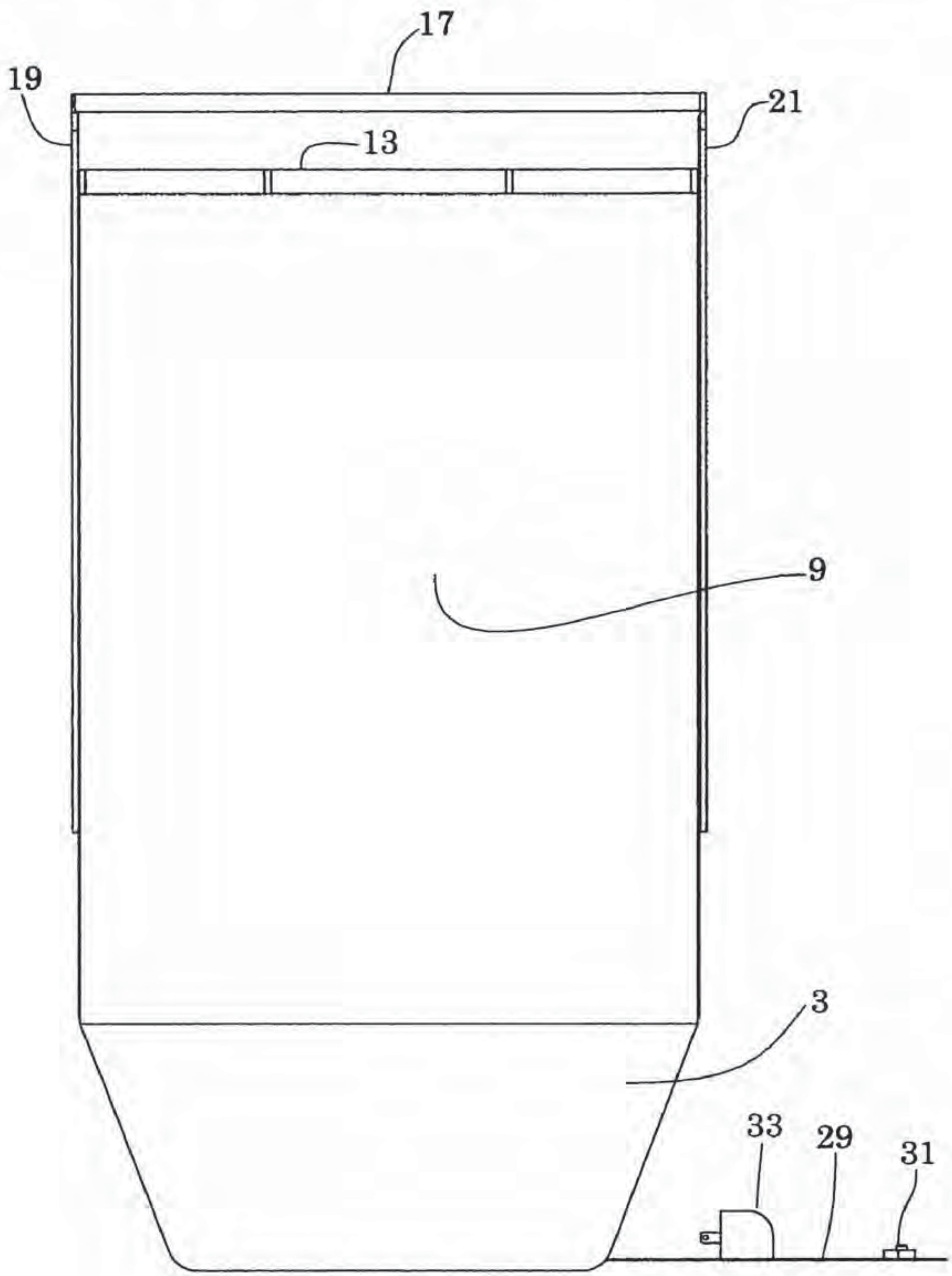

FIG. 11

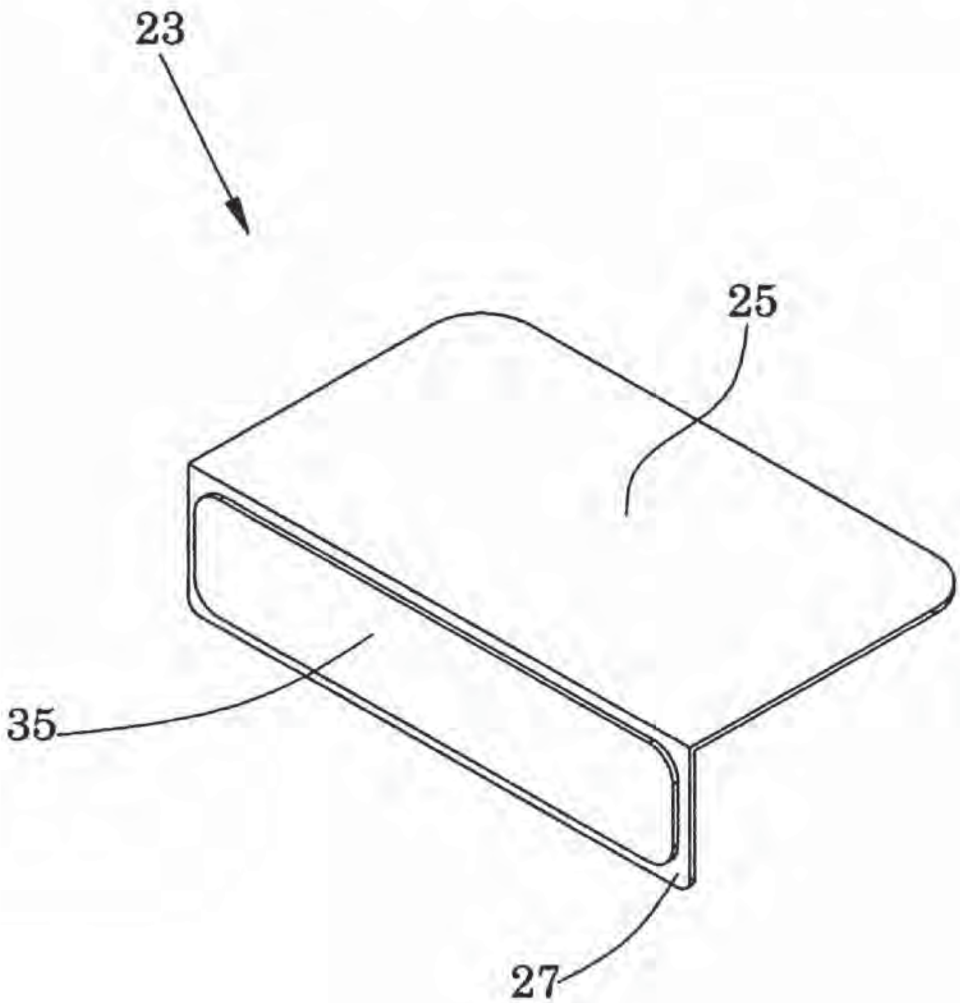

FIG.12

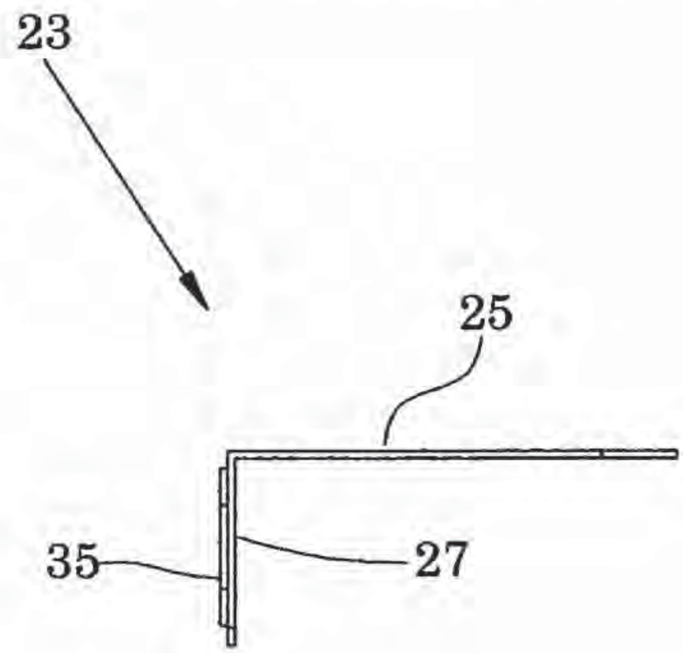

FIG. 13

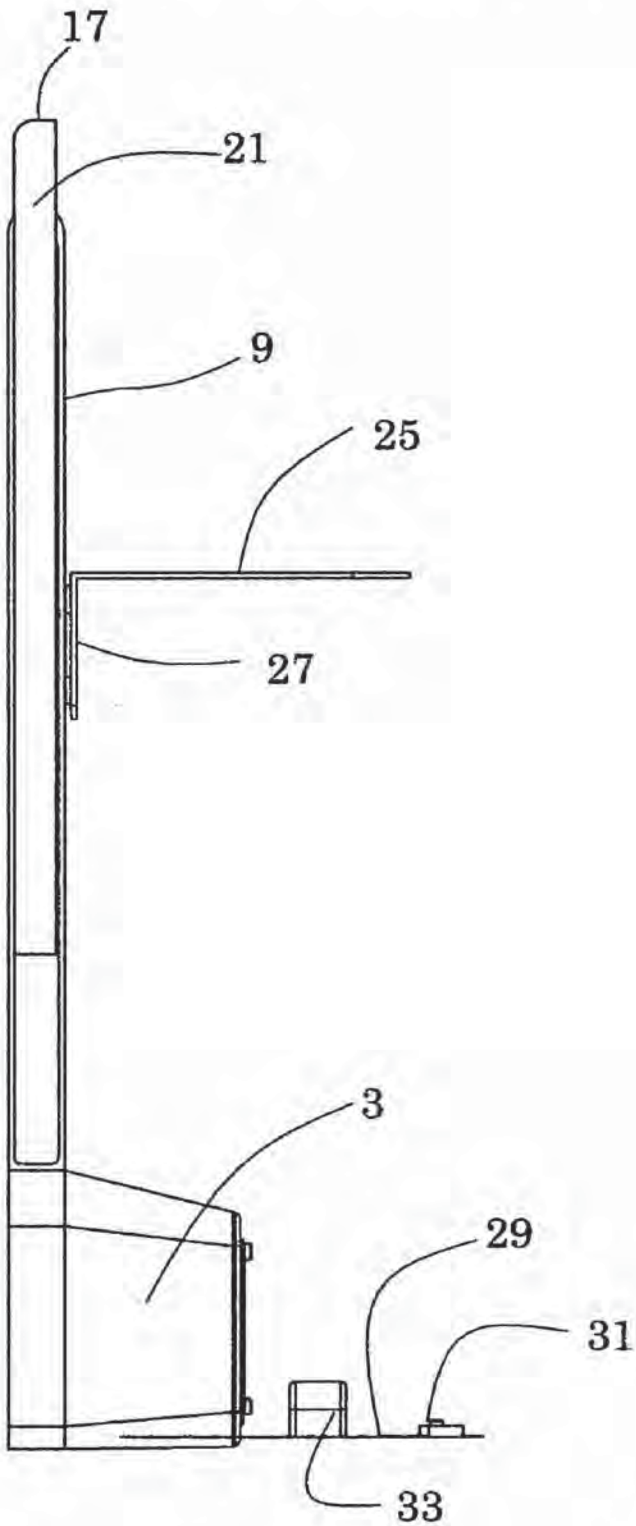

FIG. 14

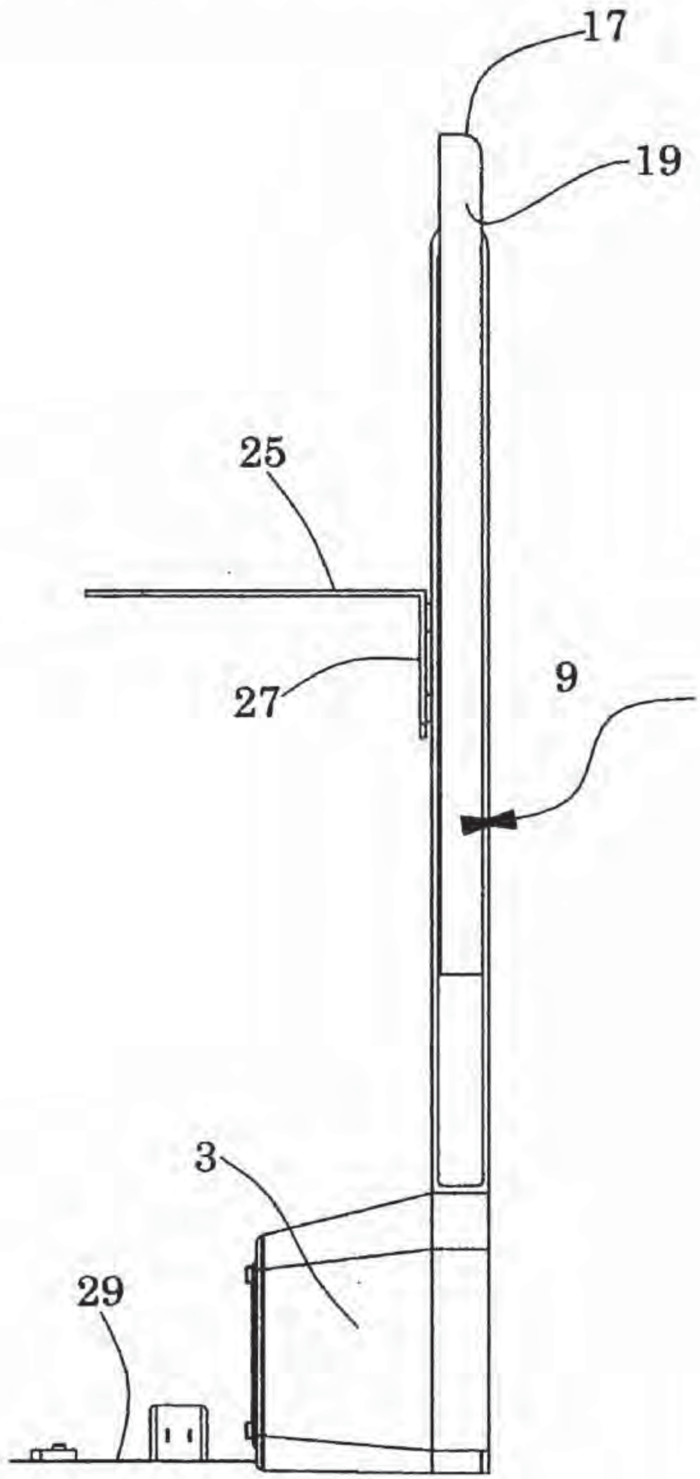

FIG. 15

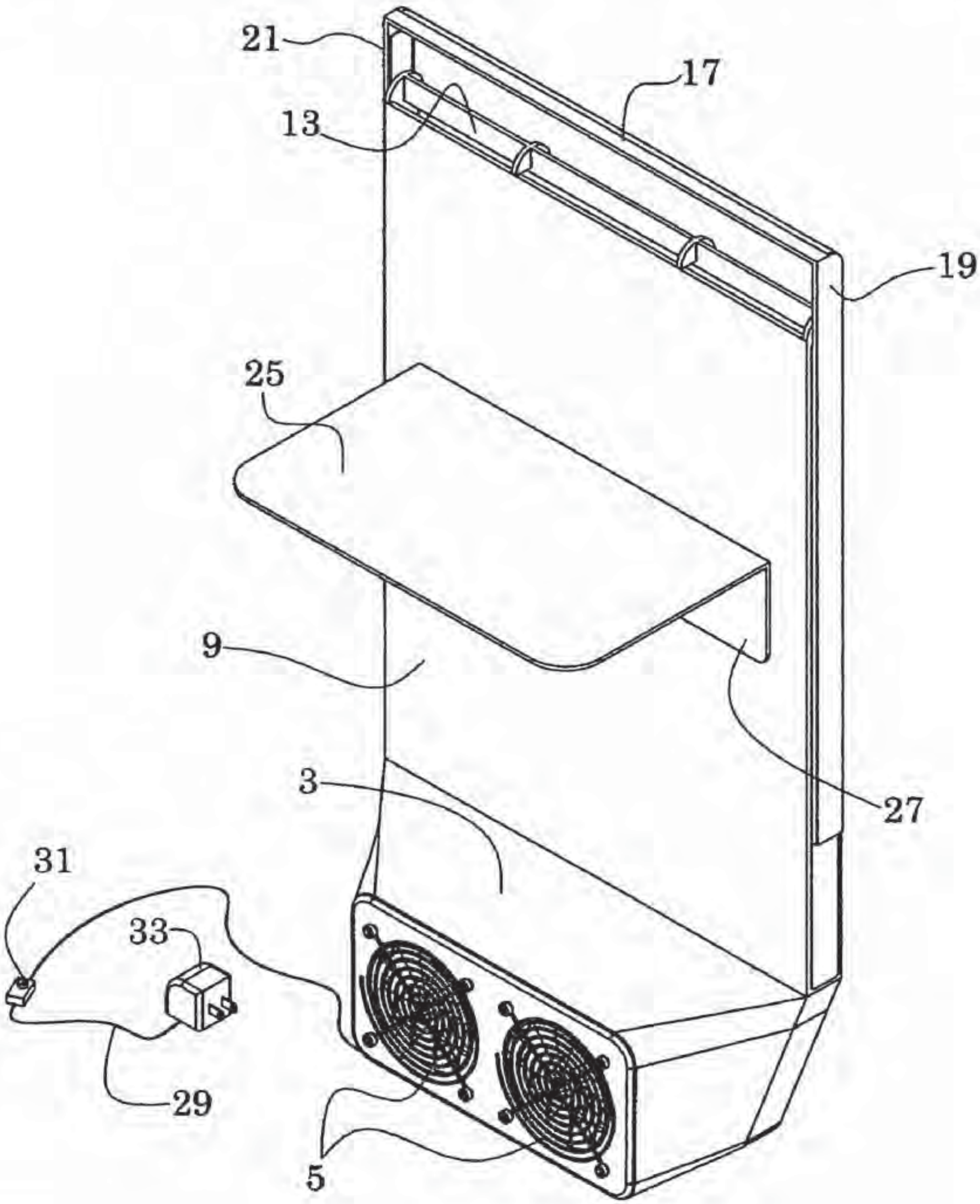

FIG. 16

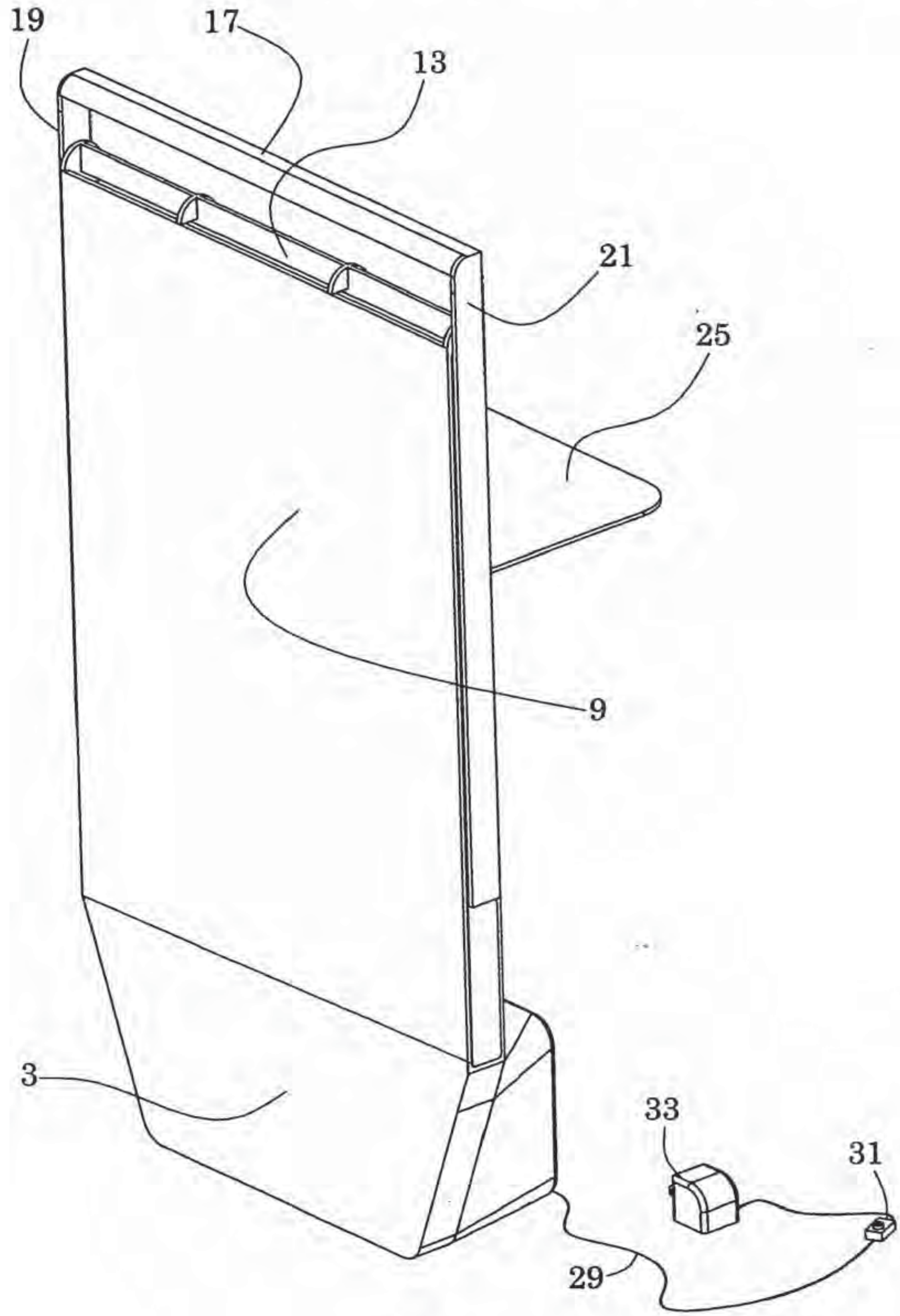

FIG. 17

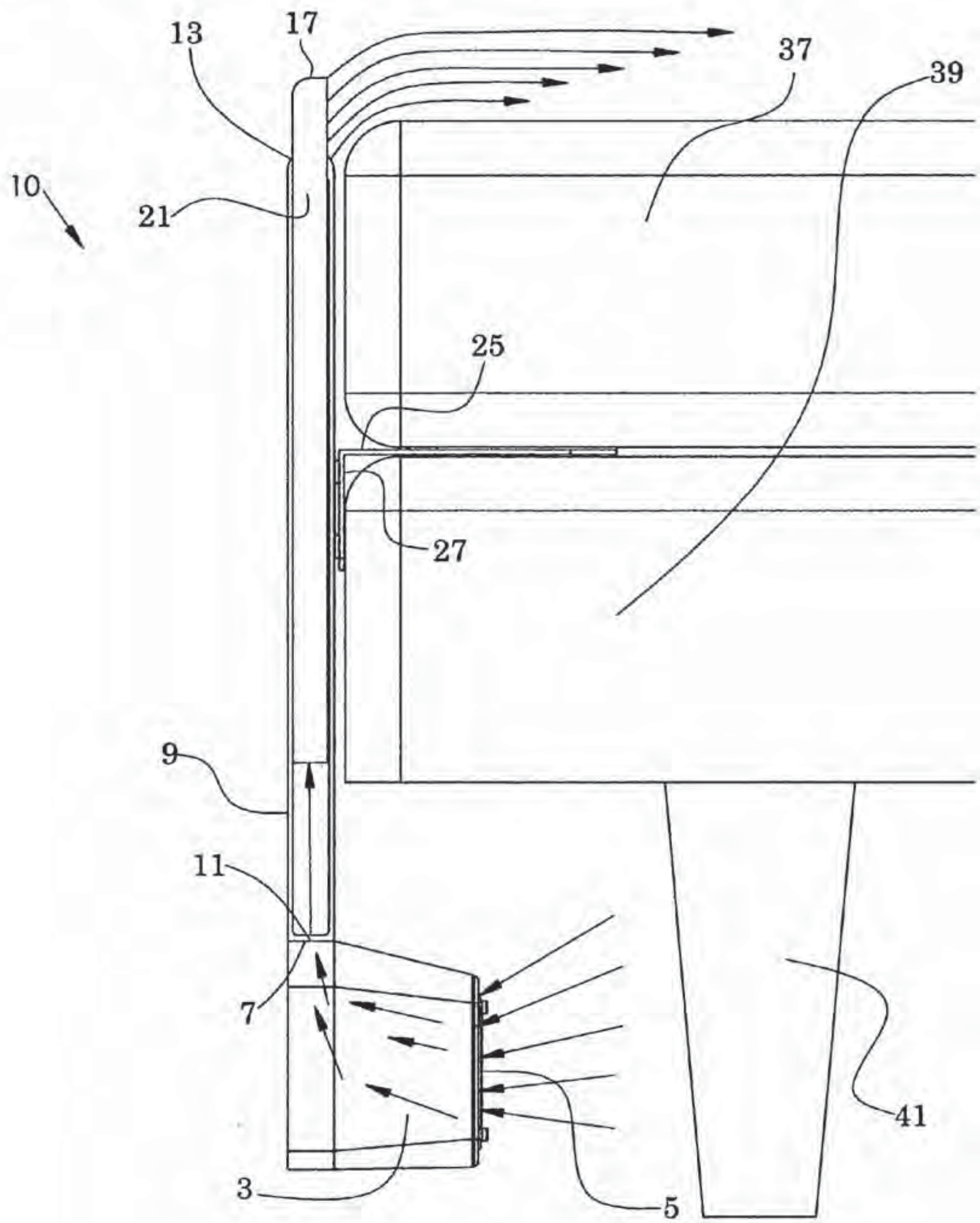

FIG. 18

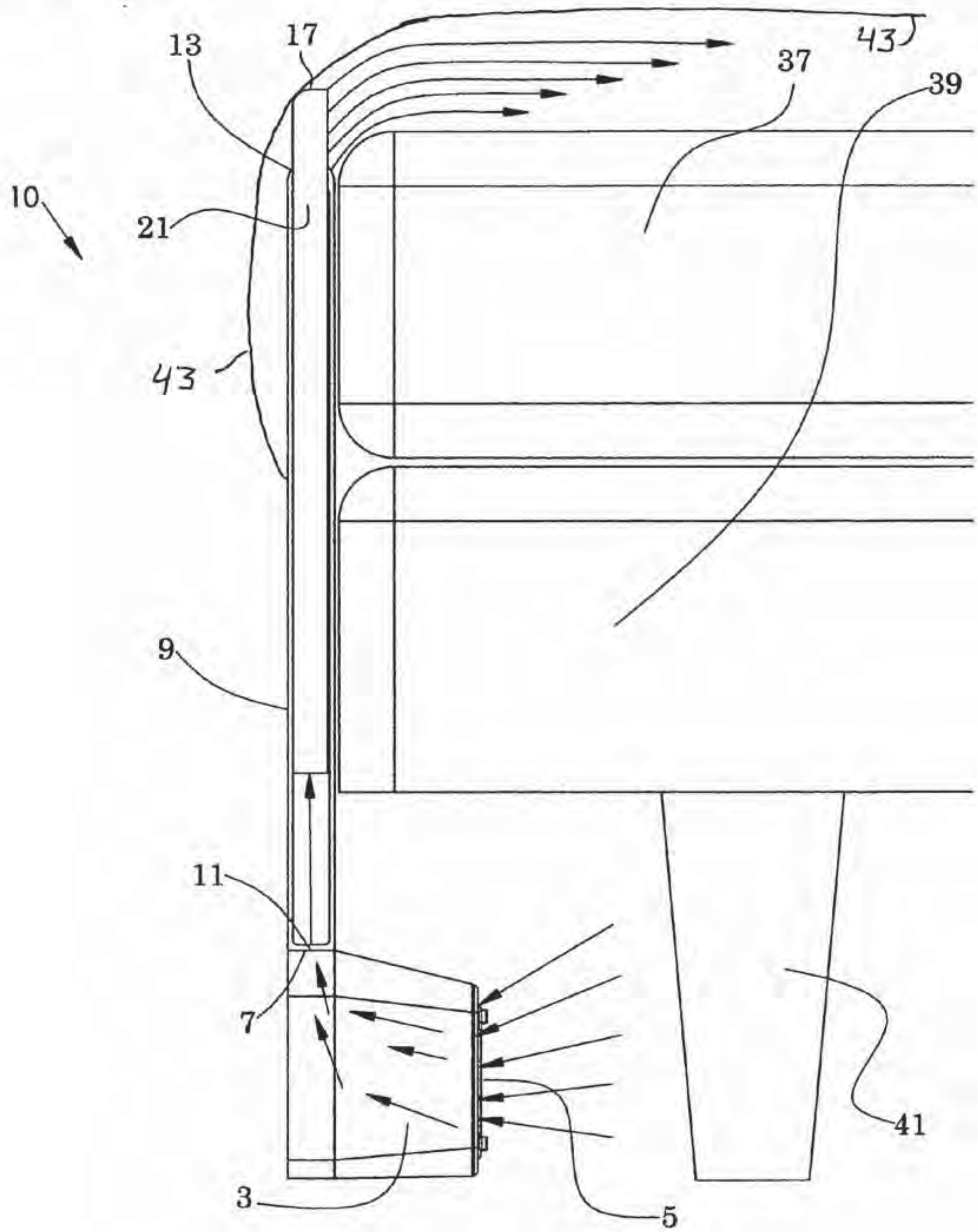

FIG. 19

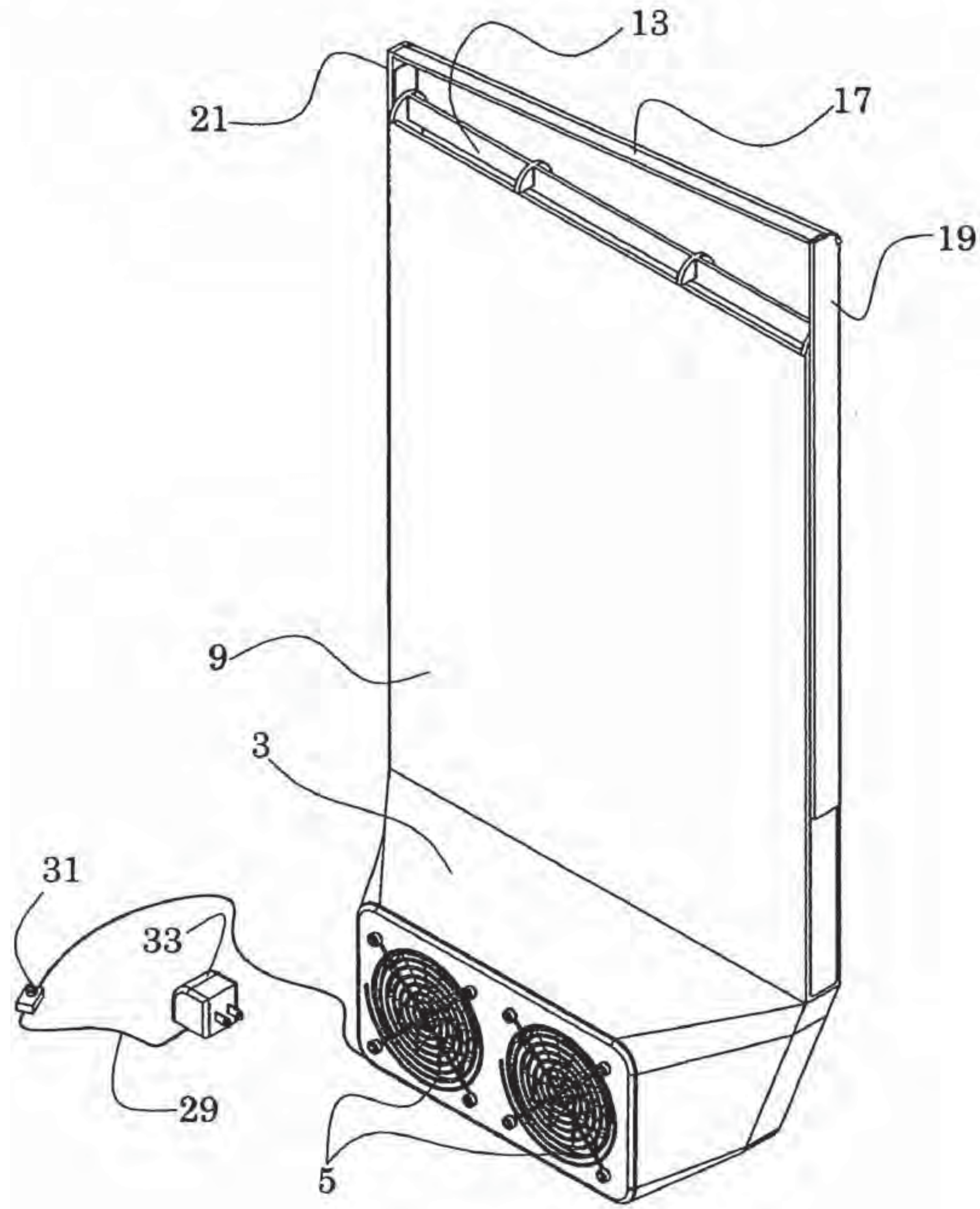

FIG. 20

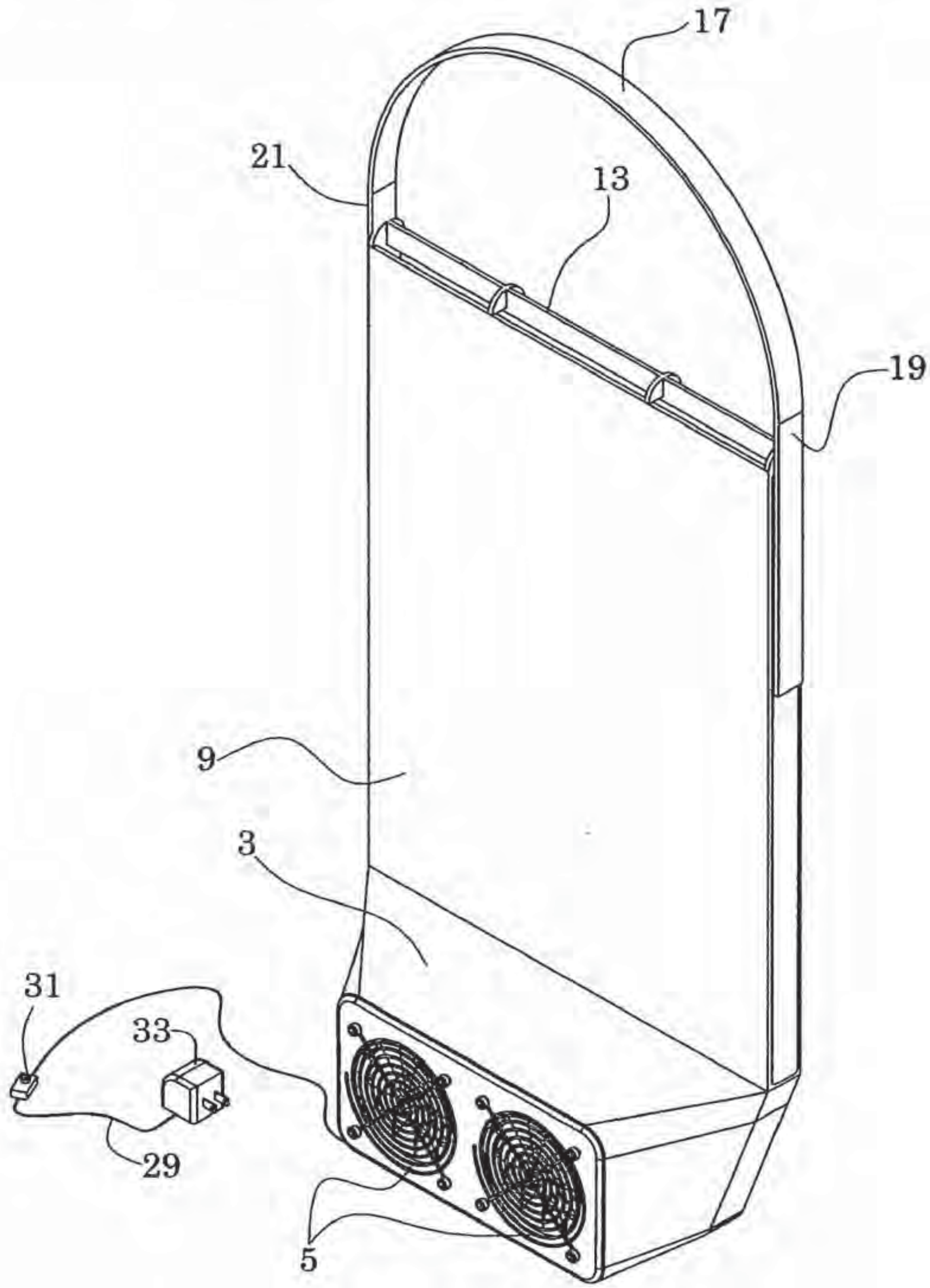

FIG. 21

PORTABLE VENTILATION SYSTEM

TECHNICAL FIELD

[0001] This invention relates generally to devices useful for providing ventilation by circulating ambient air. More particularly, it relates to portable devices that are useful for circulating the air surrounding a person resting on a substantially flat surface, such as a bed.

BACKGROUND

[0002] It is fairly common knowledge that on average, people spend about ⅓ of their lives sleeping. However, there are many people whose sleeping activity does not fall within the average, and of these people a substantial proportion experience one or more common sleeping disorders. While a detailed discussion of the number and types of sleep disorders is beyond this specification, it is nevertheless worthy of mention that most of the people who experience sleep disorders typically achieve less sleep than they generally desire. Sleep deprivation is known to alter cerebral behavior, as shown by hundreds of readily-available studies in the field of psychology, including MRI scans of the temporal lobe of the cerebral cortex of sleep-deprived persons versus persons well rested during verbal learning tests. (Nature magazine, Feb. 10, 2000 issue by author Sean Drummond, et al). Sleep deprivation has been shown to correlate with increased rates of suicide, increased divorce rates, and increased mental stress, which can in many cases set the foreground for the development of more serious chronic disorders. Therefore, it is clear that successfully assisting a person who suffers from a sleep disorder in restoring their body's natural sleeping patterns is an achievement of multi-faceted benefit.

[0003] There are a many causes of the various known sleep disorders. Of these causes the physical comfort of the person attempting to sleep or rest is paramount, for if a person's ambient surroundings are not conducive to their personal comfort, sleep can become extremely difficult to achieve, if at all. One factor in the person's environment that has a bearing on their ability to achieve sleep is the ambient temperature. If the temperature of the surroundings of a person is either too hot or too cold, restful sleep may be impossible. Of particular concern is the case where the surroundings are too hot, because in such cases the body's ability to control its internal temperature may be effected to the point where the body begins to sweat, and it is nearly impossible to achieve restful sleep while sweating. Thus, maintaining the ambient temperature at a level which is conducive to sleep is a key to enabling a person to sleep.

[0004] Means for controlling the ambient temperature in a person's surroundings are known to include the provision of "air conditioning" in which an air conditioner utilizing the principles of Joule-Thomson cooling is employed to extract heat from a volume of air, such as a bedroom. While air conditioners are highly effective at coarsely controlling the temperature in a room, the customary preference for persons to sleep beneath one or more bedsheets, covers, blankets, etc. coupled with the body's tendency to liberate heat during its normal operation translates to the well-known situation in which the person resting beneath the sheets cannot get comfortable because they are too hot, which is compounded by the proposition that if they remove the covers or sheets from themselves then they become too cold. Owing to variance between selected individual human subjects' metabolism, genetics, etc. the method used in the fine tuning control of one's body temperature becomes a matter of personal taste or preference, and many individuals have typically been observed to develop their own personal habits of effecting such fine tuning, such as sleeping with more or less clothing, permitting part of the body to be exposed to the open air, etc. In spite of these efforts, however, perfect control of the temperature of ambient surroundings of persons desiring to sleep has been fleeting. This fact is evidenced by the myriad of schemes and contrivances provided by workers in the prior art for effecting thermal control over a bed or region in which a person normally rests for sleep, the following few of which are exemplary, and are herein incorporated by reference in their entirety. U.S. Pat. No. 1,142,876 discloses a mattress having perforated conduits disposed along the edges of the mattress, and deflectors overhanging the perforations. There is a means for sucking air simultaneously through the perforations of all of the conduits. U.S. Pat. No. 2,097,751 provides a mattress comprising a bedstead having: a) two bed posts; b) an air pump; c) a conduit leading from the air pump to the first of the bed posts; d) a manually operable valve in the conduit disposed adjacent to the first bed post; and e) a tube rotatably-journalled in the first two bed posts. The tube has a plurality of apertures disposed in a straight line, with one end of the tube being connected to the valve and the opposite end of the tube being closed by a plug carried in the second bed post. There is also provided a means for rotating the tube. Air is forced in jets through the apertures by the pressure generated by the pump and may be directed at any desired angle to the vertical. U.S. Pat. No. 2,461,432 teaches an air conditioning device for beds having a bedstead, a mattress supported on the bedstead and constructed with inlet and outlet ports and passages through the interior of the mattress connecting the ports. The invention includes a wall means surrounding the mattress above the top surface thereof. There is also a passage means from above the top of the mattress to the inlet, and a means for circulating air through the mattress passages by way of the inlet port, the passages, and the outlet port into the wall surrounded space, above the mattress, and then via the passage means back to the inlet port for recirculation through the mattress passages. There is also a means for causing a change in the temperature of the circulated air prior to its entry into the mattress passages. U.S. Pat. No. 3,444,922 sets forth an apparatus for regulating the temperature and humidity about the body of a person in a bed by circulating air in a progressive flow around the person's body. The invention uses a double-chambered bellows having inlet and outlet provisions for each chamber. The device includes a thermostat-controlled refrigeration device. U.S. Pat. No. 3,713,182 describes a device for elevating clothing above a bed and warming the air beneath the clothing. The invention utilizes two hollow tubular arms which are vertically mounted on a side of the bed, and at a flexible line over which the clothing is draped. There is a small blower having a heating unit disposed beneath the bed, whose discharge is directed into the bed through passages formed in the flexible line. U.S. Pat. No. 4,602,486 provides a portable apparatus for cooling a selected region, such as around a bed, the apparatus comprising a portable enclosure for encompassing the region and defining an opening at the upper part of the region, the enclosure comprising: i) a frame for extending around the periphery of the region; ii) a frame support means for supporting the frame at a predetermined elevation relative to the region; and iii) a flexible sheet material hanging from the frame for encompassing the region and for defining an opening at the upper part of the region. The frame is pivotally mounted to the frame support means, and the enclosure further includes a torsion spring on the frame support means, whereby the spring may be engaged with the frame for biasing the frame to a normal position generally parallel with the floor, but permitting pivoting of the frame from the normal position to facilitate ingress and egress. There is also a portable cooling assembly including (i) a movable support structure for being positioned on the floor adjacent the region and having an upper end for being positioned adjacent the opening, (ii) a heat exchanger mounted to the upper end of the support structure for being positioned at an elevation adjacent the opening over a portion of the region, and (iii) means for circulating coolant through the heat exchanger whereby ambient air is cooled by the heat exchanger and flows downwardly into the region. U.S. Pat. No. 4,660,388 sets forth a generally-rectangular cooling cover adapted to be positioned over a human body in a prone position, the cooling cover comprising: a coverlet having an outer sheet, an inner porous pouch attached to the outer sheet, and an inner pad within the porous pouch. The inner pad includes a pair of upper and lower sheets formed of an air-impermeable material, with the upper sheet adjacent the coverlet and the lower sheet adjacent the porous pouch. The sheets are secured to each other along their outer edges to form an air distribution chamber therebetween, and are secured to each other along a plurality of parallel intermediate portions extending lengthwise between the ends of the sheets for a major portion thereof, to form a plurality of separate longitudinally extending air passages therebetween having lower rounded surfaces, and a plenum chamber extending transversely of the pad at each end thereof in fluid communication with the longitudinally extending air passages, and a cool air inlet at one end of the inner pad. The coverlet has an opening therein in alignment with the inlet of the pad adapted to receive a source of cool air for connection to the inlet. The lower rounded surfaces have a plurality of apertures along the length thereof at locations other than the lowermost portion of the rounded surfaces, and in fluid communication with the longitudinally extending passages whereby cool air may be discharged as small jets through the apertures at an angular relation to a vertical plane for diffusing through the porous pouch to contact a large area of the body cooled. U.S. Pat. No. 4,777,802 describes a blanket for connection with a supply of pressurized temperature-modified air, comprising: a) an outer layer constructed of an air-impervious material; b) an inner layer constructed of a material readily permeable by pressurized air, with the inner layer being arranged with most of its surface area contacting the outer layer; c) a sealing means interconnecting the outer and inner layers arranged in a substantially continuous closed path leaving an unsealed and separable portion of the outer and inner layers inwardly of the sealing means; and d) an inlet means communicating with the unsealed portion between the outer and inner layers for introducing the pressurized temperature-modified air therein at least a part of which pressurized air exits through the inner layer. U.S. Pat. No. 4,939,804 provides an apparatus for ventilating a bed in a room, the bed having a head, a foot, and a mattress positioned above a box spring The apparatus comprises: a) an elongate housing having an upper extent and a lower extent, and having a longitudinal axis which is positionable parallel to the foot of the bed, with the upper extent of the elongate housing being provided with at least one air inlet opening for receiving stale air, the elongate housing also having an outlet duct for exhausting air into the room; b) at least one mounting flange extending outwardly from the elongate housing generally perpendicular to the longitudinal axis thereof, with the mounting flange being adapted to be received between the mattress and box spring for supporting the elongate housing on the bed; c) a filtration means located between the air inlet opening to the elongate housing and the outlet duct for filtering the stale air entering the housing; d) at least one recirculating duct associated with the elongate housing for recirculating filtered air from the elongate housing back to the bed; and e) a fan means for drawing air through the air inlet opening, for exhausting filtered air out the outlet duct and for recirculating a portion of the filtered air through the recirculation duct. U.S. Pat. No. 5,730,120 discloses a ventilator for a bed, comprising a base means having a thin flat section that is adapted to be sandwiched between a mattress and a supporting bed structure, and having a cantilevered outer end section extending outwardly of an edge of the mattress for supporting, which includes: i) a fan means supported from the outer end section of the base and having a lower inlet for receiving air flow from a level below the mattress and a outlet for directing air upwardly toward an upper surface of the mattress; and ii) an elbow means for directing the air flow received from the outlet of the fan means over the upper surface of the mattress inwardly of the edge thereof, wherein the fan means and the elbow means include an air duct having an intake opening at a lower end for receiving incoming air flow for ventilating the bed. U.S. Pat. No. 6,425,527 sets forth a device for controlling a temperature of a person's sleeping environment, comprising: a) a means for drawing a vacuum to draw air from a sleeping environment; b) a means for fluidly connecting the sleeping environment to an intake port of the vacuum means; c) a means for determining a temperature of the air drawn from the sleeping environment; and d) a means for adjusting the speed of the air being drawn out of the sleeping environment based upon the temperature of the air. U.S. Pat. No. 6,473,920 describes an apparatus to manage the temperature of a supine person's lower extremities in a bed by directing air over a bed, comprising: a) a tubular air permeable distribution chamber comprising a length of open cell foam; b) a temperature-regulating blower coupled to the chamber for blowing warmed air from the blower into the chamber; and c) mounting hardware shaped to position the chamber at a foot of a bed where air at a normothermic temperature is directed from the chamber, over the bed. U.S. Pat. No. 6,546,576 provides an improved structure of a ventilated mattress with cooling and warming effect, which comprises: a) a mattress body; b) a warming/cooling air-delivery controlling box; and c) a connecting tube. The control box produces warming/cooling air to the mattress body via the connecting tube, and the warming/cooling air is released via a plurality of ventilation buttons mounted at the surface of the mattress body. The mattress thereby provides the user with a warming/cooling effect. U.S. Pat. No. 6,701,552 describes a warm-air blower for use with air-controlled bedding which comprises a quilt and a futon, which is used to control the sleeping environment by supplying warm air or cool air to the bedding. According to the invention the warm air blower unit has an air intake near a left- or right-hand side of its front surface, and the air taken in from the air intake is led so as to flow through the interior of the warm air blower unit to a fan. The fan is positioned at a distance from the air intake, and the warm air passing through the heater chamber is blown out of the warm air blower unit through two vertically arranged air outlets. One or optionally both of the outlets are equipped with a shutter that is capable of regulating the airflow. U.S. Pat. No. 6,711,767 provides an apparatus for warming a bed having a mattress covered by a bed covering, which comprises: a) a housing having an air inlet and an air outlet; b) a heater within the housing; c) a fan within the housing for producing a flow of air from the air inlet through the heater to the air outlet; and d) a support adjustably coupled to the housing and adapted to extend under the mattress to hold the housing along an edge of the mattress. The flow of air from the air outlet is directed between the mattress and the bed covering.

[0005] While each of the prior art devices and methods achieve to a greater or less extent their desired objectives, they are nevertheless not without features which have heretofore prevented their widespread adoption by large numbers of people. One of the main factors is believed to be the relative complexity of the prior art devices, with their attendant high cost, tedium in operation, and cumbersomeness in appearance and difficulty in retrofitting existing furniture, beds, and the like. Thus, it is clear that if a device were available which enabled a high level of control of the temperature of a person's body during sleep and which device were capable of being readily retrofitted to existing furniture, beds, and the like, that a large number of persons with sleep disorders could find relief from employment of such a device. If such a device were of such simplistic design that it could be manufactured and sold at a cost which is accessible to the predominant majority of persons, such would undoubtedly lead to its adoption. In addition, if such a device were small and portable, so that a user could easily stow it when not in use or transport it conveniently when traveling on the road or when merely switching rooms, such a feature would make adoption of such a device more attractive still. The present invention fulfills all of these needs in the marketplace, in addition to others as one of ordinary skill will come to appreciate by further consideration and understanding of the contents and implications of this specification and the claims appended hereto.

SUMMARY OF THE INVENTION

[0006] The present invention provides a device useful for providing a moving current of ventilating air which comprises: a) a base portion having a hollow interior portion which itself further comprises: i) at least one inlet opening through which air may be admitted, and ii) an exit opening through which air may exit the hollow interior portion; b) an air conduit channel means having an inlet end portion and an outlet end portion; wherein the inlet end portion of the air conduit channel is in effective fluid communication with the exit opening of the base portion; c) at least one fan means disposed between the inlet opening in the base portion and the outlet end portion of the air conduit channel for causing ambient air to flow from the inlet opening of the base portion to the outlet end portion of the air conduit channel; and c) a support bar means adjustably attached to the air conduit channel.

BRIEF DESCRIPTION OF THE DRAWINGS

[0007] In the annexed drawings,

[0008] **FIG. 1A** shows a front perspective view of a device according to one form of the invention;

[0009] **FIG. 1B** shows a front perspective view of a base portion element of a device according to one form of the invention;

[0010] **FIG. 1C** shows a perspective view of a conduit channel means element of a device according to one form of the invention;

[0011] **FIG. 2** shows a rear perspective view of a device according to one form of the invention;

[0012] **FIG. 3** shows a left side perspective view of a device according to one form of the invention;

[0013] **FIG. 4** shows a right side perspective view of a device according to one form of the invention;

[0014] **FIG. 5** shows a perspective view of a support bar useful on a device according to one form of the invention;

[0015] **FIG. 6** shows a frontal view of a support bar useful on a device according to one form of the invention;

[0016] **FIG. 7** shows a left side view of a support bar useful on a device according to one form of the invention;

[0017] **FIG. 8** shows a front perspective view of a device according to one form of the invention having a support bar attached thereto;

[0018] **FIG. 9** shows a rear perspective view of a device according to one form of the invention having a support bar attached thereto;

[0019] **FIG. 10** shows a front view of a device according to one form of the invention having a support bar attached thereto;

[0020] **FIG. 11** shows a rear view of a device according to one form of the invention having a support bar attached thereto;

[0021] **FIG. 12** shows a perspective view of a support shelf useful on a device according to one form of the invention;

[0022] **FIG. 13** shows a side view of a support shelf useful on a device according to one form of the invention;

[0023] **FIG. 14** shows a left side perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

[0024] **FIG. 15** shows a right side perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

[0025] **FIG. 16** shows a frontal perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

[0026] **FIG. 17** shows a rear perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

[0027] **FIG. 18** shows a bed having a device according to the invention adjacent to the bed, wherein the bed is covered by a bed covering such as a sheet, wherein the device is supported by the support shelf such that the base portion is not in contact with the floor;

[0028] **FIG. 19** shows a bed having a device according to the invention adjacent to the bed;

[0029] **FIG. 20** shows a device according to an alternate form of the invention; and

[0030] **FIG. 21** shows a device according to an alternate form of the invention.

DETAILED DESCRIPTION

[0031] Referring to the drawings and initially to **FIG. 1A**, there is shown a front perspective view of a device **10** according to one form of the invention which is shown as comprising a base portion **3** having an interior volume, an inlet opening **5** through which ambient air may be admitted, and an exit opening **7** through which the admitted ambient air may be expelled from the interior of the base portion under the power of one or more fan means which are disposed within the interior volume of the base portion. To the exit opening **7** of the base portion **3**, there is attached the inlet end portion **11** of an air conduit channel means **9**, through which air that has been discharged from the exit opening **7** of the base portion may enter the conduit channel **9** and under the force of the fan means is conveyed to the outlet end portion **13** of the conduit channel **9**. Thus, during the normal operation of a device according to one form of the invention, the fan means thus causes air to be admitted to the inlet opening **5** and to be forced to exit conduit channel **9** at its outlet end portion **13**. Also shown in **FIG. 1A** is the electrical power cord **29** used to supply electrical power to the fan means.

[0032] Some details of a base portion **3** useful in constructing a device according to this invention are shown in **FIG. 1B**, in which the base portion **3** is seen to comprise a plurality of fan means **53** disposed at the inlet opening of the base portion, and a rectangularly-shaped opening which serves as the exit opening **7** of the base portion **3**. During operation of the fan means **53**, which preferably comprises one or more conventional fans operated by a DC or AC electric motor, air is drawn into the hollow interior portion of the base portion **3** and expelled out of the opening **7** and into the air conduit channel means as shown and described for **FIG. 1A**.

[0033] The base portion **3** has a dual purpose in a general sense, which on the one hand is to serve as a housing for the fan means **53**, that is, the fan means are disposed within the hollow interior volume of the base portion such that their motion draws air into the base portion through the inlet opening(s) **5**, and the fan means **53** by its (their) action expels the air through the exit opening **7** of the base portion **3**. Since the fan means in one form of the invention are conventional fans with a motor and a blade, their being housed within the base portion prevents the blades motion from being inhibited such as by being struck, touched by a hand, etc., i.e., the base portion acts as a shroud for the fan means. The base portion **3** also serves as the support for the device **10** as a whole, and in many employments of the device it will rest with its base on a horizontal floor or a room in a dwelling or other area. Thus, while the base portion **3** may have outer walls or surfaces which cause it to exist in the configuration of any geometric solid, it preferably comprises a flat bottom portion suitable for enabling the device **10** to rest on a flat surface with the air conduit channel means **9** being disposed so that air is discharged from it in a substantially-vertical orientation. The base portion is in one preferred form of the invention comprised of a plurality of pieces of sheet stock, such as plywood or polyolefin slab stock about ⅛ inch thick, or any functionally-equivalent material of construction. The base portion **3** is preferably comprised of a thermoplastic polyolefin and is injection molded as a single piece having an interior volume of substantially the same shape as defined by its exterior walls, as it may be thought of as being basically a box.

[0034] According to a preferred form of the invention, the conduit channel means **9** is configured in the form of a rectangular solid with a hollow interior portion, which, when standing alone has its two end portions open to the ambient surroundings The purpose for this shape includes provision for convenient aligned mating of the exit opening **7** of the base portion **3** with the open inlet end portion **11** of the air conduit channel means **9** when the exit opening **7** of the base portion **3** is substantially rectangularly-shaped as in a preferred form of the invention. Such configuration of the air channel means also provides a relatively wide zone of air exiting the outlet end portion **13** of the air conduit channel **9** when the device is in operation, as the width dimension of the air channel means **9** is about 12 inches in one preferred form of the invention. The air conduit channel means may be attached to the exit opening **7** of the base portion **3** by conventional means, such as glues, adhesives and the like, and is preferably itself comprised of sheet stock of wood or thermoplastic polyolefin. The base portion **3** and the air conduit channel means **9** may according to one preferred form of the invention be a single construction, prepared by an injection molding process. An air conduit channel means **9** according to one form of the invention is depicted in **FIG. 1C**, having a rectangularly-shaped inlet portion **11** through which air may pass and be discharged at the outlet end portion **13**.

[0035] **FIG. 2** shows a rear perspective view of a device **10** according to one form of the invention and the relationship of the various elements of the invention to one another, including the base portion **3**, exit opening **7** of the base portion, inlet end portion **11** of the air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9** and the power cord **29**.

[0036] **FIG. 3** shows a left side perspective view of a device according to one form of the invention and the relationship of the locations of various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, and power cord **29**.

[0037] **FIG. 4** shows a right side perspective view of a device according to one form of the invention and the relationship of the locations of various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, power cord **29**, rheostat **31** and transformer **33**. The rheostat **31** is a conventional rheostat or device of equivalent function which serves to controllably regulate the voltage to the fan means so as to permit adjustment of the volume of air exiting the outlet end portion **13** of the air conduit channel means **9** during operation of the device **10**.

[0038] **FIG. 5** shows a perspective view of a support bar means **17** useful on a device according to one form of the invention. The support bar means **17** is a thin piece of flat slab stock or extruded stock having an arcuate, c-shaped, or crescent-shaped cross section, which is caused to be disposed directly in the flow of air which exits the outlet end portion **13** of the air conduit means of the invention, so as to re-direct the flow of air which impinges on it. When the cross section of the support bar means **17** is arcuate, it is preferred that it traces out approximately a 90° arc. The support bar means **17** is attached by means of the right support arm **19** and left support arm **21** to the air conduit channel means **9**, preferably by attachment of the support bars to the edges of the air conduit channel by means of conventional fasteners which may include a hook-and-loop type fastening means such as VELCRO® fastening means, with one portion of the fastening means **55** disposed on the inside of the support arms and the complementary counterpart of the fastening means disposed on the external surfaces of the air conduit channel means **9**. **FIG. 6** shows a frontal view of a support bar means **17** useful on a device according to one form of the invention, depicting the respective locations of the support arms **19** and **21** attached at their end portions to the end portions of the support bar means **17** by conventional means such as an adhesive or conventional fasteners including brackets and the like. In one form of the invention, the support bar means **17** and support arms **19** and **21** are comprised of a single piece of flat sheet thermoplastic polyolefin about ⅛ inch thick having an appropriate length and a width of about 1 inch, which is bent at the appropriate locations. The support bar means in one embodiment is disposed to be substantially parallel to the outlet end portion of said air conduit channel means. **FIG. 7** shows a left side view of a support bar means **17** useful on a device according to one form of the invention showing the left support arm **21** and the support bar means **17**.

[0039] **FIG. 8** shows a front perspective view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, which may be fitted with an optional screen, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

[0040] **FIG. 9** shows a rear perspective view of a device according to one form of the invention having a support bar **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

[0041] **FIG. 10** shows a front view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

[0042] **FIG. 11** shows a rear view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

[0043] **FIG. 12** shows a perspective view of a support shelf **23** useful on a device according to one form of the invention. The support shelf in one preferred form of the invention includes a first portion **25** and second portion **27**, which are preferably comprised of flat sheet stock material joined together at about a 90° bend using conventional fastening means. Alternatively, the support shelf may be comprised of a single piece of sheet stock such as steel or thermoplastic polyolefin, which has a 90° bend in its structure. The second portion **27** is intended to be affixed to the rear face of the air conduit channel **9** as shown in **FIG. 14**, using conventional fastening means which may include hook-and-loop fastening means such as VELCRO® fastening means with one portion of the fastening means being attached to the surface of the second portion **27** of the support shelf **23** and the complementary counterpart fastening means being attached to the face of the device **10** of the invention. Such feature enables the support shelf to be selectively disposed in any desired position on the face of the air conduit channel means **9** to permit the first portion **25** of the support shelf means **23** to be inserted between a mattress and box spring to provide support for a device **10** according to the invention off the floor as depicted in **FIG. 18**. This adjustability feature, coupled with the adjustability of the distance of the support bar means **17** from the outlet end portion **13** of the air conduit channel renders a device according to the present invention sufficient adjustability of the present invention to enable its being usefully adapted to the vast majority of beds currently in use. **FIG. 13** shows a side view of a support shelf **23** useful on a device according to one form of the invention and its various elements including its first portion **25** and its second portion **27**. Hook-and-loop fastening means **35** is also shown disposed on the surface of the second portion **27**.

[0044] **FIG. 14** shows a left side perspective view of a device according to one form of the invention having a support shelf **23** (elements **25** and **27** collectively) according to one form of the invention attached thereto and having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, left support arm **21**, the support bar means **17** and the power cord **29**.

[0045] **FIG. 15** shows a right side perspective view of a device according to one form of the invention having a support shelf **23** (elements **25** and **27** collectively) according to one form of the invention attached thereto and having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, right support arm **19**, the support bar means **17** and the power cord **29**.

[0046] **FIG. 16** shows a frontal perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto, and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**.

[0047] **FIG. 17** shows a rear perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto and showing the respective locations of the various elements of this embodiment of the invention, including the base portion **3**, air conduit channel means **9**, first portion of the support shelf **25**, left support arm **21**, right support arm **19**, support bar means **17**, and the outlet end portion **13** of the air conduit channel means **9**.

[0048] **FIG. 18** shows a bed having a device according to the invention adjacent to the bed, wherein the bed is covered by a bed covering such as a sheet, wherein the device is supported by the support shelf such that the base portion is not in contact with the floor. In this figure are shown the respective locations of the various elements of the invention in this embodiment in an actual use position installed on a bed, in which the first portion **25** of the support shelf **23** is shown sandwiched between a mattress **37** and a box spring **39** and wherein the second portion **27** of the support shelf **23** is shown attached to the front face of the air channel conduit means **9** thus supporting the device **10** as a whole off of the floor upon which the leg **41** of the bed is resting. As shown in this figure, air enters the base portion **3** as indicated by the arrows at the inlet opening **5** of the base portion **3** and is caused by the action of the fan means to exit the base portion **3** at the exit opening **7** of the base portion **3** and to enter the inlet end portion **11** of the air conduit channel means **9**, through which it is forced upward through the air conduit channel means **9** and out of its outlet end portion **13**, whereupon it impinges upon the support bar means **17** and is re-directed in a direction as indicated by the arrows to be substantially parallel to the top surface of the mattress **37**, thus providing ventilation for a person resting on the bed.

[0049] **FIG. 19** shows a bed equipped with a device according to the present invention, wherein the inventive device is resting on the floor. In this figure are shown the respective locations of the various elements of the invention in this embodiment. As shown in this figure, air enters the base portion **3** as indicated by the arrows at the inlet opening **5** of the base portion **3**, and is caused by the action of the fan means to exit the base portion **3** at the exit opening **7** of the base portion **3** and to enter the inlet end portion **11** of the air conduit channel means **9**, through which it is forced upward through the air conduit channel means **9** and out of its outlet end portion **13**, whereupon it impinges upon the support bar means **17** and is re-directed in a direction as indicated by the arrows to be substantially parallel to the top surface of the mattress **37**, thus providing ventilation for a person resting on the bed. In this figure is also shown the bed covering, which may be a blanket, sheet, etc. which is in contact with the support bar. The purpose of the support bar in this embodiment is twofold: 1) to re-direct the direction of the air as previously explained; and 2) to support the bed covering so as to prevent its interference with the air flow out of the outlet end portion **13** of the air channel means **9**. Thus, the support bar means **17** holds the bed covering up off of the opening at the outlet end portion **13** of the air channel means, which enables the full air flow to ventilate the volume between the bedcovering and the top surface of the mattress **37**, which usually will contain a person residing thereon.

[0050] **FIG. 20** shows a frontal perspective view of a device according to an alternate form of the invention having a support shelf according to one form of the invention attached thereto, and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**. In this embodiment the support bar means **17** is disposed so that it is not parallel to the outlet end portion of the air conduit channel means **13**. Such an embodiment has the advantage that by adjusting the angle which the support bar means **17** makes with respect to the horizontal surface upon which the bed rests, it is possible to elevate a portion of the bed sheets to a level that is higher than other portions of the bed sheets, to effectuate increased variability in the ability to control ventilating air flow when using a device according to the invention.

[0051] **FIG. 21** shows a frontal perspective view of a device according to an alternate form of the invention having a support shelf according to one form of the invention attached thereto, and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**. In this embodiment the support bar means **17** is not substantially linear and flat as in other embodiments described herein, but rather is curved, which again enables increased variability with respect to the flow of ventilating air exiting the outlet end portion **13** of the air conduit channel means **9**.

[0052] In one preferred form of the invention, the air channel means has a width of about 12 inches and a length of about 16 inches and comprises a channel which is 1 inch deep and about 12 inches long. The volume of air delivered is adjustable in the range of between about 1 cubic foot per minute to about 300 cubic feet per minute. In many climates, such airflow is believed to eliminate the need for night time air conditioning, thus saving on energy costs associated with cooling an entire room. The fan means may be any fan capable of moving volumes of air in the above range.

[0053] Thus, after consideration of all described in this specification, it is now clear that the present invention provides an excellent means for ventilation for a person resting in a bed. The adjustability of the airflow, via the rheostat means, which may be located at the person's hand, enables selective control of between-sheet air flow. This adjustability is especially helpful for persons suffering from night-sweats, and women experiencing hot flashes from menopausal changes in body function, and has been well-received by all persons thus far having tested the device on themselves, who all have indicated that this invention has enhanced their ability to achieve restful sleep.

[0054] While particular embodiments have been described herein having particular specified physical dimensions, the present invention, including its various component parts, shall not be construed as to being limited to any specific size dimension. In fact it is one of the benefits of the present invention that its component parts are readily altered in size to afford a device according to the invention which is capable of being retrofitted to just about any bed of the prior art.

[0055] Consideration must be given to the fact that although this invention has been described and disclosed in relation to certain preferred embodiments, obvious equivalent modifications and alterations thereof will become apparent to one of ordinary skill in this art upon reading and understanding this specification and the claims appended hereto. This includes subject matter defined by any combination of any one of the various claims appended hereto with any one or more of the remaining claims, including the incorporation of the features and/or limitations of any dependent claim, singly or in combination with features and/or limitations of any one or more of the other dependent claims, with features and/or limitations of any one or more of the independent claims, with the remaining dependent claims in their original text being read and applied to any independent claims so modified. This also includes combination of the features and/or limitations of one or more of the independent claims with features and/or limitations of another independent claims to arrive at a modified independent claim, with the remaining dependent claims in their original text being read and applied to any independent claim so modified. Accordingly, the presently disclosed invention is intended to cover all such modifications and alterations, and is limited only by the scope of the claims which follow.

I claim:

1) A device useful for providing a moving current of ventilating air which comprises:

- a) a base portion having a hollow interior portion and further comprising:
  - i) at least one inlet opening through which air may be admitted, and
  - ii) an exit opening through which air may exit;
- b) an air conduit channel means having an inlet end portion and an outlet end portion; wherein said inlet end portion of said air conduit channel is in effective fluid communication with said exit opening of said base portion;
- c) at least one fan means disposed between said inlet opening in said base portion and said outlet end portion of said air conduit channel for causing ambient air to flow from said inlet opening of said base portion to the outlet end portion of said air conduit channel;
- d) a support bar means attached to said air conduit channel.

2) A device according to claim 1 wherein said support bar means is disposed to be substantially parallel to the outlet end portion of said air conduit channel means.

3) A device according to claim 1 wherein said support bar means is disposed to be directly in the path of air exiting said outlet end portion of said air conduit channel.

4) A device according to claim 1 wherein said support bar means is adjustably attached to said air conduit channel to provide adjustment of the distance between the outlet end portion of the air conduit channel and the support bar means.

5) A device according to claim 1 wherein said base portion comprises a flat lower surface which is adapted to rest on a substantially horizontal surface.

6) A device according to claim 5 wherein said air conduit channel means is substantially vertically disposed with respect to the flat lower surface of said base portion.

7) A device according to claim 1 wherein the fan means is disposed within the base portion.

8) A device according to claim 1 wherein said air conduit channel means is substantially rectangular in cross-section.

9) A device according to claim 1 wherein the direction of airflow through said air conduit channel is in a direction which is substantially vertical with respect to the earth's surface.

10) A device according to claim 1 wherein the direction of air admitted into the inlet opening of the base portion is substantially perpendicular to the direction of the flow of air through the air conduit channel

11) A device according to claim 1 wherein the support bar means is disposed to be within the flow of air exiting said air conduit portion sufficiently to substantially alter the direction of flow of air exiting said air conduit.

12) A device according to claim 2 wherein the support bar means alters the direction of flow of air exiting said air conduit in an amount of between about 45 degrees and about 90 degrees.

13) A device according to claim 1 wherein the support bar is substantially linear and is disposed to be non-parallel to the outlet end portion of the air conduit means

14) A device according to claim 1 wherein said support bar is curved.

15) A device according to claim 1 wherein said support bar means is attached to said air conduit channel by means of two support arms

16) A device according to claim 1 wherein said support arms are attached to said air conduit by a hook-and-loop type fastener.

17) A device according to claim 1 further comprising a support shelf means attached to the face of said air conduit channel means.

18) A device according to claim 17 wherein said support shelf is adjustably attached to said air conduit channel.

19) A device useful for providing ventilating air to a volume defined by the upper surface of a bed and a bed covering selected from the group consisting of: a bed sheet, and a blanket, said device comprising an air conduit channel having an air inlet end and an air outlet end, further comprising a fan means disposed to cause air to flow into said air inlet end and to exit said air outlet end, and further comprising a support bar means adjustably attached to said air conduit wherein said support bar means is disposed to be in the direct path of air exiting said air outlet end of said conduit channel.

20) A combination comprising:

a) a device according to claim 1;

b) a bed comprising a mattress having a top surface; and

c) a bed covering disposed upon the top surface of said mattress;

wherein said support bar means is in contact with said bed covering sufficiently to define a volume of air between the top surface of said mattress and said bed covering.

21) A combination according to claim 20 wherein air is expelled out of said outlet end portion of said air conduit channel means and into said volume of air.

* * * * *

US007908688B2

(12) **United States Patent**
Tompkins

(10) **Patent No.:** **US 7,908,688 B2**
(45) **Date of Patent:** **Mar. 22, 2011**

(54) **PORTABLE VENTILATION SYSTEM**

(76) Inventor: **Kurt West Tompkins**, Snook, TX (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **12/589,397**

(22) Filed: **Oct. 22, 2009**

(65) **Prior Publication Data**

US 2010/0221994 A1 Sep. 2, 2010

Related U.S. Application Data

(63) Continuation of application No. 11/937,494, filed on Nov. 8, 2007, now abandoned, which is a continuation of application No. 10/970,341, filed on Oct. 21, 2004, now abandoned.

(51) **Int. Cl.**

A47C 21/04	(2006.01)
A61F 7/00	(2006.01)
F24F 13/00	(2006.01)
F24F 9/00	(2006.01)
F24F 7/00	(2006.01)
B08B 15/02	(2006.01)
F23J 11/00	(2006.01)
F24C 15/20	(2006.01)

(52) **U.S. Cl.** **5/423**; 5/421; 454/192; 454/63

(58) **Field of Classification Search** 5/421, 423, 5/284, 652, 726, 941; 415/60–61, 211.2; 454/56, 63, 191, 192
See application file for complete search history.

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7,037,188 B2 *	5/2006	Schmid et al.	454/187

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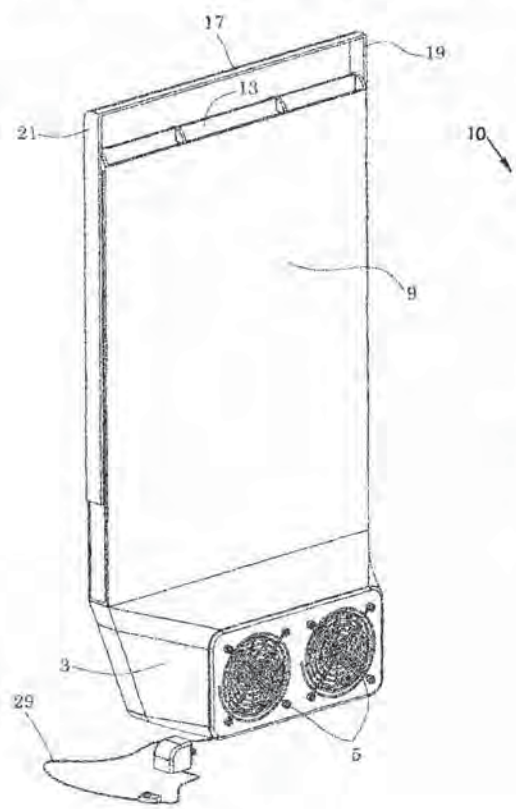
Primary Examiner — Jonathan J Liu
(74) *Attorney, Agent, or Firm* — John R Casperson

(57) **ABSTRACT**

Provided herein is a portable device useful for providing ventilation to a selected area via circulation of ambient air. A device according to the present invention is especially well-suited to provide ventilating air to a person resting on a bed, by directing air from the room to the volume defined by the top surface of the mattress of the bed and a bed covering disposed thereon. Use of the present invention increases the ability of persons to achieve restful sleep by enabling convenient control of the air surrounding the person to a comfortable level.

13 Claims, 23 Drawing Sheets



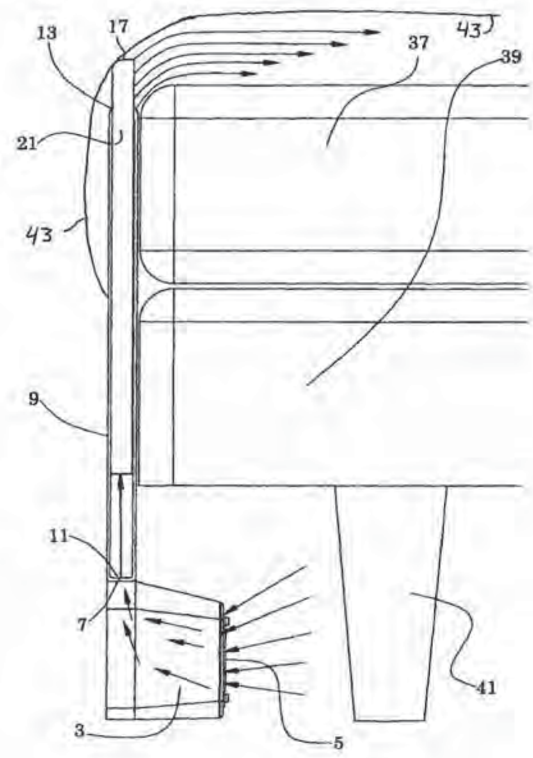


Exhibit B

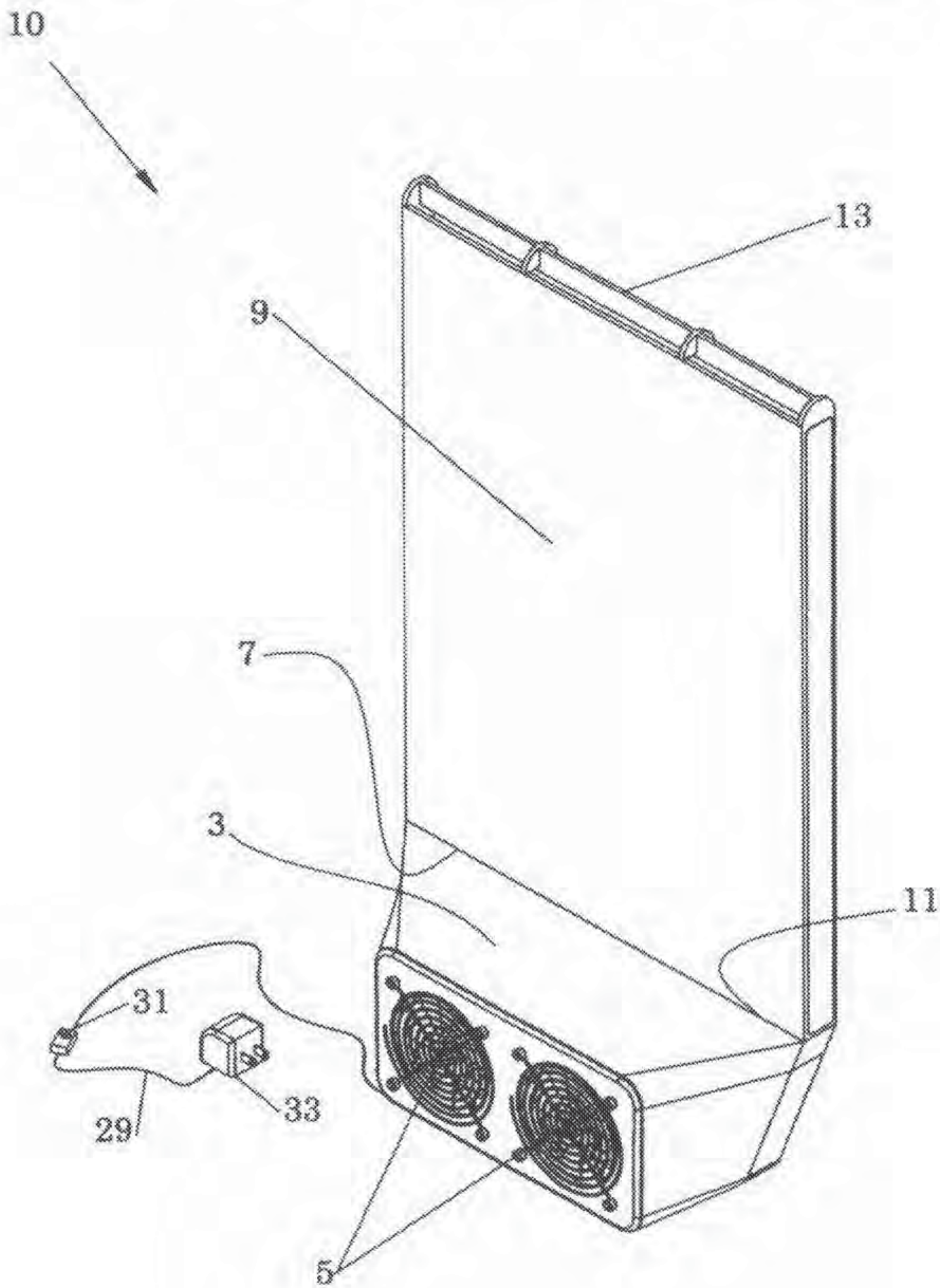


FIG. 1A

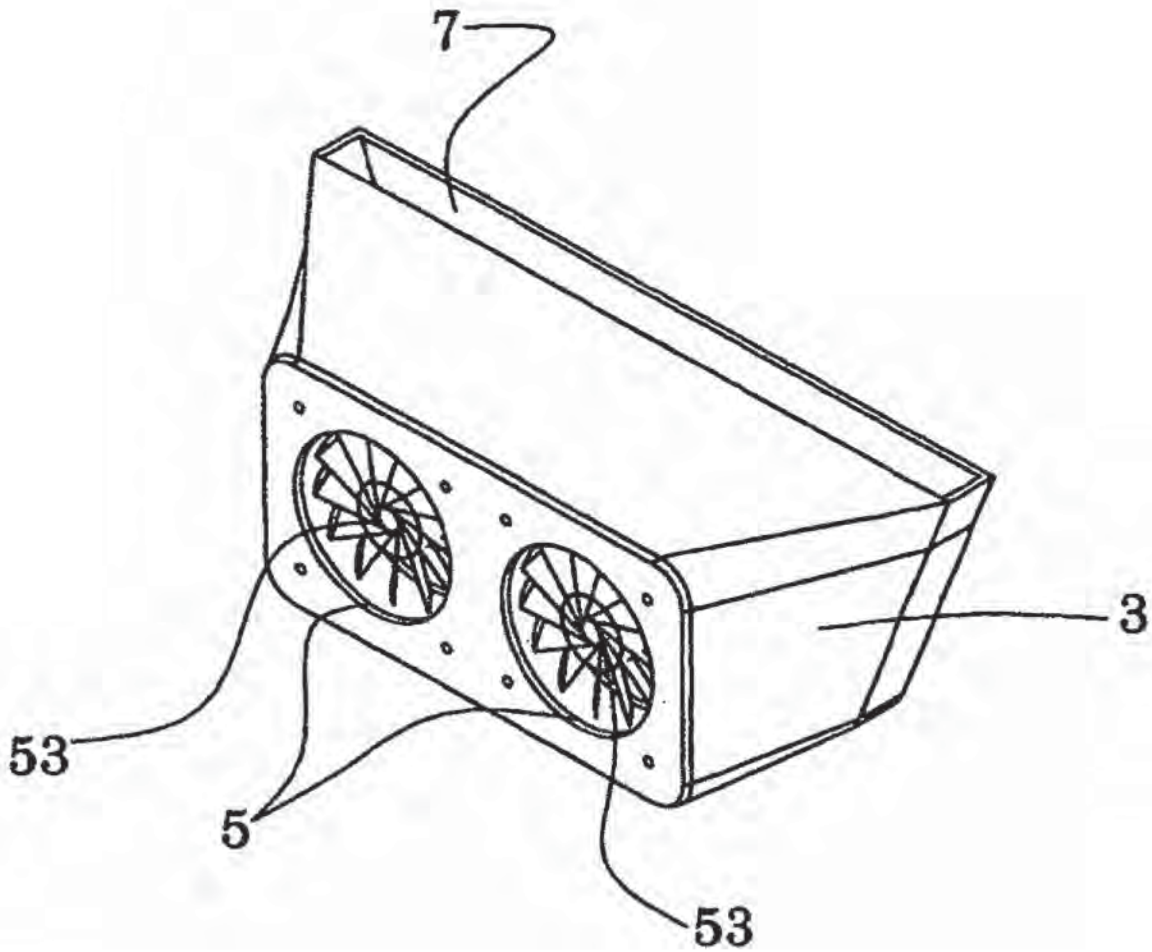


FIG. 1B

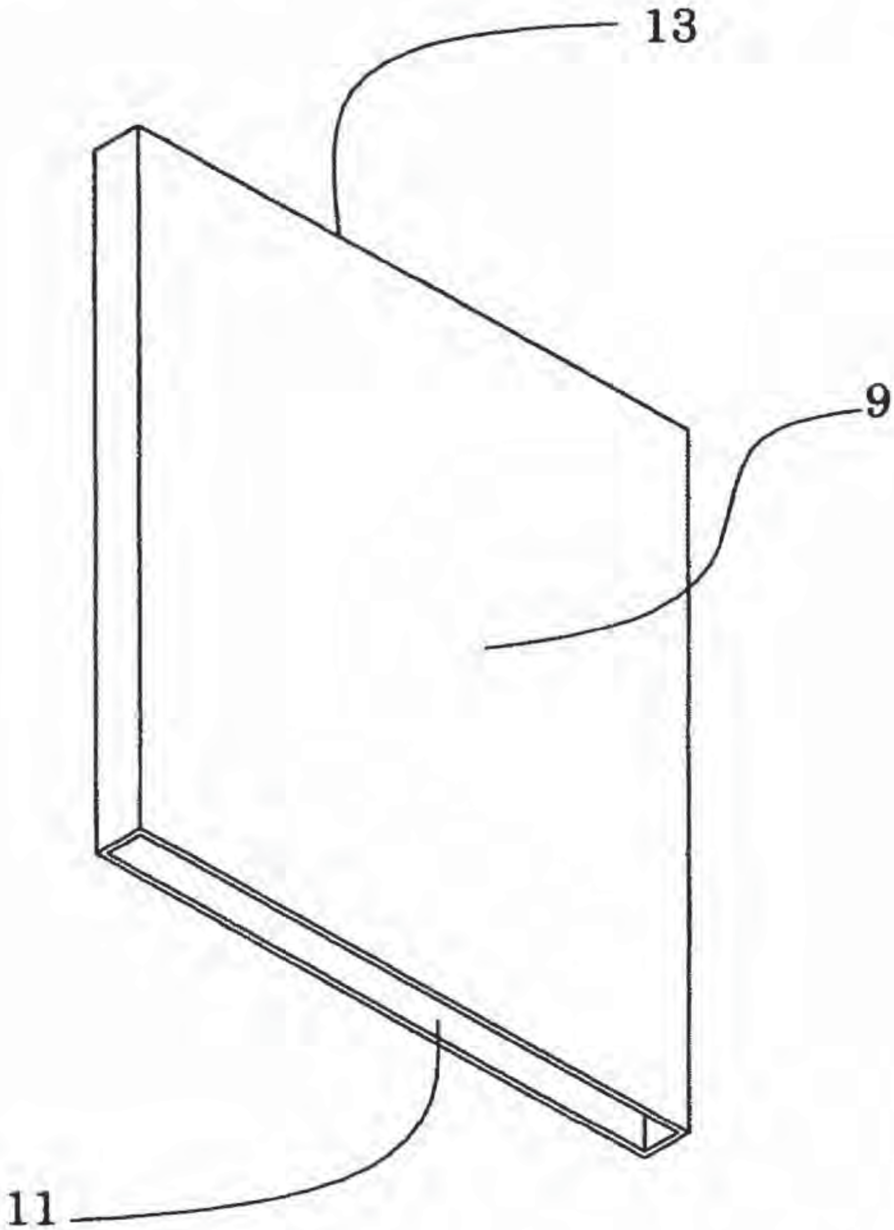


FIG. 1C

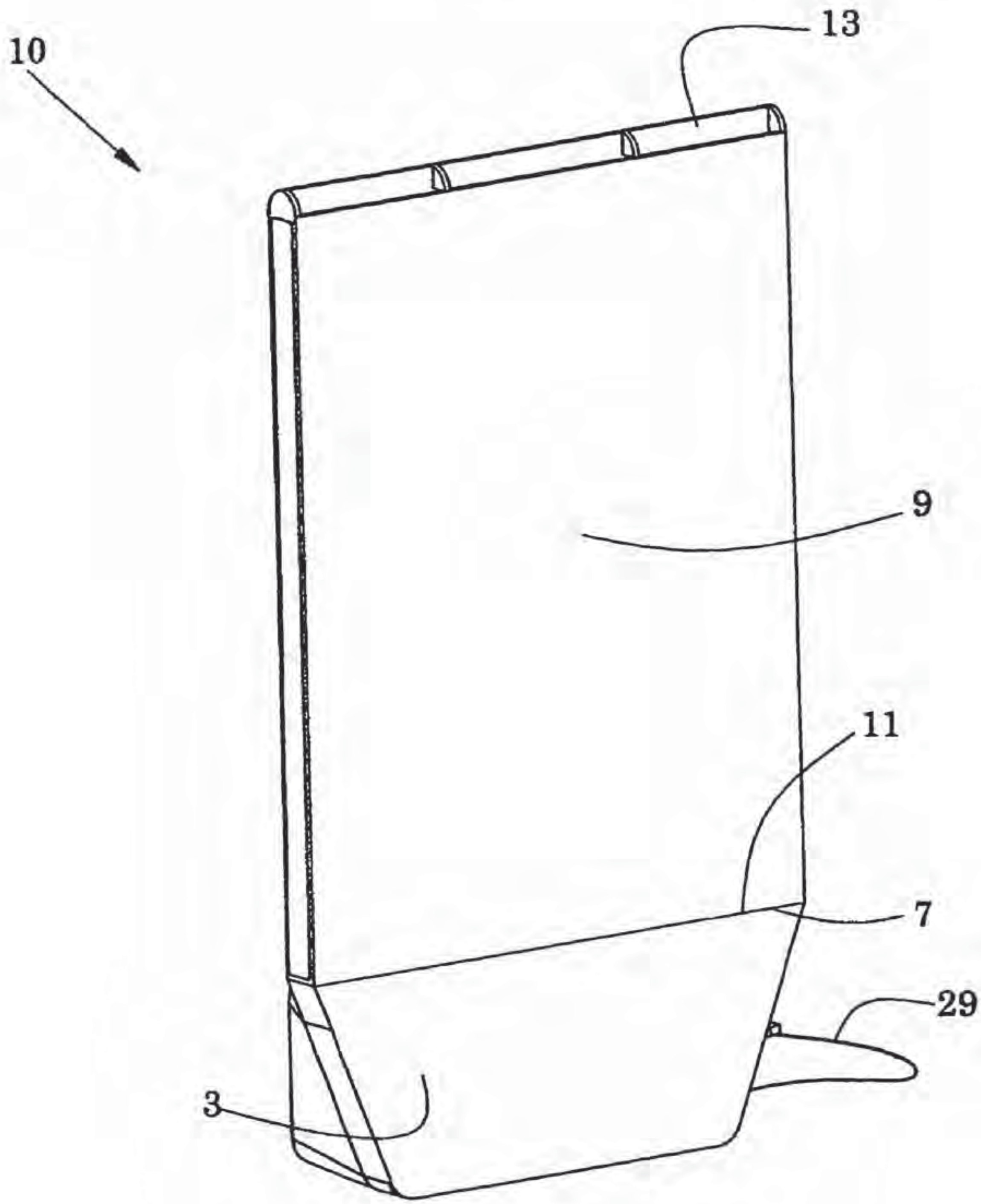


FIG. 2

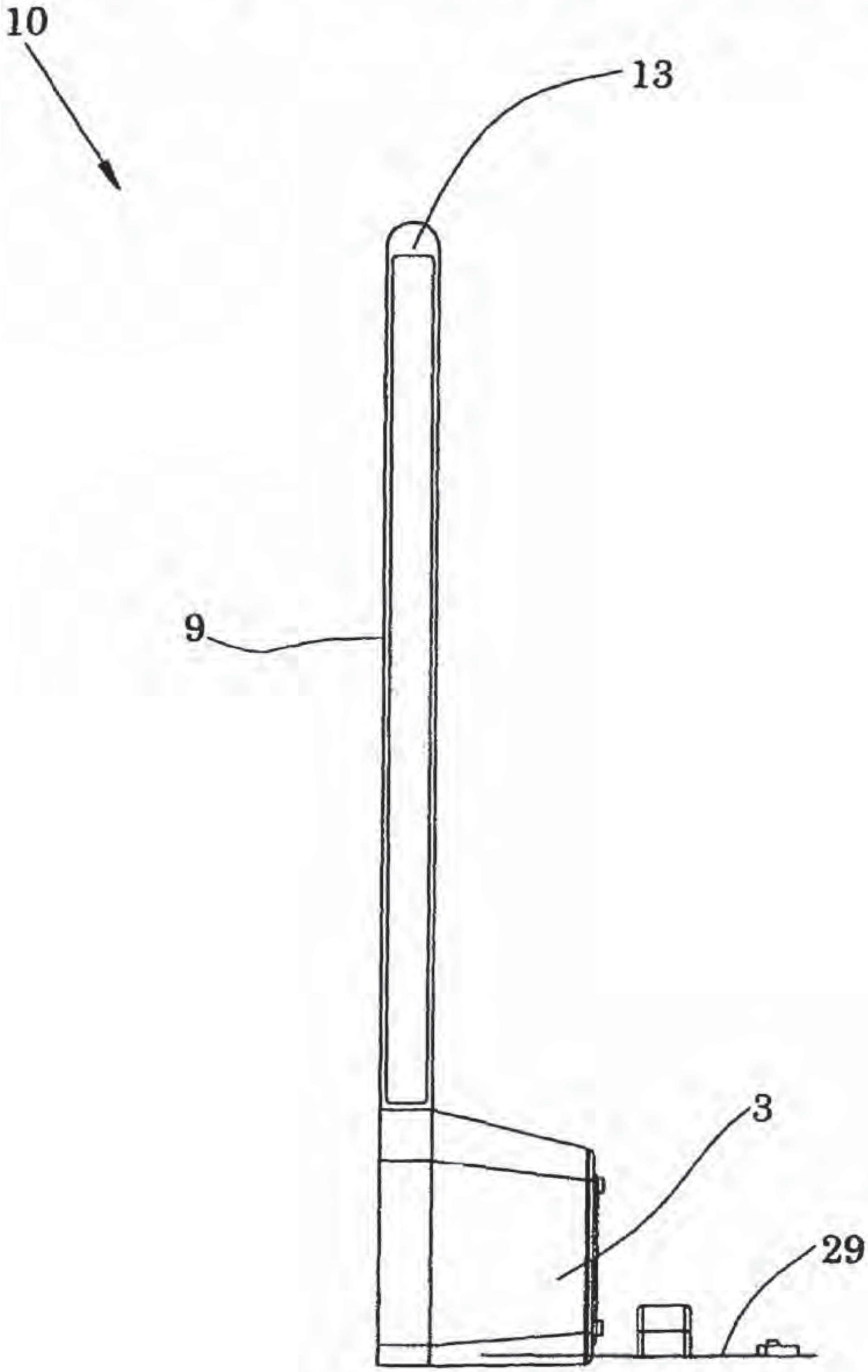


FIG. 3

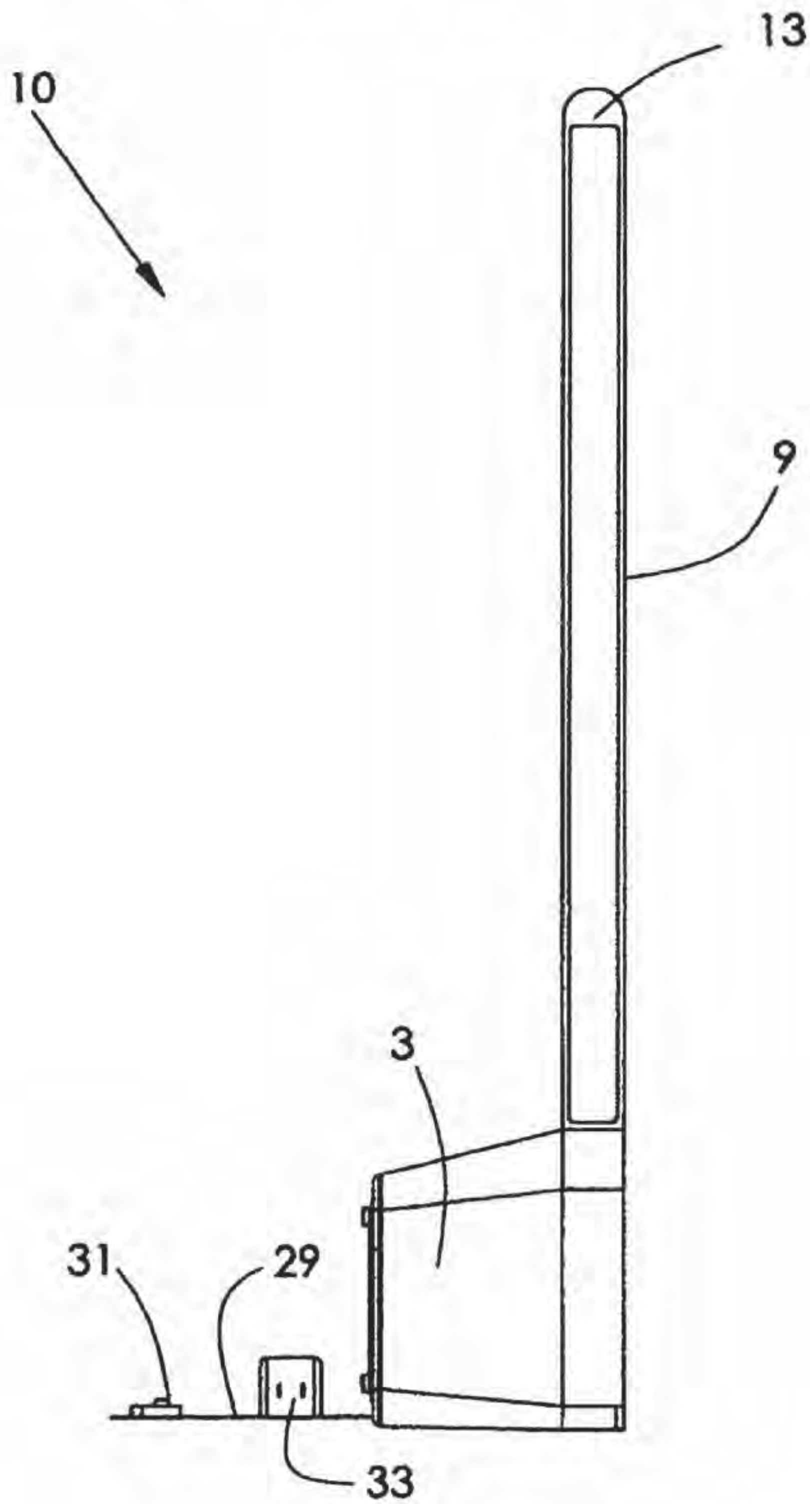


FIG. 4

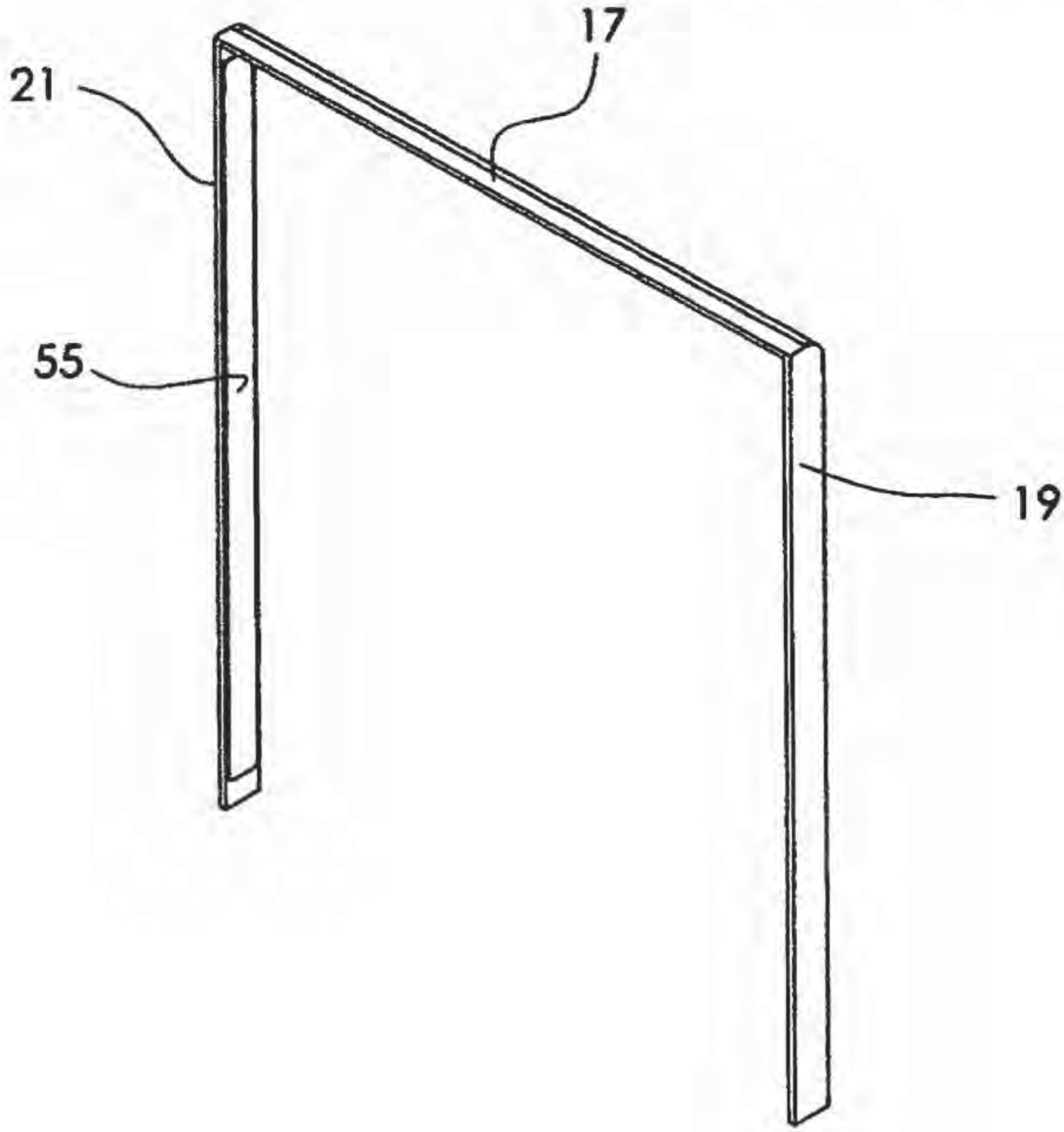


FIG. 5

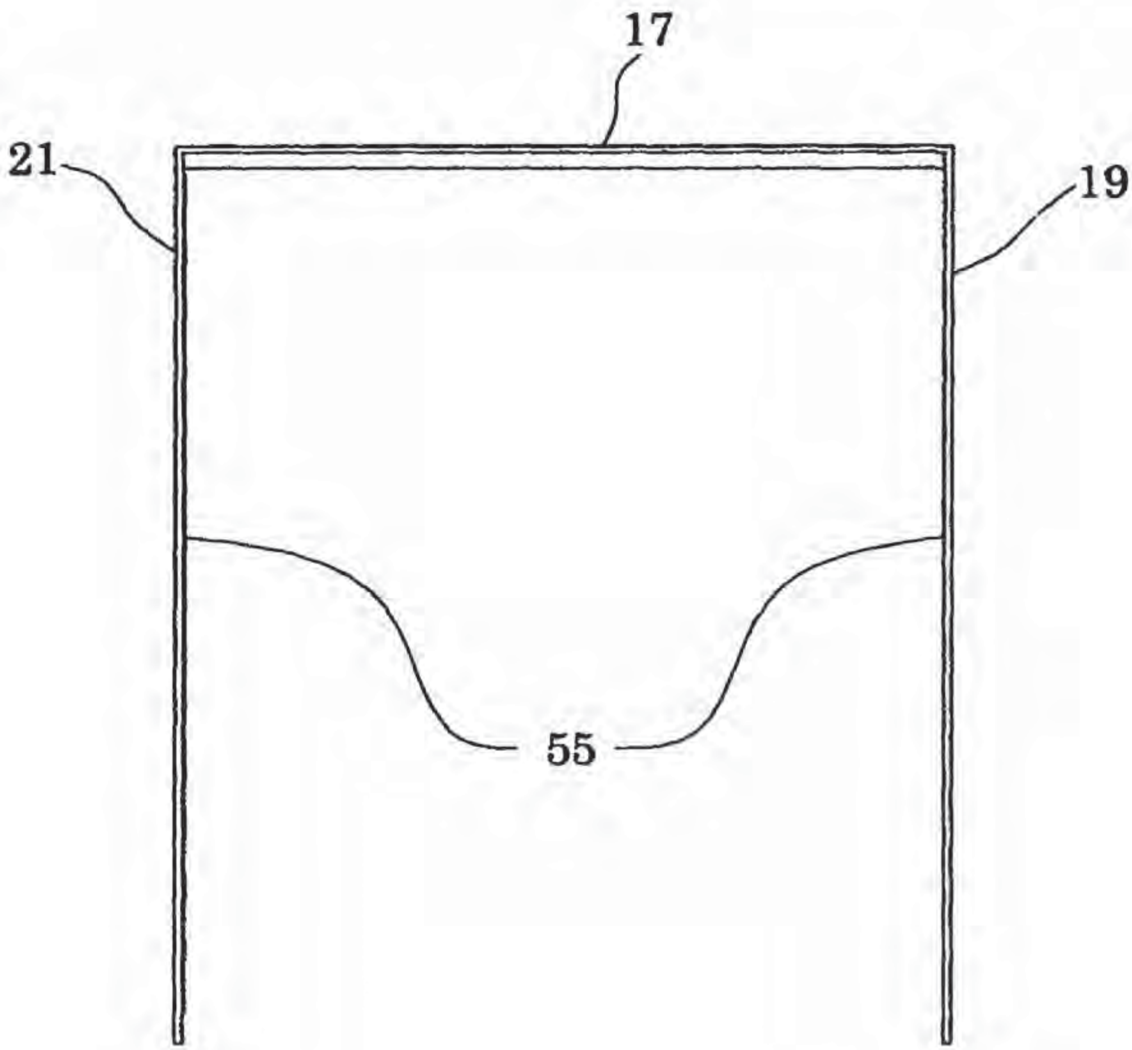


FIG. 6

FIG. 7

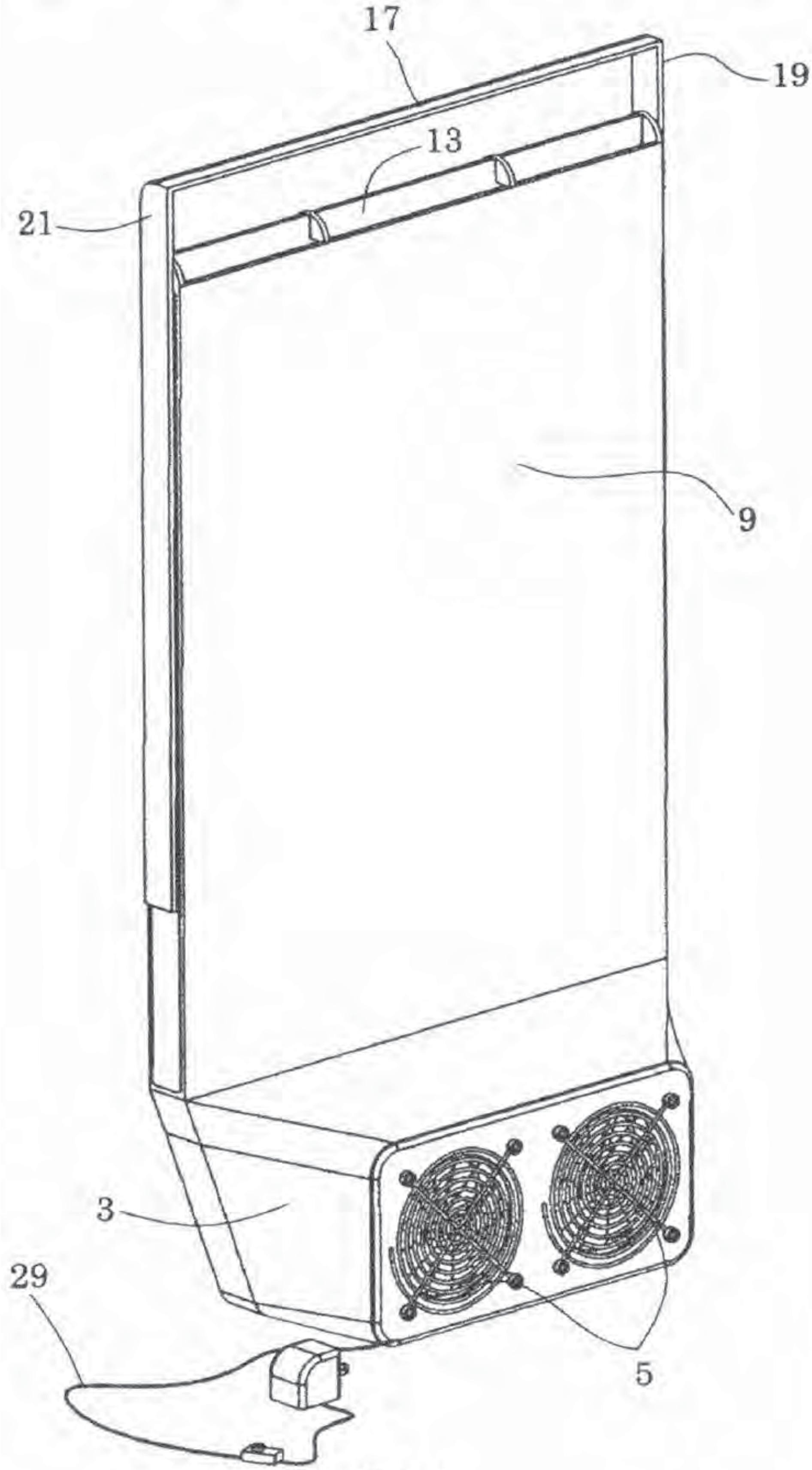


FIG. 8

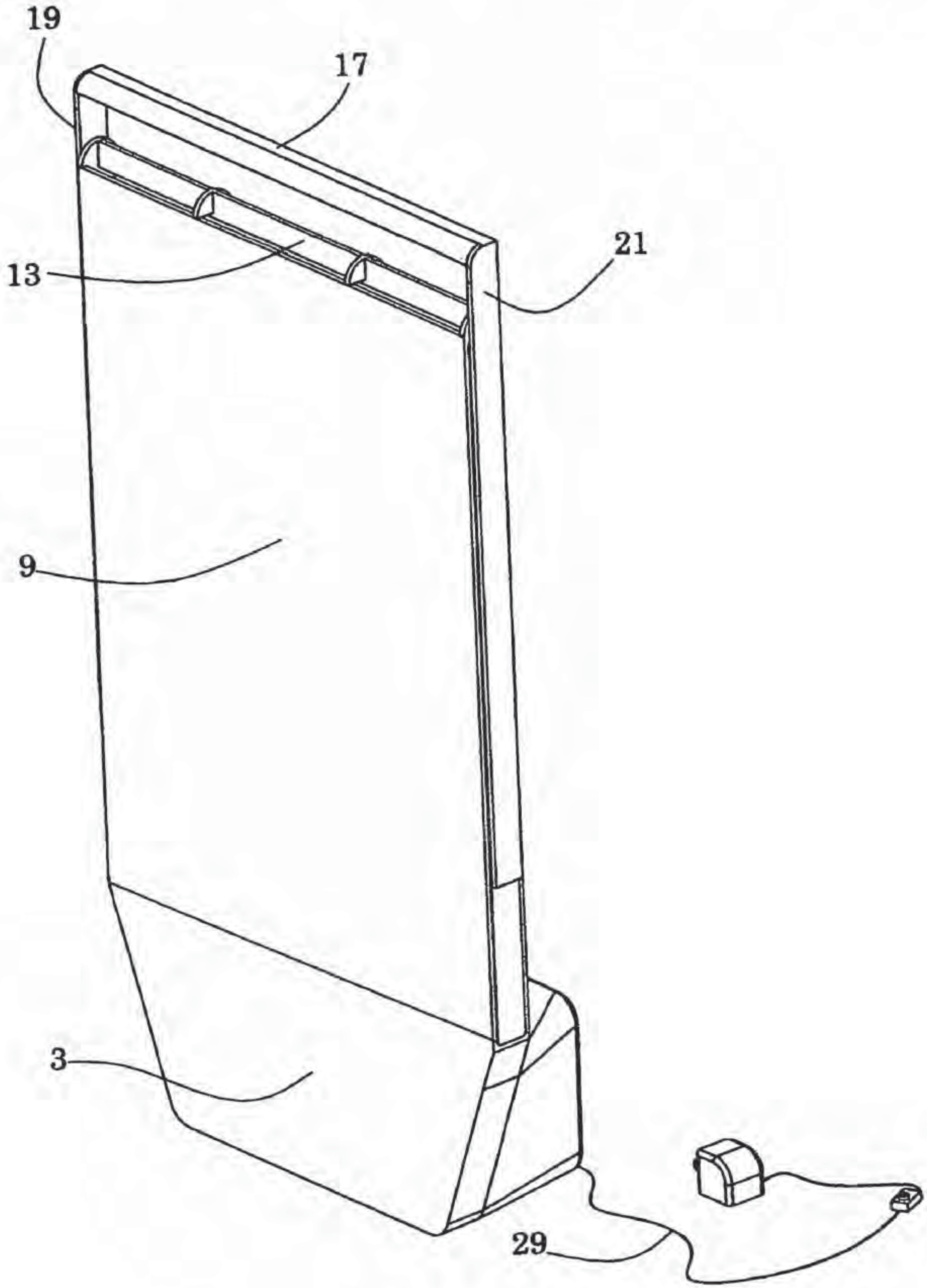


FIG. 9

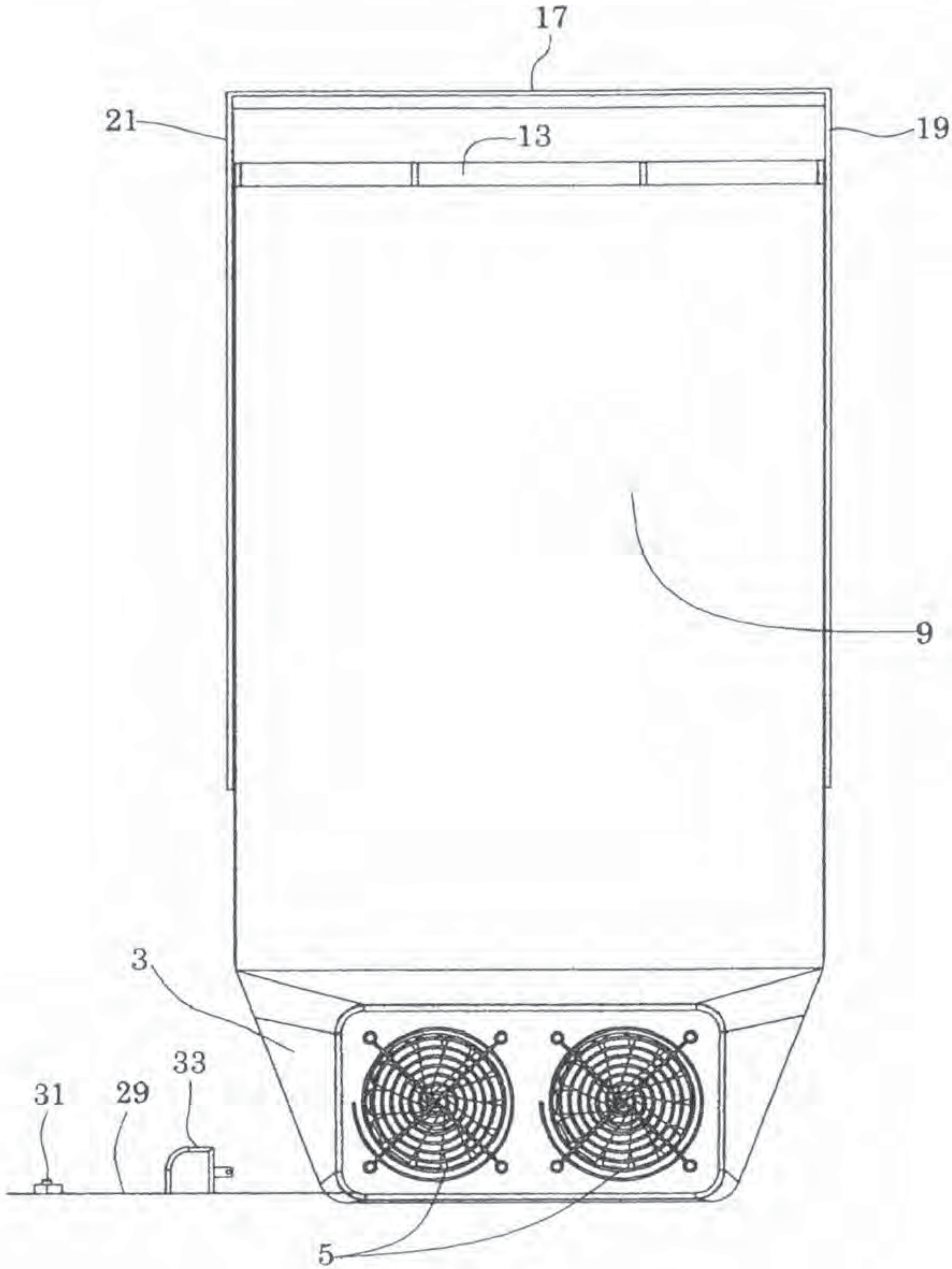


FIG. 10

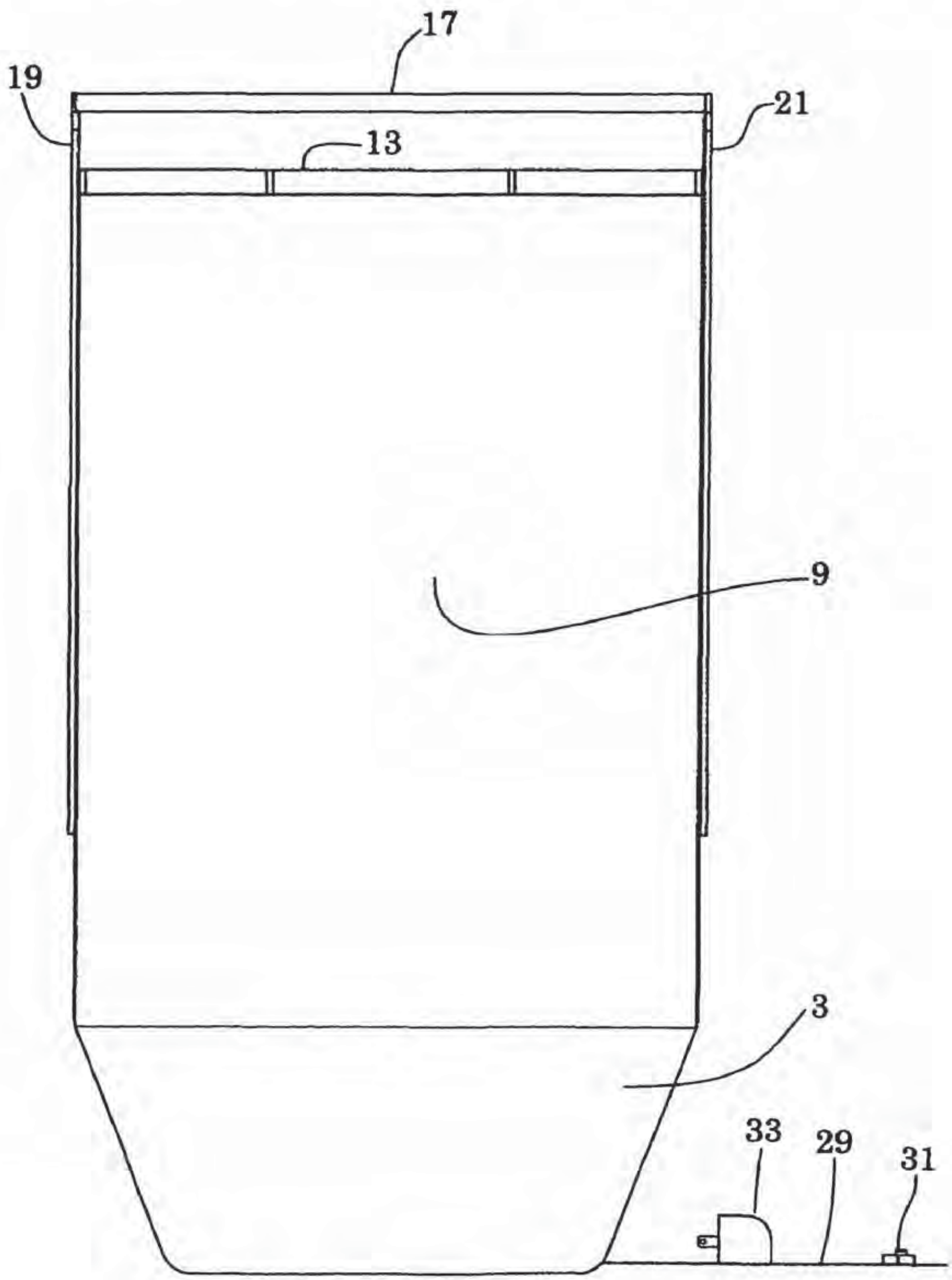


FIG. 11

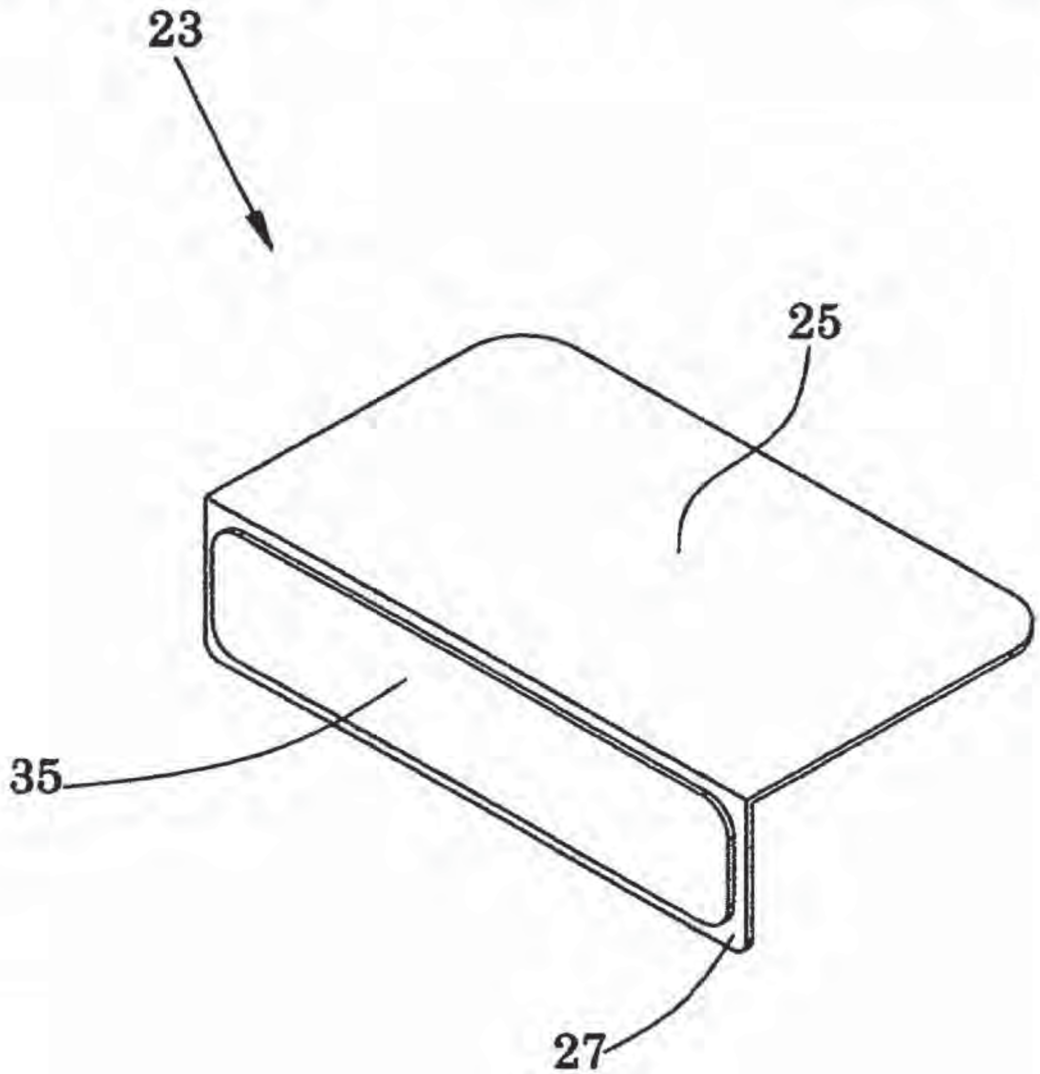


FIG.12

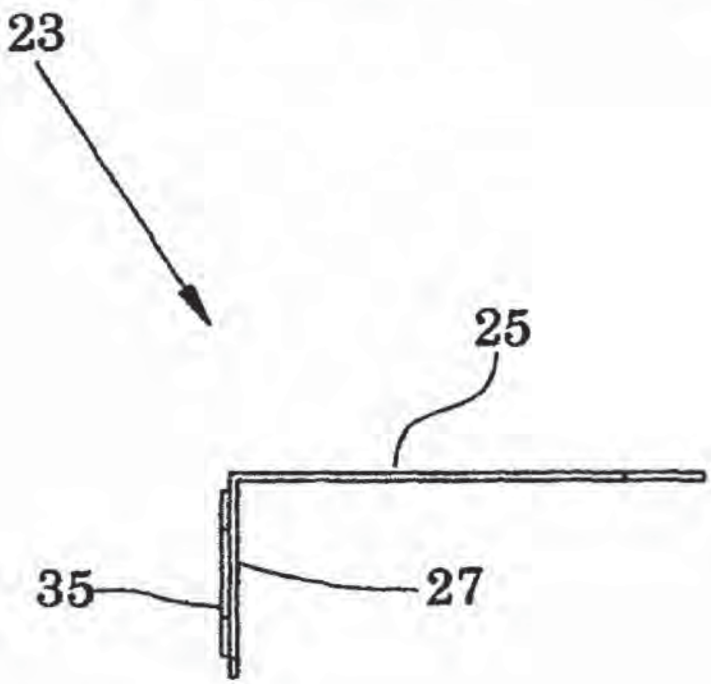


FIG. 13

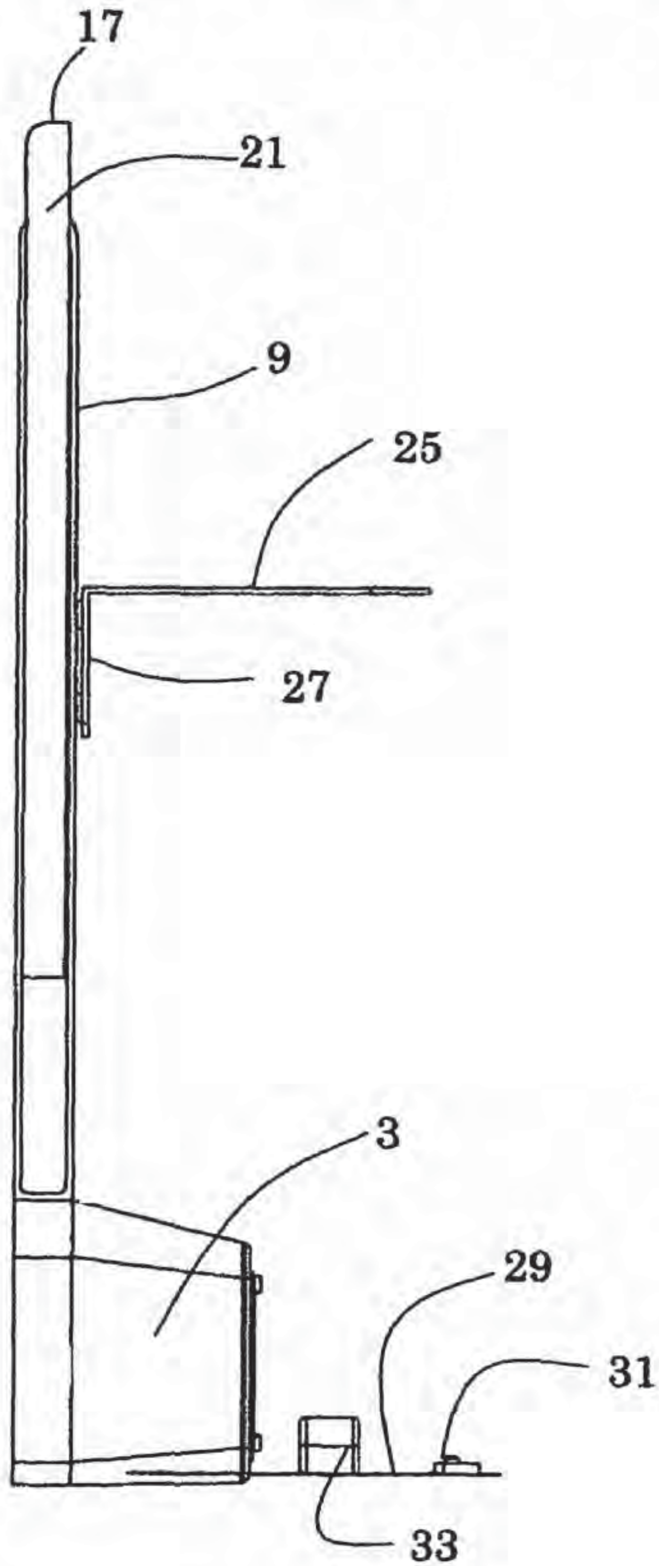


FIG. 14

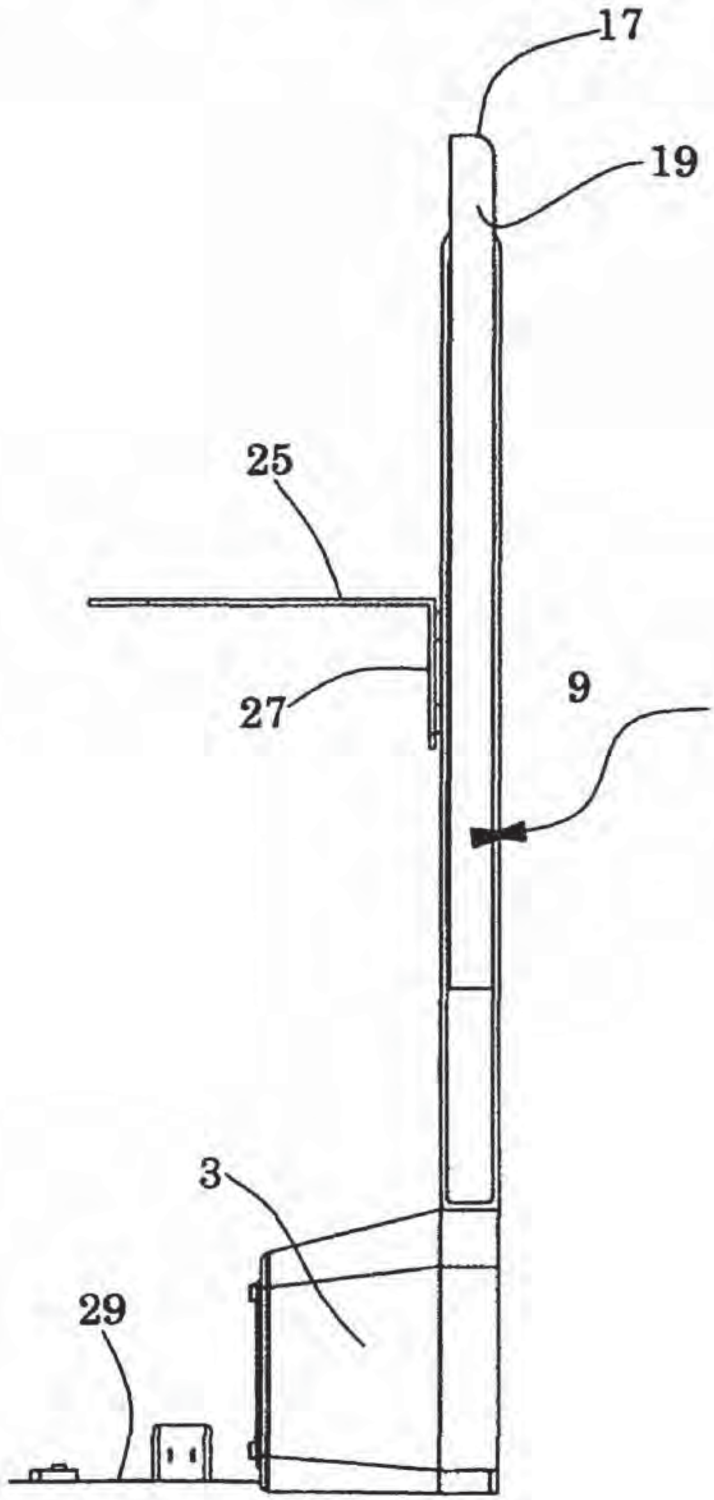


FIG. 15

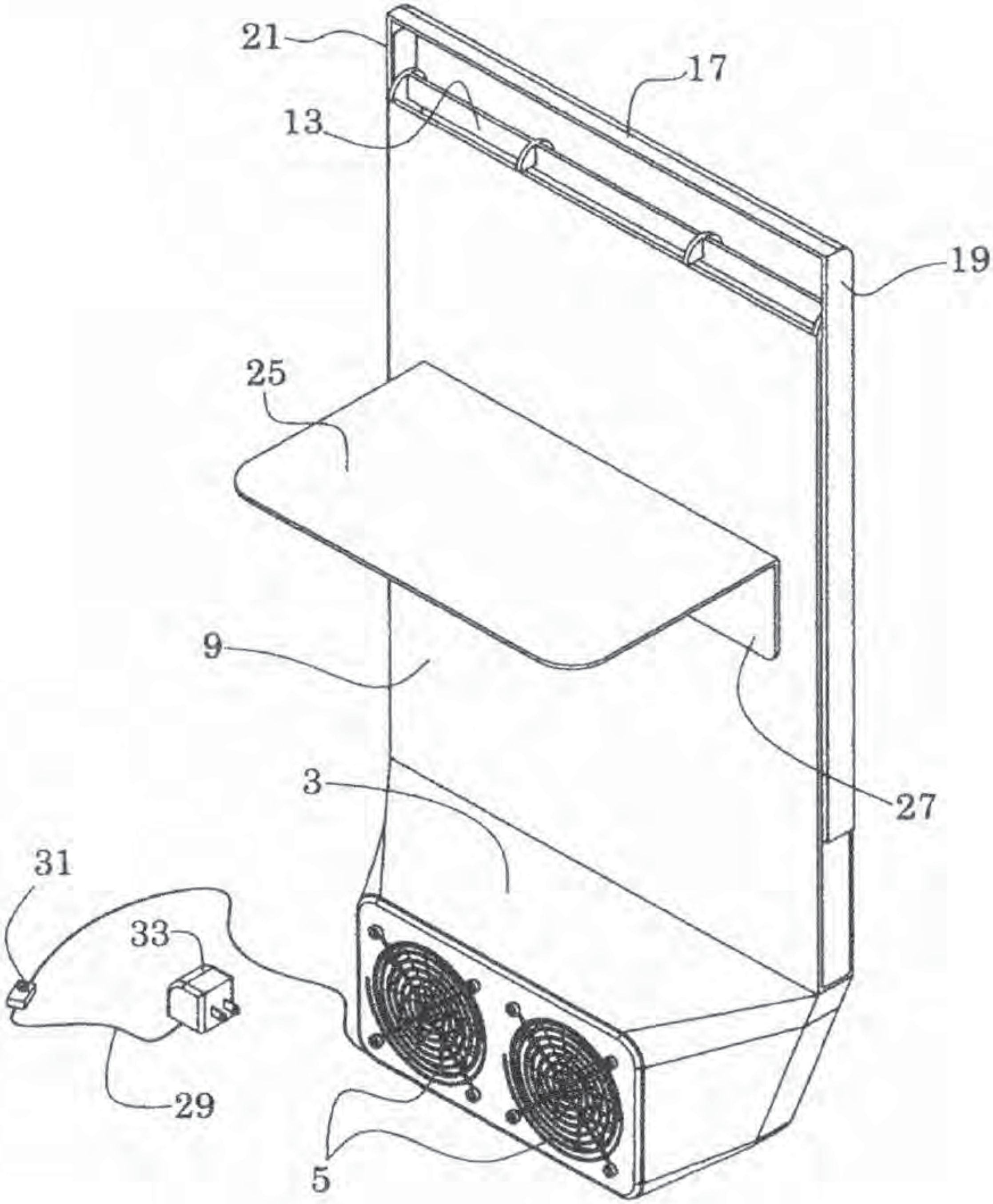


FIG. 16

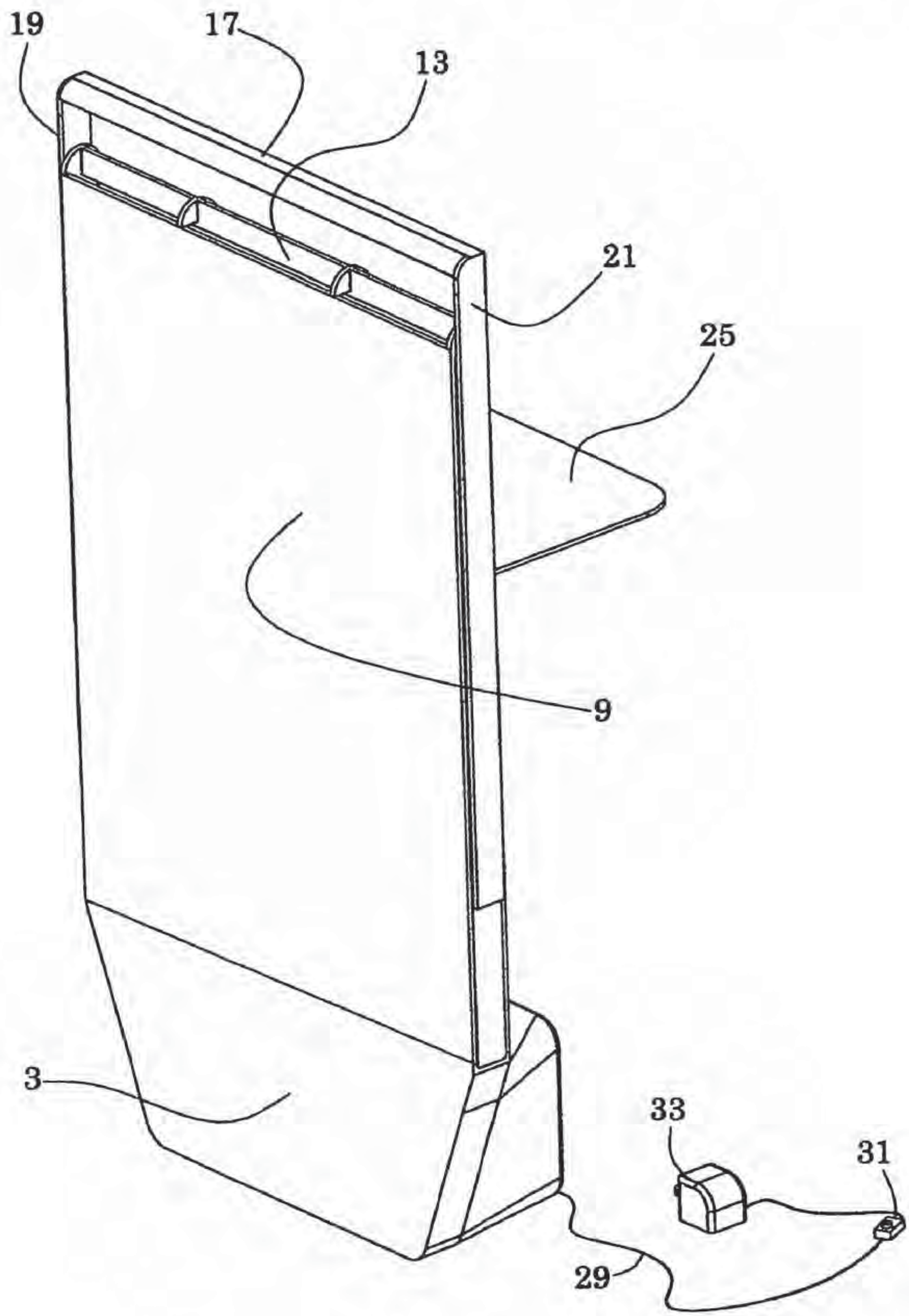


FIG. 17

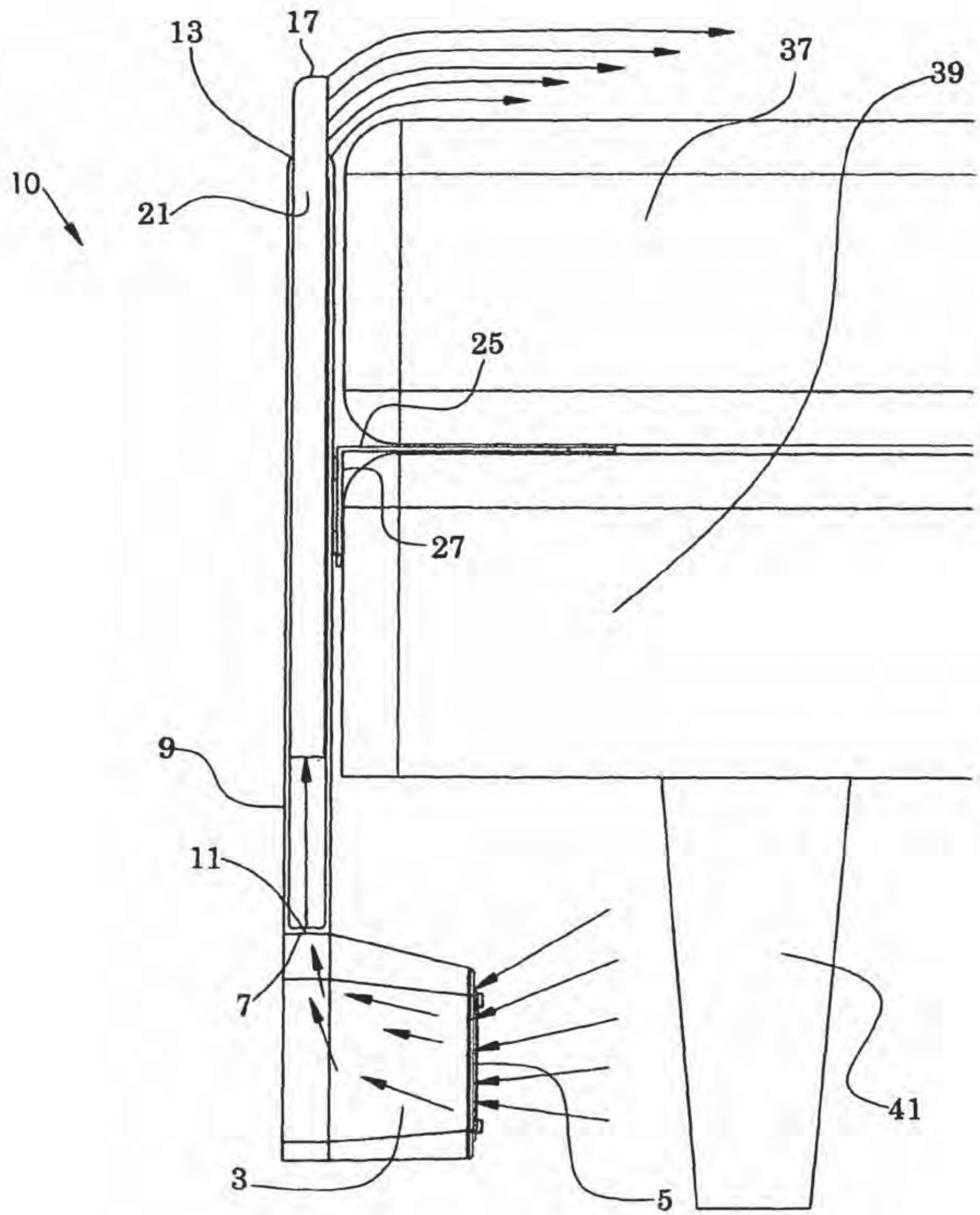


FIG. 18

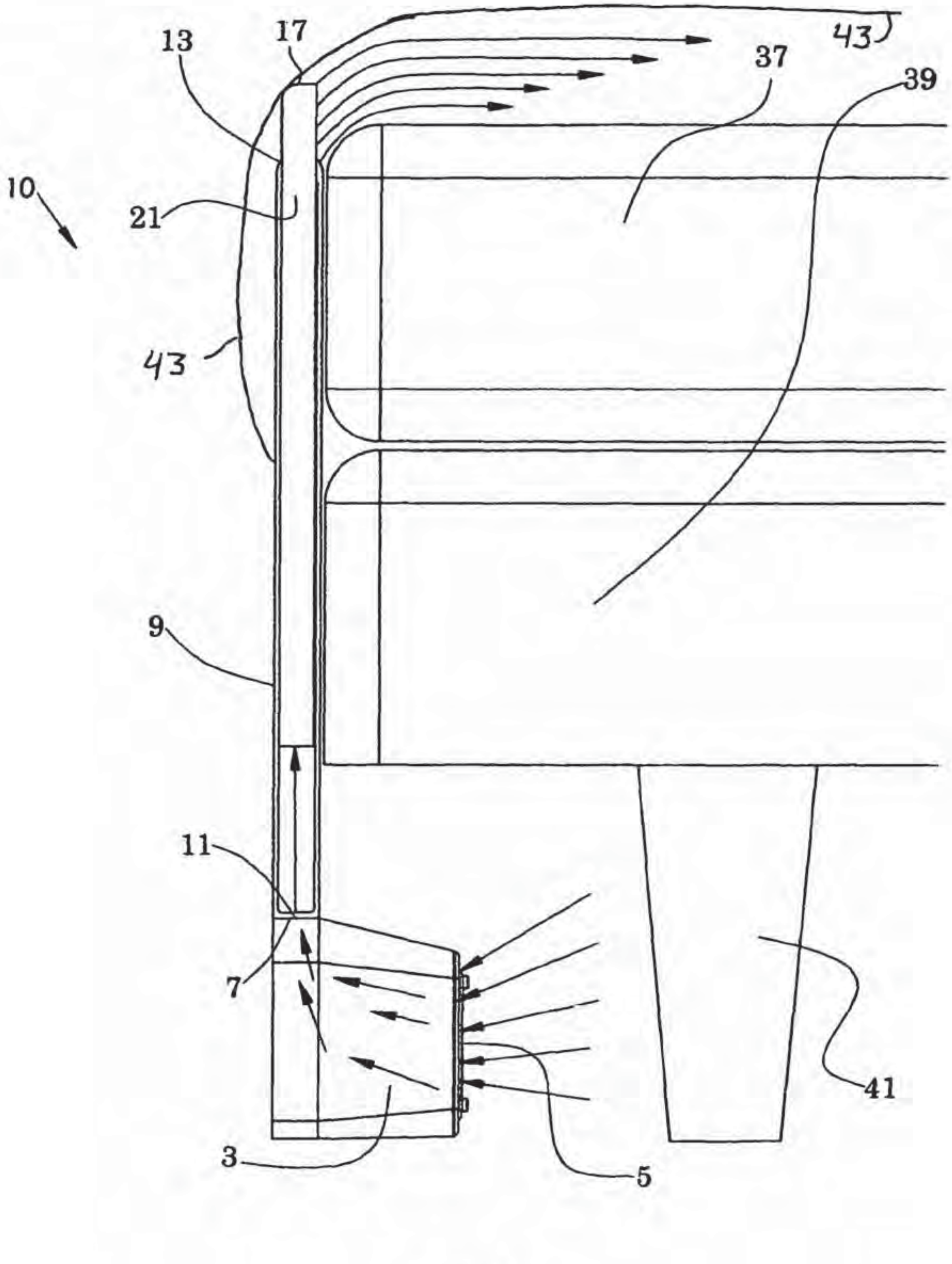


FIG. 19

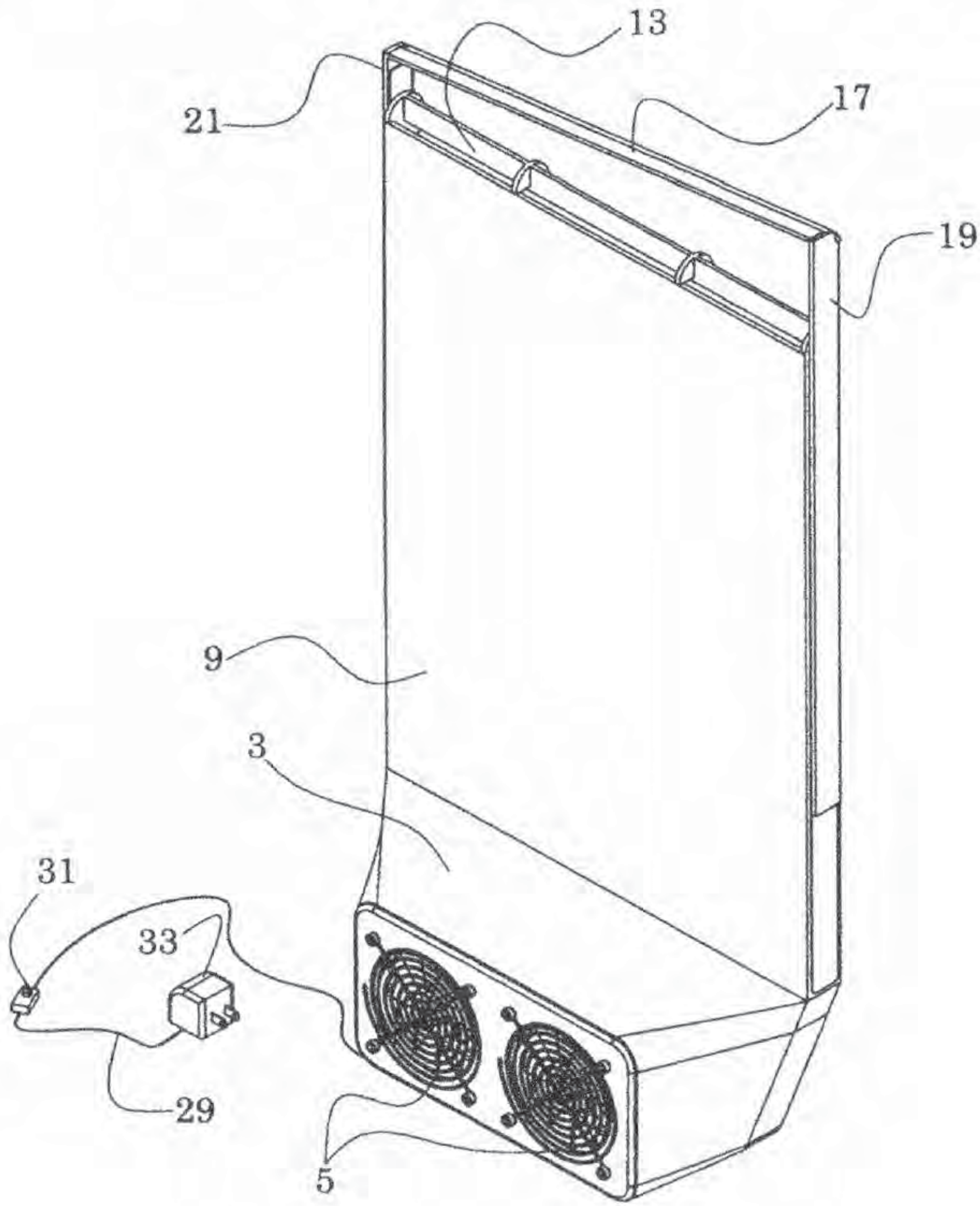


FIG. 20

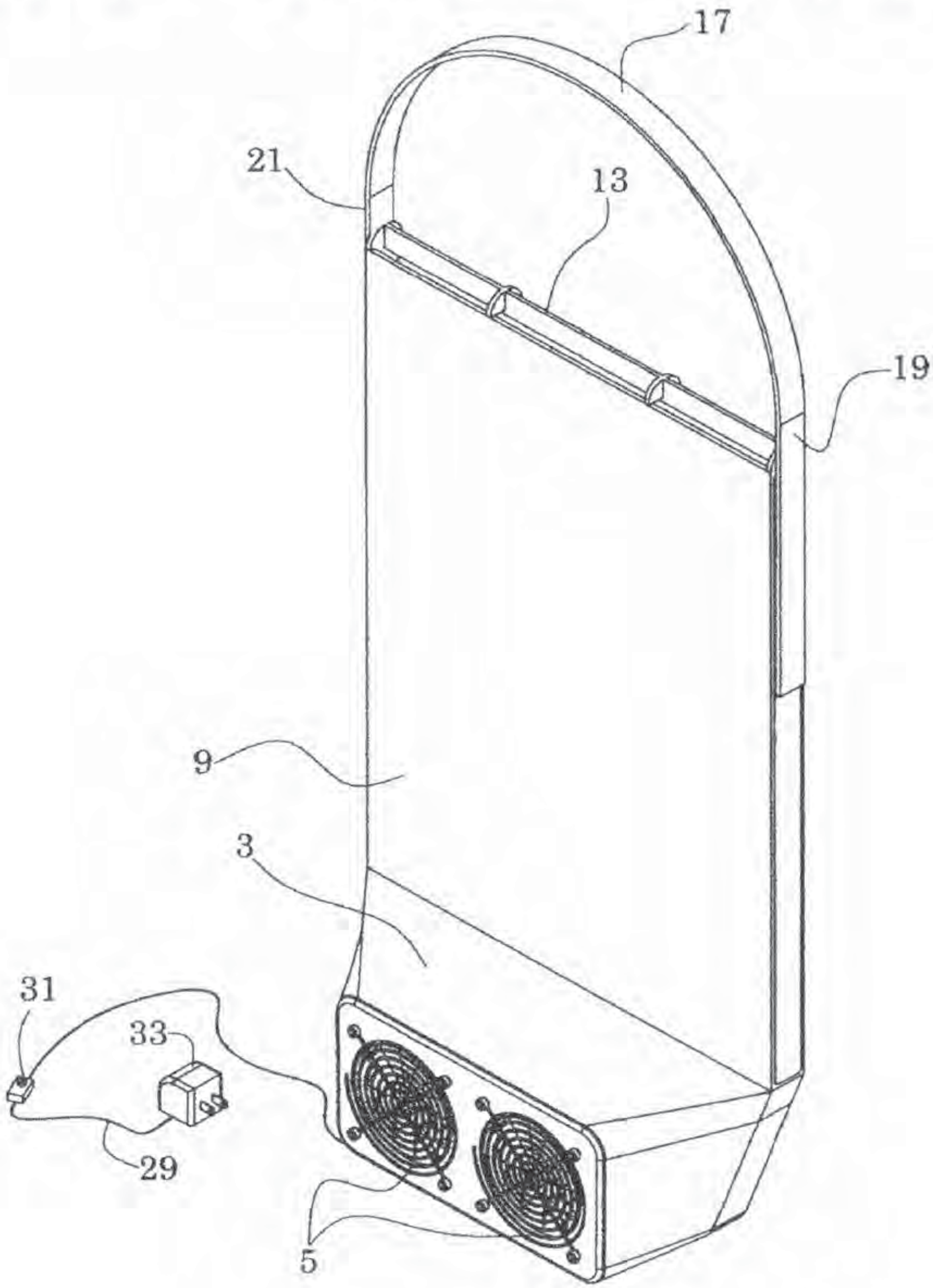


FIG. 21

PORTABLE VENTILATION SYSTEM

CROSS REFERENCE TO RELATED APPLICATIONS

This application is a continuation of U.S. patent application Ser. No. 11/937,494, filed Nov. 8, 2007, now abandoned, which was a continuation of U.S. patent application Ser. No. 10/970,341 filed Oct. 21, 2004, now abandoned.

TECHNICAL FIELD

This invention relates generally to devices useful for providing ventilation by circulating ambient air. More particularly, it relates to portable devices that are useful for circulating the air surrounding a person resting on a substantially flat surface, such as a bed.

BACKGROUND

It is fairly common knowledge that on average, people spend about ⅓ of their lives sleeping. However, there are many people whose sleeping activity does not fall within the average, and of these people a substantial proportion experience one or more common sleeping disorders. While a detailed discussion of the number and types of sleep disorders is beyond this specification, it is nevertheless worthy of mention that most of the people who experience sleep disorders typically achieve less sleep than they generally desire. Sleep deprivation is known to alter cerebral behavior, as shown by hundreds of readily-available studies in the field of psychology, including MRI scans of the temporal lobe of the cerebral cortex of sleep-deprived persons versus persons well rested during verbal learning tests. (Nature magazine, Feb. 10, 2000 issue by author Sean Drummond, et al). Sleep deprivation has been shown to correlate with increased rates of suicide, increased divorce rates, and increased mental stress, which can in many cases set the foreground for the development of more serious chronic disorders. Therefore, it is clear that successfully assisting a person who suffers from a sleep disorder in restoring their body's natural sleeping patterns is an achievement of multi-faceted benefit.

There are a many causes of the various known sleep disorders. Of these causes the physical comfort of the person attempting to sleep or rest is paramount, for if a person's ambient surroundings are not conducive to their personal comfort, sleep can become extremely difficult to achieve, if at all. One factor in the person's environment that has a bearing on their ability to achieve sleep is the ambient temperature. If the temperature of the surroundings of a person is either too hot or too cold, restful sleep may be impossible. Of particular concern is the case where the surroundings are too hot, because in such cases the body's ability to control its internal temperature may be effected to the point where the body begins to sweat, and it is nearly impossible to achieve restful sleep while sweating. Thus, maintaining the ambient temperature at a level which is conducive to sleep is a key to enabling a person to sleep.

Means for controlling the ambient temperature in a person's surroundings are known to include the provision of "air conditioning" in which an air conditioner utilizing the principles of Joule-Thomson cooling is employed to extract heat from a volume of air, such as a bedroom. While air conditioners are highly effective at coarsely controlling the temperature in a room, the customary preference for persons to sleep beneath one or more bedsheets, covers, blankets, etc. coupled with the body's tendency to liberate heat during its normal

operation translates to the well-known situation in which the person resting beneath the sheets cannot get comfortable because they are too hot, which is compounded by the proposition that if they remove the covers or sheets from themselves then they become too cold. Owing to variance between selected individual human subjects' metabolism, genetics, etc. the method used in the fine tuning control of one's body temperature becomes a matter of personal taste or preference, and many individuals have typically been observed to develop their own personal habits of effecting such fine tuning, such as sleeping with more or less clothing, permitting part of the body to be exposed to the open air, etc. In spite of these efforts, however, perfect control of the temperature of ambient surroundings of persons desiring to sleep has been fleeting. This fact is evidenced by the myriad of schemes and contrivances provided by workers in the prior art for effecting thermal control over a bed or region in which a person normally rests for sleep, the following few of which are exemplary, and are herein incorporated by reference in their entirety. U.S. Pat. No. 1,142,876 discloses a mattress having perforated conduits disposed along the edges of the mattress, and deflectors overhanging the perforations. There is a means for sucking air simultaneously through the perforations of all of the conduits. U.S. Pat. No. 2,097,751 provides a mattress comprising a bedstead having: a) two bed posts; b) an air pump; c) a conduit leading from the air pump to the first of the bed posts; d) a manually operable valve in the conduit disposed adjacent to the first bed post; and e) a tube rotatably-journalled in the first two bed posts. The tube has a plurality of apertures disposed in a straight line, with one end of the tube being connected to the valve and the opposite end of the tube being closed by a plug carried in the second bed post. There is also provided a means for rotating the tube. Air is forced in jets through the apertures by the pressure generated by the pump and may be directed at any desired angle to the vertical. U.S. Pat. No. 2,461,432 teaches an air conditioning device for beds having a bedstead, a mattress supported on the bedstead and constructed with inlet and outlet ports and passages through the interior of the mattress connecting the ports. The invention includes a wall means surrounding the mattress above the top surface thereof. There is also a passage means from above the top of the mattress to the inlet, and a means for circulating air through the mattress passages by way of the inlet port, the passages, and the outlet port into the wall surrounded space, above the mattress, and then via the passage means back to the inlet port for recirculation through the mattress passages. There is also a means for causing a change in the temperature of the circulated air prior to its entry into the mattress passages. U.S. Pat. No. 3,444,922 sets forth an apparatus for regulating the temperature and humidity about the body of a person in a bed by circulating air in a progressive flow around the person's body. The invention uses a double-chambered bellows having inlet and outlet provisions for each chamber. The device includes a thermostat-controlled refrigeration device. U.S. Pat. No. 3,713,182 describes a device for elevating clothing above a bed and warming the air beneath the clothing. The invention utilities two hollow tubular arms which are vertically mounted on a side of the bed, and at a flexible line over which the clothing is draped. There is a small blower having a heating unit disposed beneath the bed, whose discharge is directed into the bed through passages formed in the flexible line. U.S. Pat. No. 4,602,486 provides a portable apparatus for cooling a selected region, such as around a bed, the apparatus comprising a portable enclosure for encompassing the region and defining an opening at the upper part of the region, the enclosure comprising: i) a frame for extending around the periphery of the region; ii) a frame support means for supporting the frame at a predetermined elevation relative to the region; and iii) a flexible sheet material hanging from the frame for encompassing the region and for defining an opening at the upper part of the region. The frame is pivotally mounted to the frame support means, and the enclosure further includes a torsion spring on the frame support means, whereby the spring may be engaged with the frame for biasing the frame to a normal position generally parallel with the floor, but permitting pivoting of the frame from the normal position to facilitate ingress and egress. There is also a portable cooling assembly including (i) a movable support structure for being positioned on the floor adjacent the region and having an upper end for being positioned adjacent the opening, (ii) a heat exchanger mounted to the upper end of the support structure for being positioned at an elevation adjacent the opening over a portion of the region, and (iii) means for circulating coolant through the heat exchanger whereby ambient air is cooled by the heat exchanger and flows downwardly into the region. U.S. Pat. No. 4,660,388 sets forth a generally-rectangular cooling cover adapted to be positioned over a human body in a prone position, the cooling cover comprising: a coverlet having an outer sheet, an inner porous pouch attached to the outer sheet, and an inner pad within the porous pouch. The inner pad includes a pair of upper and lower sheets formed of an air-impermeable material, with the upper sheet adjacent the coverlet and the lower sheet adjacent the porous pouch. The sheets are secured to each other along their outer edges to form an air distribution chamber therebetween, and are secured to each other along a plurality of parallel intermediate portions extending lengthwise between the ends of the sheets for a major portion thereof, to form a plurality of separate longitudinally extending air passages therebetween having lower rounded surfaces, and a plenum chamber extending transversely of the pad at each end thereof in fluid communication with the longitudinally extending air passages, and a cool air inlet at one end of the inner pad. The coverlet has an opening therein in alignment with the inlet of the pad adapted to receive a source of cool air for connection to the inlet. The lower rounded surfaces have a plurality of apertures along the length thereof at locations other than the lowermost portion of the rounded surfaces, and in fluid communication with the longitudinally extending passages whereby cool air may be discharged as small jets through the apertures at an angular relation to a vertical plane for diffusing through the porous pouch to contact a large area of the body cooled. U.S. Pat. No. 4,777,802 describes a blanket for connection with a supply of pressurized temperature-modified air, comprising: a) an outer layer constructed of an air-impervious material; b) an inner layer constructed of a material readily permeable by pressurized air, with the inner layer being arranged with most of its surface area contacting the outer layer; c) a sealing means interconnecting the outer and inner layers arranged in a substantially continuous closed path leaving an unsealed and separable portion of the outer and inner layers inwardly of the sealing means; and d) an inlet means communicating with the unsealed portion between the outer and inner layers for introducing the pressurized temperature-modified air therein at least a part of which pressurized air exits through the inner layer. U.S. Pat. No. 4,939,804 provides an apparatus for ventilating a bed in a room, the bed having a head, a foot, and a mattress positioned above a box spring The apparatus comprises: a) an elongate housing having an upper extent and a lower extent, and having a longitudinal axis which is positionable parallel to the foot of the bed, with the upper extent of the elongate housing being provided with at least one air inlet opening for receiving stale air, the

elongate housing to also having an outlet duct for exhausting air into the room; b) at least one mounting flange extending outwardly from the elongate housing generally perpendicular to the longitudinal axis thereof, with the mounting flange being adapted to be received between the mattress and box spring for supporting the elongate housing on the bed; c) a filtration means located between the air inlet opening to the elongate housing and the outlet duct for filtering the stale air entering the housing; d) at least one recirculating duct associated with the elongate housing for recirculating filtered air from the elongate housing back to the bed; and e) a fan means for drawing air through the air inlet opening, for exhausting filtered air out the outlet duct and for recirculating a portion of the filtered air through the recirculation duct. U.S. Pat. No. 5,730,120 discloses a ventilator for a bed, comprising abase means having a thin flat section that is adapted to be sandwiched between a mattress and a supporting bed structure, and having a cantilevered outer end section extending outwardly of an edge of the mattress for supporting, which includes: i) a fan means supported from the outer end section of the base and having a lower inlet for receiving air flow from a level below the mattress and a outlet for directing air upwardly toward an upper surface of the mattress; and ii) an elbow means for directing the air flow received from the outlet of the fan means over the upper surface of the mattress inwardly of the edge thereof, wherein the fan means and the elbow means include an air duct having an intake opening at a lower end for receiving incoming air flow for ventilating the bed. U.S. Pat. No. 6,425,527 sets forth a device for controlling a temperature of a person's sleeping environment, comprising: a) a means for drawing a vacuum to draw air from a sleeping environment; b) a means for fluidly connecting the sleeping environment to an intake port of the vacuum means; c) a means for determining a temperature of the air drawn from the sleeping environment; and d) a means for adjusting the speed of the air being drawn out of the sleeping environment based upon the temperature of the air. U.S. Pat. No. 6,473,920 describes an apparatus to manage the temperature of a supine person's lower extremities in a bed by directing air over a bed, comprising: a) a tubular air permeable distribution chamber comprising a length of open cell foam; b) a temperature-regulating blower coupled to the chamber for blowing warmed air from the blower into the chamber; and c) mounting hardware shaped to position the chamber at a foot of a bed where air at a normothermic temperature is directed from the chamber, over the bed. U.S. Pat. No. 6,546,576 provides an improved structure of a ventilated mattress with cooling and warming effect, which comprises: a) a mattress body; b) a warming/cooling air-delivery controlling box; and c) a connecting tube. The control box produces warming/cooling air to the mattress body via the connecting tube, and the warming/cooling air is released via a plurality of ventilation buttons mounted at the surface of the mattress body. The mattress thereby provides the user with a warming/cooling effect. U.S. Pat. No. 6,701,552 describes a warm-air blower for use with air-controlled bedding which comprises a quilt and a futon, which is used to control the sleeping environment by supplying warm air or cool air to the bedding. According to the invention the warm air blower unit has an air intake near a left- or right-hand side of its front surface, and the air taken in from the air intake is led so as to flow through the interior of the warm air blower unit to a fan. The fan is positioned at a distance from the air intake, and the warm air passing through the heater chamber is blown out of the warm air blower unit through two vertically arranged air outlets. One or optionally both of the outlets are equipped with a shutter that is capable of regulating the airflow. U.S. Pat. No. 6,711,767 provides an apparatus for warming a bed having a mattress covered by a bed covering, which comprises: a) a housing having an air inlet and an air outlet; b) a heater within the housing; c) a fan within the housing for producing a flow of air from the air inlet through the heater to the air outlet; and d) a support adjustably coupled to the housing and adapted to extend under the mattress to hold the housing along an edge of the mattress. The flow of air from the air outlet is directed between the mattress and the bed covering.

While each of the prior art devices and methods achieve to a greater or less extent their desired objectives, they are nevertheless not without features which have heretofore prevented their widespread adoption by large numbers of people. One of the main factors is believed to be the relative complexity of the prior art devices, with their attendant high cost, tedium in operation, and cumbersomeness in appearance and difficulty in retrofitting existing furniture, beds, and the like. Thus, it is clear that if a device were available which enabled a high level of control of the temperature of a person's body during sleep and which device were capable of being readily retrofitted to existing furniture, beds, and the like, that a large number of persons with sleep disorders could find relief from employment of such a device. If such a device were of such simplistic design that it could be manufactured and sold at a cost which is accessible to the predominant majority of persons, such would undoubtedly lead to its adoption. In addition, if such a device were small and portable, so that a user could easily stow it when not in use or transport it conveniently when traveling on the road or when merely switching rooms, such a feature would make adoption of such a device more attractive still. The present invention fulfills all of these needs in the marketplace, in addition to others as one of ordinary skill will come to appreciate by further consideration and understanding of the contents and implications of this specification and the claims appended hereto.

SUMMARY OF THE INVENTION

The present invention provides a device useful for providing a moving current of ventilating air which comprises: a) a base portion having a hollow interior portion which itself further comprises: i) at least one inlet opening through which air may be admitted, and ii) an exit opening through which air may exit the hollow interior portion; b) an air conduit channel means having an inlet end portion and an outlet end portion; wherein the inlet end portion of the air conduit channel is in effective fluid communication with the exit opening of the base portion; c) at least one fan means disposed between the inlet opening in the base portion and the outlet end portion of the air conduit channel for causing ambient air to flow from the inlet opening of the base portion to the outlet end portion of the air conduit channel; and c) a support bar means adjustably attached to the air conduit channel.

BRIEF DESCRIPTION OF THE DRAWINGS

In the annexed drawings,

FIG. **1**A shows a front perspective view of a device according to one form of the invention;

FIG. **1**B shows a front perspective view of a base portion element of a device according to one form of the invention;

FIG. **1**C shows a perspective view of a conduit channel means element of a device according to one form of the invention;

FIG. **2** shows a rear perspective view of a device according to one form of the invention;

FIG. **3** shows a left side perspective view of a device according to one form of the invention;

FIG. **4** shows a right side perspective view of a device according to one form of the invention;

FIG. **5** shows a perspective view of a support bar useful on a device according to one form of the invention;

FIG. **6** shows a frontal view of a support bar useful on a device according to one form of the invention;

FIG. **7** shows a left side view of a support bar useful on a device according to one form of the invention;

FIG. **8** shows a front perspective view of a device according to one form of the invention having a support bar attached thereto;

FIG. **9** shows a rear perspective view of a device according to one form of the invention having a support bar attached thereto;

FIG. **10** shows a front view of a device according to one form of the invention having a support bar attached thereto;

FIG. **11** shows a rear view of a device according to one form of the invention having a support bar attached thereto;

FIG. **12** shows a perspective view of a support shelf useful on a device according to one form of the invention;

FIG. **13** shows a side view of a support shelf useful on a device according to one form of the invention;

FIG. **14** shows a left side perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

FIG. **15** shows a right side perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

FIG. **16** shows a frontal perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

FIG. **17** shows a rear perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto;

FIG. **18** shows a bed having a device according to the invention adjacent to the bed, wherein the bed is covered by a bed covering such as a sheet, wherein the device is supported by the support shelf such that the base portion is not in contact with the floor;

FIG. **19** shows a bed having a device according to the invention adjacent to the bed;

FIG. **20** shows a device according to an alternate form of the invention; and

FIG. **21** shows a device according to an alternate form of the invention.

DETAILED DESCRIPTION

Referring to the drawings and initially to FIG. **1**A, there is shown a front perspective view of a device **10** according to one form of the invention which is shown as comprising a base portion **3** having an interior volume, an inlet opening **5** through which ambient air may be admitted, and an exit opening **7** through which the admitted ambient air may be expelled from the interior of the base portion under the power of one or more fan means which are disposed within the interior volume of the base portion. To the exit opening **7** of the base portion **3**, there is attached the inlet end portion **11** of an air conduit channel means **9**, through which air that has been discharged from the exit opening **7** of the base portion may enter the conduit channel **9** and under the force of the fan means is conveyed to the outlet end portion **13** of the conduit channel **9**. Thus, during the normal operation of a device according to one form of the invention, the fan means thus causes air to be admitted to the inlet opening **5** and to be forced to exit conduit channel **9** at its outlet end portion **13**. Also shown in FIG. **1A** is the electrical power cord **29** used to supply electrical power to the fan means.

Some details of a base portion **3** useful in constructing a device according to this invention are shown in FIG. **1B**, in which the base portion **3** is seen to comprise a plurality of fan means **53** disposed at the inlet opening of the base portion, and a rectangularly-shaped opening which serves as the exit opening **7** of the base portion **3**. During operation of the fan means **53**, which preferably comprises one or more conventional fans operated by a DC or AC electric motor, air is drawn into the hollow interior portion of the base portion **3** and expelled out of the opening **7** and into the air conduit channel means as shown and described for FIG. **1A**.

The base portion **3** has a dual purpose in a general sense, which on the one hand is to serve as a housing for the fan means **53**, that is, the fan means are disposed within the hollow interior volume of the base portion such that their motion draws air into the base portion through the inlet opening(s) **5**, and the fan means **53** by its (their) action expels the air through the exit opening **7** of the base portion **3**. Since the fan means in one form of the invention are conventional fans with a motor and a blade, their being housed within the base portion prevents the blades motion from being inhibited such as by being struck, touched by a hand, etc., i.e., the base portion acts as a shroud for the fan means. The base portion **3** also serves as the support for the device **10** as a whole, and in many employments of the device it will rest with its base on a horizontal floor or a room in a dwelling or other area. Thus, while the base portion **3** may have outer walls or surfaces which cause it to exist in the configuration of any geometric solid, it preferably comprises a flat bottom portion suitable for enabling the device **10** to rest on a flat surface with the air conduit channel means **9** being disposed so that air is discharged from it in a substantially-vertical orientation. The base portion is in one preferred form of the invention comprised of a plurality of pieces of sheet stock, such as plywood or polyolefin slab stock about ⅛ inch thick, or any functionally-equivalent material of construction. The base portion **3** is preferably comprised of a thermoplastic polyolefin and is injection molded as a single piece having an interior volume of substantially the same shape as defined by its exterior walls, as it may be thought of as being basically a box.

According to a preferred form of the invention, the conduit channel means **9** is configured in the form of a rectangular solid with a hollow interior portion, which, when standing alone has its two end portions open to the ambient surroundings. The purpose for this shape includes provision for convenient aligned mating of the exit opening **7** of the base portion **3** with the open inlet end portion **11** of the air conduit channel means **9** when the exit opening **7** of the base portion **3** is substantially rectangularly-shaped as in a preferred form of the invention. Such configuration of the air channel means also provides a relatively wide zone of air exiting the outlet end portion **13** of the air conduit channel **9** when the device is in operation, as the width dimension of the air channel means **9** is about **12** inches in one preferred form of the invention. The air conduit channel means may be attached to the exit opening **7** of the base portion **3** by conventional means, such as glues, adhesives and the like, and is preferably itself comprised of sheet stock of wood or thermoplastic polyolefin. The base portion **3** and the air conduit channel means **9** may according to one preferred form of the invention be a single construction, prepared by an injection molding process. An air conduit channel means **9** according to one form of the invention is depicted in FIG. **1C**. having a rectangularly-shaped inlet portion **11** through which air may pass and be discharged at the outlet end portion **13**.

FIG. **2** shows a rear perspective view of a device **10** according to one form of the invention and the relationship of the various elements of the invention to one another, including the base portion **3**, exit opening **7** of the base position, inlet end portion **11** of the air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9** and the power cord **29**.

FIG. **3** shows a left side perspective view of a device according to one form of the invention and the relationship of the locations of various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, and power cord **29**.

FIG. **4** shows a right side perspective view of a device according to one form of the invention and the relationship of the locations of various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, power cord **29**, rheostat **31** and transformer **33**. The rheostat **31** is a conventional rheostat or device of equivalent function which serves to controllably regulate the voltage to the fan means so as to permit adjustment of the volume of air exiting the outlet end portion **13** of the air conduit channel means **9** during operation of the device **10**.

FIG. **5** shows a perspective view of a support bar means **17** useful on a device according to one form of the invention. The support bar means **17** is a thin piece of flat slab stock or extruded stock having an arcuate, c-shaped, or crescent-shaped cross section, which is caused to be disposed directly in the flow of air which exits the outlet end portion **13** of the air conduit means of the invention, so as to re-direct the flow of air which impinges on it. When the cross to section of the support bar means **17** is arcuate, it is preferred that it traces out approximately a 90° arc. The support bar means **17** is attached by means of the right support arm **19** and left support arm **21** to the air conduit channel means **9**, preferably by attachment of the support bars to the edges of the air conduit channel by means of conventional fasteners which may include a hook-and-loop type fastening means such as VELCRO® fastening means, with one portion of the fastening means **55** disposed on the inside of the support arms and the complementary counterpart of the fastening means disposed on the external surfaces of the air conduit channel means **9**. FIG. **6** shows a frontal view of a support bar means **17** useful on a device according to one form of the invention, depicting the respective locations of the support arms **19** and **21** attached at their end portions to the end portions of the support bar means **17** by conventional means such as an adhesive or conventional fasteners including brackets and the like. In one form of the invention, the support bar means **17** and support arms **19** and **21** are comprised of a single piece of flat sheet thermoplastic polyolefin about ⅛ inch thick having an appropriate length and a width of about 1 inch, which is bent at the appropriate locations. The support bar means in one embodiment is disposed to be substantially parallel to the outlet end portion of said air conduit channel means. FIG. **7** shows a left side view of a support bar means **17** useful on a device according to one form of the invention showing the left support arm **21** and the support bar means **17**.

FIG. **8** shows a front perspective view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, which may be fitted with an optional screen, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

FIG. **9** shows a rear perspective view of a device according to one form of the invention having a support bar **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

FIG. **10** shows a front view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

FIG. **11** shows a rear view of a device according to one form of the invention having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21**, the support bar means **17** and the power cord **29**.

FIG. **12** shows a perspective view of a support shelf **23** useful on a device according to one form of the invention. The support shelf in one preferred form of the invention includes a first portion **25** and second portion **27**, which are preferably comprised of flat sheet stock material joined together at about a 90° bend using conventional fastening means. Alternatively, the support shelf may be comprised of a single piece of sheet stock such as steel or thermoplastic polyolefin, which has a 90° bend in its structure. The second portion **27** is intended to be affixed to the rear face of the air conduit channel **9** as shown in FIG. **14**, using conventional fastening means which may include hook-and-loop fastening means such as VELCRO® fastening means with one portion of the fastening means being attached to the surface of the second portion **27** of the support shelf **23** and the complementary counterpart fastening means being attached to the face of the device **10** of the invention. Such feature enables the support shelf to be selectively disposed in any desired position on the face of the air conduit channel means **9** to permit the first portion **25** of the support shelf means **23** to be inserted between a mattress and box spring to provide support for a device **10** according to the invention off the floor as depicted in FIG. **18**. This adjustability feature, coupled with the adjustability of the distance of the support bar means **17** from the outlet end portion **13** of the air conduit channel renders a device according to the present invention sufficient adjustability of the present invention to enable its being usefully adapted to the vast majority of beds currently in use. FIG. **13** shows a side view of a support shelf **23** useful on a device according to one form of the invention and its various elements including its first portion **25** and its second portion **27**. Hook-and-loop fastening means **35** is also shown disposed on the surface of the second portion **27**.

FIG. **14** shows a left side perspective view of a device according to one form of the invention having a support shelf **23** (elements **25** and **27** collectively) according to one form of the invention attached thereto and having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, left support arm **21**, the support bar means **17** and the power cord **29**.

FIG. **15** shows a right side perspective view of a device according to one form of the invention having a support shelf **23** (elements **25** and **27** collectively) according to one form of the invention attached thereto and having a support bar means **17** attached thereto as hereinbefore described and showing the respective locations of the various elements of the invention including the base portion **3**, air conduit channel means **9**, right support arm **19**, the support bar means **17** and the power cord **29**.

FIG. **16** shows a frontal perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto, and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**.

FIG. **17** shows a rear perspective view of a device according to one form of the invention having a support shelf according to one form of the invention attached thereto and showing the respective locations of the various elements of this embodiment of the invention, including the base portion **3**, air conduit channel means **9**, first portion of the support shelf **25**, left support arm **21**, right support arm **19**, support bar means **17**, and the outlet end portion **13** of the air conduit channel means **9**.

FIG. **18** shows a bed having a device according to the invention adjacent to the bed, wherein the bed is covered by a bed covering such as a sheet, wherein the device is supported by the support shelf such that the base portion is not in contact with the floor. In this figure are shown the respective locations of the various elements of the invention in this embodiment in an actual use position installed on a bed, in which the first portion **25** of the support shelf **23** is shown sandwiched between a mattress **37** and a box spring **39** and wherein the second portion **27** of the support shelf **23** is shown attached to the front face of the air channel conduit means **9** thus supporting the device **10** as a whole off of the floor upon which the leg **41** of the bed is resting. As shown in this figure, air enters the base portion **3** as indicated by the arrows at the inlet opening **5** of the base portion **3** and is caused by the action of the fan means to exit the base portion **3** at the exit opening **7** of the base portion **3** and to enter the inlet end portion **11** of the air conduit channel means **9**, through which it is forced upward through the air conduit channel means **9** and out of its outlet end portion **13**, whereupon it impinges upon the support bar means **17** and is re-directed in a direction as indicated by the arrows to be substantially parallel to the top surface of the mattress **37**, thus providing ventilation for a person resting on the bed.

FIG. **19** shows a bed equipped with a device according to the present invention, wherein the inventive device is resting on the floor. In this figure are shown the respective locations of the various elements of the invention in this embodiment. As shown in this figure, air enters the base portion **3** as indicated by the arrows at the inlet opening **5** of the base portion **3**, and is caused by the action of the fan means to exit the base portion **3** at the exit opening **7** of the base portion **3** and to enter the inlet end portion **11** of the air conduit channel means **9**, through which it is forced upward through the air conduit channel means **9** and out of its outlet end portion **13**, whereupon it impinges upon the support bar means **17** and is re-directed in a direction as indicated by the arrows to be substantially parallel to the top surface of the mattress **37**, thus providing ventilation for a person resting on the bed. In this figure is also shown the bed covering, which may be a blanket, sheet, etc. which is in contact with the support bar. The purpose of the support bar in this embodiment is twofold: 1) to re-direct the direction of the air as previously explained; and 2) to support the bed covering so as to prevent its interference with the air flow out of the outlet end portion **13** of the air channel means **9**. Thus, the support bar means **17** holds the bed covering up off of the opening at the outlet end portion **13** of the air channel means, which enables the full air flow to ventilate the volume between the bedcovering and the top surface of the mattress **37**, which usually will contain a person residing thereon.

FIG. **20** shows a frontal perspective view of a device according to an alternate form of the invention having a support shelf according to one form of the invention attached thereto; and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**. In this embodiment the support bar means **17** is disposed so that it is not parallel to the outlet end portion of the air conduit channel means **13**. Such an embodiment has the advantage that by adjusting the angle which the support bar means **17** makes with respect to the horizontal surface upon which the bed rests, it is possible to elevate a portion of the bed sheets to a level that is higher than other portions of the bed sheets, to effectuate increased variability in the ability to control ventilating air flow when using a device according to the invention.

FIG. **21** shows a frontal perspective view of a device according to an alternate form of the invention having a support shelf according to one form of the invention attached thereto, and showing the respective locations of the various elements of this embodiment of the invention including the base portion **3**, inlet opening **5** of the base portion **3**, support shelf **23** (elements **25** and **27** collectively), the air conduit channel means **9**, the outlet end portion **13** of the air conduit channel means **9**, right support arm **19**, left support arm **21** and support bar means **17**. In this embodiment the support bar means **17** is not substantially linear and flat as in other embodiments described herein, but rather is curved, which again enables increased variability with respect to the flow of ventilating air exiting the outlet end portion **13** of the air conduit channel means **9**.

In one preferred form of the invention, the air channel means has a width of about 12 inches and a length of about 16 inches and comprises a channel which is 1 inch deep and about 12 inches long. The volume of air delivered is adjustable in the range of between about 1 cubic foot per minute to about 300 cubic feet per minute. In many climates, such airflow is believed to eliminate the need for night time air conditioning, thus saving on energy costs associated with cooling an entire room. The fan means may be any fan capable of moving volumes of air in the above range.

Thus, after consideration of all described in this specification, it is now clear that the present invention provides an excellent means for ventilation for a person resting in a bed. The adjustability of the airflow, via the rheostat means, which may be located at the person's hand, enables selective control of between-sheet air flow. This adjustability is especially helpful for persons suffering from night-sweats, and women experiencing hot flashes from menopausal changes in body function, and has been well-received by all persons thus far having tested the device on themselves, who all have indicated that this invention has enhanced their ability to achieve restful sleep.

While particular embodiments have been described herein having particular specified physical dimensions, the present invention, including its various component parts, shall not be construed as to being limited to any specific size dimension. In fact it is one of the benefits of the present invention that its component parts are readily altered in size to afford a device according to the invention which is capable of being retrofitted to just about any bed of the prior art.

Consideration must be given to the fact that although this invention has been described and disclosed in relation to certain preferred embodiments, obvious equivalent modifications and alterations thereof will become apparent to one of ordinary skill in this art upon reading and understanding this specification and the claims appended hereto. This includes subject matter defined by any combination of any one of the various claims appended hereto with any one or more of the remaining claims, including the incorporation of the features and/or limitations of any dependent claim, singly or in combination with features and/or limitations of any one or more of the other dependent claims, with features and/or limitations of any one or more of the independent claims, with the remaining dependent claims in their original text being read and applied to any independent claims so modified. This also includes combination of the features and/or limitations of one or more of the independent claims with features and/or limitations of another independent claims to arrive at a modified independent claim, with the remaining dependent claims in their original text being read and applied to any independent claim so modified. Accordingly, the presently disclosed invention is intended to cover all such modifications and alterations, and is limited only by the scope of the claims which follow.

What is claimed is:

1. An apparatus comprising a ventilating device together in combination with a bed and bed cover, said apparatus comprising:

an injection molded base portion of single construction, an air conduit channel, and a fan, wherein the fan is disposed within the base portion;

said base portion having a hollow interior portion and further comprising:

i) at least one inlet opening through which air may be admitted, and

ii) an exit opening through which air may exit in a substantially vertical direction;

said air conduit channel having an inlet end portion and an outlet end portion;

wherein said inlet end portion of said air conduit channel is in effective fluid communication with said exit opening of said base portion, said air conduit channel connecting with the base portion so that air is discharged from the base portion in a substantially vertical direction and flows upwardly through the air conduit channel from the inlet end portion to the outlet end portion; and wherein said outlet end portion defines a ventilating exit through which air may exit the device;

the base portion functioning as a support for the air conduit channel, said air conduit channel extending upwardly form the base portion;

said at least one fan disposed between said inlet opening in said base portion and said outlet end portion of said air conduit channel for causing ambient air to follow from said inlet opening of said base portion to the outlet end portion of said air conduit channel;

a bed comprising a mattress having a top surface, the base portion of the housing being disposed beneath the bed;

a bed covering disposed upon the top surface of said mattress; a volume of air being defined between the top surface of said mattress and said bed covering, said air conduit channel extending upwardly alongside the mattress beneath the bed covering so that air is expelled out of said air outlet end portion of said air conduit channel and into said volume of air; and

two adjustably positioned support arms attached between a support bar and said air conduit channel to provide adjustment of a spacing between the support bar and the ventilating exit, wherein said support bar is adjustably positioned by the support arms to be directly in the path of air exiting said ventilating exit;

wherein said adjustably positioned support arms are attached to said air conduit by hook-and-loop fasteners.

2. The apparatus according to claim **1**

wherein

said support bar is disposed to be substantially parallel to the outlet end portion of said air conduit channel.

3. The apparatus according to claim **2** wherein the support bar is disposed to be within the flow of air exiting said ventilating exit sufficiently to substantially alter the direction of flow of air exiting said air conduit.

4. The apparatus according to claim **2** wherein the support bar alters the direction of flow of air exiting said ventilating exit in an amount of between about 45 degrees and about 90 degrees.

5. The apparatus according to claim **2** wherein the support bar is substantially linear and is disposed to be non-parallel to the outlet end portion of the air conduit.

6. The apparatus according to claim **2** wherein said support bar is curved.

7. The apparatus according to claim **1** wherein said base portion comprises a flat lower surface which is adapted to rest on a substantially horizontal floor which supports the bed.

8. The apparatus according to claim **7** wherein said air conduit channel is substantially vertically disposed with respect to the flat lower surface of said base portion.

9. The apparatus according to claim **1** wherein said air conduit channel is substantially rectangular in cross-section.

10. The apparatus according to claim **1** wherein the outlet end portion of the air conduit channel does not extend over the top surface of the mattress.

11. The apparatus according to claim **1** wherein the direction of air admitted into the inlet opening of the base portion is substantially perpendicular to the direction of the flow of air through the air conduit channel.

12. The apparatus according to claim **1** further comprising a support shelf attached to said air conduit channel, said support shelf being inserted underneath the mattress.

13. The apparatus according to claim **12** wherein said support shelf is adjustably attached to said air conduit channel.

* * * * *

Trademarks > Trademark Electronic Search System (TESS)

TESS was last updated on Wed Aug 29 05:21:18 EDT 2012

Record 1 out of 1

The Bedfan
Personal Cooling System

Word Mark	THE BEDFAN PERSONAL COOLING SYSTEM
Goods and Services	IC 011. US 013 021 023 031 034. G & S: Electric fans. FIRST USE: 20051101. FIRST USE IN COMMERCE: 20060115
Mark Drawing Code	(3) DESIGN PLUS WORDS, LETTERS, AND/OR NUMBERS
Design Search Code	26.03.21 - Ovals that are completely or partially shaded 26.17.02 - Bands, wavy; Bars, wavy; Lines, wavy; Wavy line(s), band(s) or bar(s) 26.17.09 - Bands, curved; Bars, curved; Curved line(s), band(s) or bar(s); Lines, curved
Trademark Search Facility Classification Code	SHAPES-BAR-BANDS Designs with bar, bands or lines SHAPES-COLORS-3-OR-MORE Design listing or lined for three or more colors SHAPES-OVALS Oval figures or designs including incomplete ovals and one or more ovals
Serial Number	**77340745**
Filing Date	November 30, 2007
Current Basis	1A
Original Filing Basis	1A
Published for Opposition	April 29, 2008
Registration Number	3467529
Registration Date	July 15, 2008
Owner	(REGISTRANT) Tompkins, Kurt West INDIVIDUAL UNITED STATES P.O. Box 206 Snook TEXAS 77878
Disclaimer	NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "BEDFAN PERSONAL COOLING

Exhibit C

	SYSTEM" APART FROM THE MARK AS SHOWN
Description of Mark	The color(s) dark blue lite blue white is/are claimed as a feature of the mark. The mark consists of Stylized words, "BEDFAN Personal Cooling System" in dark blue, an oval and 1 curved line in dark blue, and the word "THE" and 4 curved lines in light blue.
Type of Mark	TRADEMARK
Register	PRINCIPAL
Live/Dead Indicator	LIVE

Exhibit D


TEXAS A&M


GRACO
Way Pack 'N Play
MODEL:
Q'TY: 30 PCS
G.W: 18.2 KGS
MEAS:32.5X32.5X20.5CM

Article URL: http://starbulletin.com/2008/08/01/features/story01.html

Star-Bulletin mobile edition

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CLICK FOR LARGE

SLEEP COOL & EASY

A Kailua-born engineer's invention keeps the bed comfy and has become popular among women

By Burl Burlingame
bburlingame@starbulletin.com

We could haul out the old saw about necessity being the mother of invention, but in this particular case, the saying about genius being 1 percent inspiration and 99 percent perspiration has never been more

Exhibit E

accurate.

Consider Kurt Tompkins, a Texas engineer who worked a night shift. He went to bed about the time most people were getting up, and in order to sleep comfortably, he kept turning up the air conditioning. Naturally, his electrical bills were going through his (uninsulated) roof.

JAMM AQUINO / JAQUINO@STARBULLETIN.COM
Air coming from the top of the bedfan keeps the sleeper cool. The bedfan attaches to the foot of the bed and blows air between the covers.

And, just as naturally, his engineer's brain went to work. Could he cobble something together to help him sleep comfortably?

The result was a nifty little invention he dubbed the Bedfan.

"I went through several prototypes, and never pictured exactly how it would appear, just what it was supposed to do," said Tompkins - who was born in Kailua, by the way. "It took quite a while, and it turned out that the answer lay in Velcro."

On the 'Net

» www.bedfan.com

» www.wikihow.com/Sleep-Comfortably-on-a-Hot-Night

What Tompkins realized was that much of the heat generated while sleeping comes from our own bodies. It builds up beneath the sheets until it reaches uncomfortable levels, at which point the covers are thrown off and the cycle begins again. Instead of cooling the sleeper, he thought it would be easier to figure out a way to release the trapped, heated air. Tompkins wasn't trying to replace air conditioning, he was trying to make it more efficient.

The solution was a fan that delivered a steady, small feed of air from the foot of the bed, an imperceptible breeze that simply displaced hot air. The tricky part was designing a flat device that could be adjusted to any bed height, and was not easily broken. Tompkins came up with plastic risers held in place with Velcro.

Prototype completed, Tompkins tried it. It worked. His AC consumption dropped by at least 10 percent, a significant dollar savings. He started a small business to manufacture the item, then tackled the next trick, sales.

"We were considering making it a kind of Avon or Mary Kay (type) product, where other ladies give you a show. It seems almost too simplistic to be real, but it works by basic physics. You have to feel it."

In other words, the Bedfan was an ideal word-of-mouth product. The Internet turned out to be the solution. Word of the device began to spread there, and sales are almost all handled over the Net.

A new customer base popped up, one Tompkins had not anticipated. The most enthusiastic users of the Bedfan, it turns out, are women going through menopause, suffering from hot flashes.

The business has grown 400 percent a year for three years, and more than 12,000 Bedfans have been sold.

The list price is $99, but shop around on the Internet and pay attention to shipping prices. I found two for $79.95 each, with $13 total shipping via USPS. They came in four days and were immediately appropriated by two ladies of - ahem - a certain age, and they're not giving them up.

"First time in ages I've slept with sheets over me the whole night," reports one.

"Women take sleeping seriously, and this helps," reports the other. "Men, well, they can just flop down anywhere in their underwear and pass out. It's not fair!"

From: Jones, Audrey [mailto:Audrey.Jones@abc.com]
Sent: Friday, June 13, 2008 1:00 PM
To: kurt@bedfan.com
Cc: Doramus, Victoria
Subject:

Kurt, thanks for much for accomodating my request. We would like to feature your Bedfan product in a segment I'm doing on "The View" next week. It's called beat the heat and I'm featuring different items, food, clothing that can cool people off. If you could ship me one or two of your bed pans they would be featured at the end of the segment. We will also give the audience your website so they can purchase this item. I would need this product in by Monday morning so that any assembly can be done. We are taping the show Tuesday afternoon and the show is airing Friday, 6/20.

You can send them to my attention
Audrey Jones
The View
320 West 66 Street
New York, NY 10023

Could you give me a call and let me know that this has been shipped,
thanks,
Audrey

Audrey Jones|**ABC Daytime** | Producer, The View | 320 West 66th Street| NY, NY 10023 | p. 212.456.0726 | f. 212.456.0951 | Astart here

Exhibit F

From: Jones, Audrey [mailto:Audrey.Jones@abc.com]
Sent: Tuesday, June 17, 2008 1:38 PM
To: Kurt@bedfan.com
Subject:

Kurt, the ladies loved the bed fan. Whoopi Goldberg would like to take it to Vegas when we're there next week to use it - and possibly come back and do another segment to see how things worked while we were there, sweating in 110 degree heat, doing shows. Hope that's not a problem, Please watch the show on Friday, the bedfan is prominately featured, Audrey

Audrey Jones|**ABC Daytime** | Producer, The View | 320 West 66th Street| NY, NY 10023 | p. 212.456.0726 | f. 212.456.0951 | Astart here

DAILY NEWS
Date: Wednesday, July 23, 2008
Location: NEW YORK, NY
Circulation (DMA): 718,174 (1)
Type (Frequency): Newspaper (D)
Page: 31,32
Keyword: Bedfan

NOW

DRINK COOL

SWIZZLE THAT SIZZLE

ICE CUBES *$7.99-$54*
Rock the party and your drinks with jazzy guitar-shaped swizzle sticks and LEGO block ice cubes. Swirl your drinks in style. Shoot to the top of the party charts, or build your own ice sculpture. If you need a more flexible or larger capacity icing solution, try FREEZEZE gel ice packs that can be frozen and reused time and again. shop.lego.com

POLAR ICE CAPPED

STAY COLD POLAR PITCHER *$17.50*
Cold beverages help soothe the body on a blistering day, but putting ice in your drinks can water them down. Keep drinks fresh and tasty by separating the ice and beverage. www.sportys.com

COLD STEEL

KLEAN KANTEEN
$17.45-$28
Whether you're walking the dog, working out the downward dog or grillin' some dogs on the barbie, staying hydrated will keep you happy and active. As an alternative to carrying and disposing of plastic water bottles, carry the stylish and safe stainless steel bottle you can refill over and over again. Both Klean Kanteen and Swiss-made SIGG bottles are available in thermal models to keep drinks cold or warm. www.kleankanteen.com

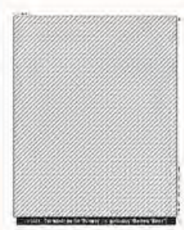
CONTINUED INSIDE

SWELTER SHELTER

GETTY

Have hot fun in the summertime — a cool breeze under the blazing sun will keep you active and involved this season. From personal cooling systems to drink accessories, reduce heat exhaustion and stay frosty fresh all summer.

BY LIANA LEHUA



Account: 21861 (530)
NY-471

Exhibit G

DAILY NEWS

Date: Wednesday, July 23, 2008
Location: NEW YORK, NY
Circulation (DMA): 718,174 (1)
Type (Frequency): Newspaper (D)
Page: 31,32
Keyword: Bedfan

WORK COOL

SAFE SURFING

TARGUS LAPTOP CHILL MAT *$29.99-$79.90* Hours of sending e-mail, surfing the Internet and playing solitaire can tax any laptop. Prevent overheating and protect your furniture from heat damage. For a more stylish desktop alternative, check out Rain Design's iLap, mStand or iLevel, to raise your laptop to eye level and provide much-needed wrist support. targus.com

DAILY NEWS
Date: Wednesday, July 23, 2008
Location: NEW YORK, NY
Circulation (DMA): 718,174 (1)
Type (Frequency): Newspaper (D)
Page: 31,32
Keyword: Bedfan

LOOK COOL

NO-SWEAT STYLE

SOLUMBRA WOMEN'S ULTRA ATHLETE PULLOVER SHIRT

$85-$89.95

Reduce your ultraviolet exposure with SPF 30+ protection without applying sticky or oily sunscreen, and still look oh so stylish. This clothing is designed to cool you off the more you move. Outdoor outfitter Patagonia also offers several color and style options made of quick-drying materials and activated carbon, helping to reduce body odor. www.sunprecautions.com

Get more tips from the Girls Gone Geek at GirlsGoneGeek.tv

Account: 21861 (530)
NY-471

DAILY NEWS
Case 1:12-cv-00809 Document 1-2 Filed 08/31/12 Page 16 of 144
Date: Wednesday, July 23, 2008
Location: NEW YORK, NY
Circulation (DMA): 718,174 (1)
Type (Frequency): Newspaper (D)
Page: 31,32
Keyword: Bedfan

A COOL HOME

PILLOW TALK

CHILLOW *$39.95-$199.95*
You (or your pet) can relax in comfort with this fluid-filled pillow. Stay cool without electricity, and reduce your carbon footprint. Help soothe aches, reduce pains and contribute to rehabilitating your body naturally using the cooling, comforting effects of water. www.chillow.com.

AN AIR OF CULTURE

LG ART COOL *$159.99*
Express yourself through your art, and keep your home or office cool with this duct-free air-conditioning system. Showcase your favorite photo, drawing or graphic by dropping it into the custom frame on the unit. www.lge.com

FOR FANS OF COMFORT

BEDFAN *$89.95*
Stay cooler than the other side of the pillow and reduce night sweats during the dog days of summer. Connect this personal cooling system to your bed (r.) and sleep comfortably on even the hottest of nights. The best benefit to using the Bedfan is the money you'll save by not running your air conditioner. www.bedfan.com

Account: 21861 (530)
NY-471

DAILY NEWS
Date: Wednesday, July 23, 2008
Location: NEW YORK, NY
Circulation (DMA): 718,174 (1)
Type (Frequency): Newspaper (D)
Page: 31,32
Keyword: Bedfan

PLAY COOL

JUMP-START THE FUN

BIG WAVE TRAMPOLINE *$1,295*
Boing! As if jumping on a trampoline isn't fun enough, adding water to the activity will add hours of nostalgic pleasure for any adult and endless enjoyment for kids of all ages. If you want to save your hard-earned dough for a special summer vacation, pick up a trampoline from Airzone and turn on your garden hose. www.amazon.com.

CITY & FINAL
Fort Worth Star-Telegram

Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

BEAT THE HEAT WEEK

A midsummer night's sleep

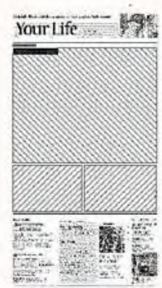
Here's one cool tip: Keep partially frozen water by your bedside.

STAR-TELEGRAM/ROSS HAILEY; MODEL: SHAMARI JACKSON

Is the heat keeping you up at night? Here are 10 ideas to keep you cool and comfy. 8E

Beat the heat week

Tips to help you survive the summer swelter:
Monday: 10 fun ways to cool off with water
Tuesday: Brrr! Books that transport you to really cold places
Wednesday: Chill with no-sweat summer soups
Thursday: Great gadgets that lower the temperature
Friday: How to buy an air-conditioner
Today: Ways to cool down your sleeping area



Page 1 of 6

Fort Worth Star-Telegram

Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

By CATHY FRISINGER Special to the Star-Telegram

It's midsummer in Alaska in the 2002 movie *Insomnia*, and Detective Will Dormer can't sleep. The policeman's battle with sleeplessness bathes the psychological thriller in a palpable anxiety.

A lot of Texans understand only too well the 3 a.m. anxiety that the insomniac detective felt, though it's sweltering heat, not 24-hour daylight, that's keeping local folks awake. In these difficult economic times, many people are easing off on the air conditioning, and when the bedroom is hotter, it's simply harder to sleep.

"Sleeping and waking is intimately related to the natural 24-hour rhythm and cycle of body temperature. As body temperature drops, we become increasingly less active, less mentally alert and more sleepy," says Dr. William Orr, clinical professor of medicine at the University of Oklahoma and a specialist in the neurobiology of sleep. "Individuals who have insomnia have an alteration in their temperature cycle. Between 4 and 8 a.m., body temperature gradually rises, and we wake up. This whole cycle of mental alertness, sleepiness and wakefulness is very intimately connected with body temperature."

No wonder so many people toss and turn in bed when the temperatures climb.

If you're one of those folks, read on for 10 terrific ideas for cooler summer sleep.

Forget the pillow, get a Chillow

The Chillow is a pillow topper (you lay it atop your regular pillow) that, even though it's room temperature, feels cool to the touch, much like a tile or stone floor feels cool on bare feet. The half-inch high Chillow is filled with a hydrophyllic foam. Add water before using it the first time, then sweep out all the air, and that's all you ever need to do. Flocked fabric on the back grips to your regular pillow cover. Company spokeswoman Heather Clifford says the Chillow feels cool to the touch, not cold. You're not supposed to put it in the freezer, but it's OK to put it in the refrigerator for a bit before you use it. Another product, the Chillow Plus, doesn't have the flocked backing and is more flexible. Some people like to wrap this product around their stomach or around a sore leg, Clifford says. The Chillow retails for around $29.95. Find it online at various sites, including www.drugstore.com and www.chillow.com.

CHILLOW

Page 2 of 6

CITY FINAL
Fort Worth Star-Telegram
Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

A bed cover to discover

The Cool Luxury Fiberbed by Wamsutta is similar to a featherbed that you place on top of your mattress. Besides adding softness, the Cool Luxury Fiberbed is designed to draw moisture away from your body. Available online at several sites and at Bed, Bath & Beyond, where it's $79.99 for a full size and $99.99 for a queen size.

The Wamsutta Cool Luxury Fiberbed draws away moisture from your body. WAMSUTTA

Account: 21861 (543)
TX-604

CITY FINAL

Fort Worth Star-Telegram

Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

Nidraa sheets keep you comfy cool. NIDRAA

Sweet sheets

Check out www.sleepdrystaycool.com for sheet sets by Nidraa that wick away moisture. The sheets come in white, light blue, sage green and reddish brown. Prices for a complete set range from $87.99 for twin size to $134.99 for an extra-deep king size . The site also offers men's and women's wicking bed clothes.

Shower power

One of the standard tips for beating insomnia is to take a warm bath about an hour before your bedtime. When you get out of the bath, the water begins to evaporate from your skin, cooling your body, and setting your brain for slumber. But who wants to take a hot bath when it's 98 degrees outside? What your body needs is a cold shower. Oh, yeah, it can be hard, even in July, to jump straight into a cold shower, so start off with a warm shower, then gradually turn the temperature of the water cooler and cooler till it's just this side of uncomfortable. Stand there for a full minute, then towel off a bit (not completely; you want that evaporation effect) and there you are — a human popsicle, ready for repose.

STAR-TELEGRAM/ROSS HAILEY

Comfort unmasked

Gel-filled masks are widely touted for headache relief, reducing eye puffiness and reducing tension. Pop the mask in the refrigerator for an hour (or the freezer for 10 minutes) before you strap it on, and it'll do nice things for your body temperature, too. There are many gel masks available, including the Earth Therapeutics Soothing Beauty Mask sold at Ulta for $6.99.

Cool sounds

Emulate the heat relief of a vacation with the Tranquil Moments Sound Therapy System. Among the preprogrammed sounds it plays are a flowing stream, ocean surf and a thunderstorm. If you concentrate on the moving-water sounds, they can transport you mentally to cooler climes. The Tranquil Moments system is available at www.brookstone.com for $129. It's also available at Brookstone stores.

BROOKSTONE

Movie magic

Trick your brain into thinking it's cold outside by watching a movie that features lots of scenes with ice or snow. Some suggestions: *Into Thin Air*, the true tale of a tragic attempt to climb Mount Everest; *March of the Penguins*, a charming family-friendly documentary about the lives of emperor penguins; *Dr. Zhivago*, the two lovers play house in an icicle-filled country estate; and *Mongol*, a biography about Genghis Khan now in art-house theaters.

Account: 21861 (543)
TX-604

CITY FINAL
Fort Worth Star-Telegram

Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

A freezer pleaser

Down an icy drink in a restaurant that felt comfortable, and you might suddenly feel chilly. Too bad there isn't an icy drink waiting beside your bed when you wake up at 1 a.m. But wait — there can be. Pop a bottle of water in the freezer two to three hours before you go to bed and then place the partially frozen bottle on your nightstand just before you go to sleep. It should still be cold a couple hours later when you wake up and want a cold drink. (Just be sure you don't let the bottle freeze completely; it might crack and cause a mess when it thaws.)

123RF

WICKING J

Tricking your body with wicking

What's worse than being hot? Waking up in the middle of the night hot and sweaty. Several manufacturers make sleepwear that wicks away moisture, including Wicking J's Sleepwear, a line of women's nightwear that's designed to be stylish and functional. Find Wicking J's sleepwear at the Lingerie Collection, 520 Preston Royal Shopping Center, Dallas. Or shop for it online at a number of sites including www.herroom.com and www.abetternightsrest.com. Prices are, roughly, $45-$80, though some sites offer Wicking J's products at significant discounts.

CITY SENAL
Fort Worth Star-Telegram
Date: Saturday, July 26, 2008
Location: FORT WORTH, TX
Circulation (DMA): 218,916 (6)
Type (Frequency): Newspaper (SAT)
Page: 1E,8E
Keyword: Bedfan

The Bedfan cooling system can deliver a cool breeze between the covers of the bed. BEDFAN

Bedfan plan

An oscillating room fan helps when it's hot. An overhead fan is even better. Better still is the Bedfan, a fan that's designed to blow a constant layer of air across your body between the sheets. The Bedfan installs at the foot of the bed. You make the bed with the top sheet and the comforter on top of the fan's "breeze bar." It's designed to blow air across one person, not two, so this works best when one partner suffers more from the heat than the other. The Bedfan retails for about $80-$90. Find the Bedfan online at www.bedfan.com and www.brookstone.com.

Houston Chronicle

Date: Sunday, August 24, 2008
Location: HOUSTON, TX
Circulation (DMA): 677,425 (10)
Type (Frequency): Newspaper (S)
Page: R30
Keyword: Bedfan

HOME ZONE

LATEST PRODUCTS FOR THE HOME

Cool dreams

Bedfan puts high nighttime electric bills to bed

By MAGGIE REED
Creators Syndicate

For those wanting cooler temperatures in their bedroom without raising utility costs, the Bedfan Personal Cooling System offers a unique solution.

The Bedfan fits between your sheets and delivers a soft breeze all along your body, keeping you comfortably cool.

As you settle under the covers in bed, your body generates heat that is trapped between the sheets. The Bedfan eliminates that body heat by replacing it with flowing air.

Not only will it bring your temperature down, it will bring your electric bill down as well. Keeping the bill lower was the main reason for the invention of the Bedfan.

"As a hot sleeper myself, I developed the Bedfan Personal Cooling System with the hopes of lowering my electric bill," said Kurt Thomkins, Bedfan inventor and company president.

"The Bedfan was very successful in allowing me to raise my thermostat at night from 68 degrees to more than 78 degrees, which lowered my electrical consumption by as much as 20 percent," Tompkins said. "So I was decreasing my carbon footprint, saving money and sleeping better."

Included in the system are:

- Bedfan main body: This is where the fans, capable of moving up to 100 cubic feet of air each minute, are housed.
- Breeze bar: This fully adjustable bar allows for air to flow from the fan body to the top of your mattress and between the sheets. It is made flexible just in case someone happens to sit on it. The top of the bar needs to be only one-half inch above the top of the mattress.
- Speed controller: This allows you to fine-tune the air flow. You can go from full-off to full-on and anywhere in between, much like a volume control on a radio. It is designed to fit under your pillow or on a nightstand to give you easy access.
- Tall bed bracket: If you find the top of the cooling system body is not above the bottom of your mattress, this bracket will raise it to the desired height. It is easy to attach and remove, requiring no tools.
- Sheet blocks: These may be used to help hold sheets in place around the Bedfan, if necessary.

Installing the Bedfan takes three steps:

- Remove your top sheet, leaving the bottom sheet in place. Position the Bedfan anywhere against the foot of the bed, depending on where you want the air to flow. If you have a footboard, slide the unit between the board and the mattress.
- Attach the breeze bar so it is at least one-half inch above the mattress.
- Replace the top sheet on your bed to cover the breeze bar and tuck it back in. Top your bed the way you like, plug the power adapter into a standard outlet, turn on the controller and enjoy.

The Bedfan retails for $90. For more information, visit www.bedfan.com.

Food storage

Helping to save time in the kitchen and money in the store, PackMate Vacu-Seal food storage system is a convenient, enviro-friendly and economical way to vacuum seal precious goodies.

"We wanted to design a vacuum-sealing system that was so easy to use, beneficial and affordable that people would use it everyday," said Stephen Armstrong, president.

The Vacu-Seal features a compact, handheld, cordless vacuum that extracts the air from the reclosable storage bags. The air-tight zipper and valve seal out freezer burn and seal in freshness. They are reusable, dishwasher safe, and come in gallon and quart sizes.

For more information, visit www.vacu-seal.com.

Maggie Reed may be reached at trocar2000@hotmail.com.

"The Bedfan was very successful in allowing me to raise my thermostat at night from 68 degrees to more than 78 degrees . . ."

—KURT THOMKINS
Bedfan inventor, company president

Account: 21861 (608)
TX-601

Houston Chronicle

Date: Sunday, August 31, 2008
Location: HOUSTON, TX
Circulation (DMA): 677,425 (10)
Type (Frequency): Newspaper (S)
Page: R30
Keyword: Bedfan

PHOTO COURTESY OF BEDFAN

COOL SLEEPING: The Bedfan Personal Cooling System eliminates trapped body heat with a cool breeze that starts at the foot of the bed, moves along the sides of your body and up to your neck.

HONOLULU STAR-BULLETIN

Date: Friday, August [illegible], 2008
Location: HONOLULU, HI
Circulation (DMA): 65,167 (72)
Type (Frequency): Newspaper (D)
Page: D1
Keyword: Bedfan

A Kailua-born engineer's invention keeps the bed comfy and has become popular among women

By Burl Burlingame
bburlingame@starbulletin.com

WE COULD haul out the old saw about necessity being the mother of invention, but in this particular case, the saying about genius being 1 percent inspiration and 99 percent perspiration has never been more accurate.

Consider Kurt Tompkins, a Texas engineer who worked a night shift. He went to bed about the time most people were getting up, and in order to sleep comfortably, he kept turning up the air conditioning. Naturally, his electrical bills were going through his (uninsulated) roof.

And, just as naturally, his engineer's brain went to work. Could he cobble something together to help him sleep comfortably?

The result was a nifty little invention he dubbed the Bedfan.

"I went through several prototypes, and never pictured exactly how it would appear, just what it was supposed to do," said Tompkins — who was born in Kailua, by the way. "It took quite a while, and it turned out that the answer lay in Velcro."

What Tompkins realized was that much of the heat generated while sleeping comes from our own bodies. It builds up beneath the sheets until it reaches uncomfortable levels, at which point the covers are thrown off and the cycle begins again. Instead of cooling the sleeper, he thought it would be easier to figure out a way to release the trapped, heated air. Tompkins wasn't trying to replace air conditioning, he was trying to make it more efficient.

The solution was a fan that delivered a steady, small feed of air from the foot of the bed, an imperceptible breeze that simply displaced hot air. The tricky part was designing a flat device that could be adjusted to any bed height, and was not easily broken. Tompkins came up with plastic risers held in place with Velcro.

Prototype completed, Tompkins tried it. It worked. His AC consumption dropped by at least 10 percent, a significant dollar savings. He started a small business to manufacture the item, then tackled the next trick, sales.

"We were considering making it a kind of Avon or Mary Kay (type) product, where other ladies give you a show. It seems almost too simplistic to be real, but it works by basic physics. You have to feel it."

In other words, the Bedfan was an ideal word-of-mouth product. The Internet turned out to be the solution. Word of the device began to spread there, and sales are almost all handled over the Net.

A new customer base popped up, one Tompkins had not anticipated. The most enthusiastic users of the Bedfan, it turns out, are women going through menopause, suffering from hot flashes.

The business has grown 400 percent a year for three years, and more than 12,000 Bedfans have been sold.

The list price is $99, but shop around on the Internet and pay attention to shipping prices. I found two for $79.95 each, with $13 total shipping via USPS. They came in four days and were immediately appropriated by two ladies of — ahem — a certain age, and they're not giving them up.

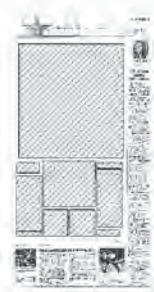
"First time in ages I've slept with sheets over me the whole night," reports one.

"Women take sleeping seriously, and this helps," reports the other. "Men, well, they can just flop down anywhere in their underwear and pass out. It's not fair!"

On the 'Net

>> *www.bedfan.com*

>> *www.wikihow.com/Sleep-Comfortably-on-a-Hot-Night*



HONOLULU STAR-BULLETIN

Date: Friday, August 01, 2008
Location: HONOLULU, HI
Circulation (DMA): 65,167 (72)
Type (Frequency): Newspaper (D)
Page: D1
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HONOLULU STAR-BULLETIN

Date: Friday, August 01, 2008
Location: HONOLULU, HI
Circulation (DMA): 65,167 (72)
Type (Frequency): Newspaper (D)
Page: D1
Keyword: Bedfan

JAMM AQUINO / JAQUINO@STARBULLETIN.COM

Air coming from the top of the bedfan keeps the sleeper cool. The bedfan attaches to the foot of the bed and blows air between the covers.

Printing imperfections present during scanning

From: CArchard@brookstone.com
Sent: Tuesday, November 23, 2010 11:58 AM
To: Kurt Tompkins
Subject: Re: Fw: Bedfan shipping commitment

Kurt,

No problem. I hope this help.

Thanks
Chris

From: "Kurt Tompkins" [kurt@bedfan.com]
Sent: 11/23/2010 11:47 AM CST
To: Chris Archard
Subject: RE: Fw: Bedfan shipping commitment

Chris, could you check on something for me. At the moment we are boxing the Bedfan in a white box that says Bedfan on it and then putting a colored sleeve on the box. This sleeve is slowing down the production rate not to mention the fact that they are running behind in their delivery to us. What I would like to do is start delivering the Bedfan in our basic box that has the Bedfan logo on the front. we can also put your product number on each box so it will be easy to identify. Would this be ok with you?

Thank you

Kurt

From: CArchard@brookstone.com [mailto:CArchard@brookstone.com]
Sent: Monday, November 22, 2010 6:23 PM
To: Kurt Tompkins; Ebutler@brookstone.com
Cc: dtrombly@brookstone.com; SGelinas@brookstone.com
Subject: Re: Fw: Bedfan shipping commitment

Kurt,

Thanks for the response.
We also buy a lot from asia. As our vendor we need you control the parts suppliers from overseas. You also need to leave enough room to acount for any unexpected delays (ex. Customs).
We must have product, or product flow, for our customers.

We need you to control the product flow as we count on your information to relay to our customers.

Thanks
Chris

Exhibit H

From: "Kurt Tompkins" [kurt@bedfan.com]
Sent: 11/22/2010 05:03 PM CST
To: Elizabeth Butler
Cc: Chris Archard; Darlene Trombly; Susan Gelinas
Subject: RE: Fw: Bedfan shipping commitment

Liz, the problem is not in the production as much as it was in getting the parts in from overseas. Our last parts shipment was delayed in customs for almost a month. As you know we are a small company doing our manufacturing in the USA. Manufacturing locally is rather expensive and leaves less profit for us then what you make on the product. Yet we are dedicated to continuing our production here while others have left the country for cheaper labor, no taxes, and low cost materials. We are doing all we can to keep up with your needs and will continue to improve.

I take that you received my recent update that you will have 200 more shipped tomorrow.

Thank you for the opportunity to make our product available via Brookstone.

Kurt

From: Ebutler@brookstone.com [mailto:Ebutler@brookstone.com]
Sent: Monday, November 22, 2010 3:39 PM
To: Kurt Tompkins
Cc: CArchard@brookstone.com; dtrombly@brookstone.com; SGelinas@brookstone.com
Subject: RE: Fw: Bedfan shipping commitment
Importance: High

Kurt,

Your emails are very vague. This is not the way we run our business. We work with factories all over the world and know when our product is delivering.

We may need to start charging you back for our labor in phone calls to dissapointed customers.

We can't have a guess - you committed to a product flow last week that was not advantageous to us and you're already saying that you may not be able to meet those committments.

How many units can your factory make per day? We need specifics now.

Liz Butler
Manager, Direct Marketing Inventory
Brookstone
(603)577-8138
EButler@brookstone.com

"Kurt Tompkins" <kurt@bedfan.com>

11/22/2010 04:05 PM

To <Ebutler@brookstone.com>, <SGelinas@brookstone.com>
cc <CArchard@brookstone.com>, <dtrombly@brookstone.com>
Subject RE: Fw: Bedfan shipping commitment

Liz, I talked to Chris about this last week and we are on schedule to deliver all we can produce at the end of each week. As our production is handled by a custom injection molding facility, we are only able to relay to you what they are telling us with regards to production. I think Chris has forwarded that information to all parties, and I can assure you that we are doing all we can to get production to you as soon as possible.

From: Ebutler@brookstone.com [mailto:Ebutler@brookstone.com]
Sent: Monday, November 22, 2010 2:44 PM
To: SGelinas@brookstone.com; Kurt Tompkins
Cc: CArchard@brookstone.com; dtrombly@brookstone.com
Subject: Re: Fw: Bedfan shipping commitment
Importance: High

Kurt,

You cannot miss this schedule. You will cause us hundreds of phone calls to customers and cost Brookstone a lot of additional labor dollars. Please respond with a committment of production by day through the next three weeks.

Thanks,

Liz Butler
Manager, Direct Marketing Inventory
Brookstone
(603)577-8138
EButler@brookstone.com

Susan Gelinas/Merch/Nashua/Brookstone

11/22/2010 03:38 PM

To Elizabeth Butler/Inv Mgmt/Nashua/Brookstone@Brookstone, Darlene Trombly/Inv Mgmt/Nashua/Brookstone@Brookstone, Chris Archard/Rtl Buying/Nashua/Brookstone@Brookstone
cc
Subject Fw: Bedfan shipping commitment

FYI.... response from Kurt on commitment to shipping schedule.

Sue

Sue Gelinas
Inventory Planning Coordinator
Brookstone HQ
(603) 577-8258
SGelinas@Brookstone.com

----- Forwarded by Susan Gelinas/Merch/Nashua/Brookstone on 11/22/2010 03:37 PM -----

From: "Kurt Tompkins" <kurt@bedfan.com>
To: <SGelinas@brookstone.com>
Cc: "'Shelley Tompkins'" <shelley@bedfan.com>

Date: 11/22/2010 03:35 PM
Subject: RE: shipping commitment

Sue, our goal is for 200 units on Wednesday, but if we do not reach that number we will ship what we are able to produce and get those to you ASAP. upon returning from the holiday, we will continue with the production and get you as many as possible until we are on schedule again.

Kurt

From: SGelinas@brookstone.com [mailto:SGelinas@brookstone.com]
Sent: Monday, November 22, 2010 9:51 AM
To: kurt@bedfan.com
Subject: shipping commitment

Good morning Kurt,

We received notification that 100 units shipped on Friday - thank you. Can you please confirm that we are still on schedule for an additional 200 units to ship on Wednesday 11/24.

Thank you!

Sue

Sue Gelinas
Inventory Planning Coordinator
Brookstone HQ
(603) 577-8258
SGelinas@Brookstone.com

From: CArchard@brookstone.com
Sent: Tuesday, February 15, 2011 12:20 PM
To: Kurt Tompkins
Subject: RE: Factory info.

Kurt,

Please send them to this address.
No they are not bound for China. They are going to our publicist in NY to pitch to magazines for exposure.
How are you doing on getting all open POs confirmed? Are you able to get production ramped up?

Thanks,
Chris

Chris Archard
Senior Merchandise Director
Seasonal/Home Lifestyle
Brookstone-Merchandising
One Innovation Way, Merrimack, NH 03054
Phone: (603)577-8121
e-mail: carchard@brookstone.com

"Kurt Tompkins" <kurt@bedfan.com>

02/15/2011 01:08 PM

To <CArchard@brookstone.com>
cc
Subject RE: Factory info.

Chris, To what address do you want the samples. I expect that these samples are not for sending to China for production bids.

Kurt Tompkins
Tompkins Research Inc.
kurt@bedfan.com
www.bedfan.com

The Bedfan® Personal Cooling System

From: CArchard@brookstone.com [mailto:CArchard@brookstone.com]
Sent: Tuesday, February 15, 2011 10:10 AM
To: CArchard@brookstone.com

Exhibit I

Cc: Kurt Tompkins
Subject: RE: Factory info.

Kurt,

I did not hear back from you on the below request. Please respond.

Thanks,
Chris

Chris Archard
Senior Merchandise Director
Seasonal/Home Lifestyle
Brookstone-Merchandising
One Innovation Way, Merrimack, NH 03054
Phone: (603)577-8121
e-mail: carchard@brookstone.com

Chris Archard/Rtl Buying/Nashua/Brookstone

02/14/2011 05:48 PM

To "Kurt Tompkins" <kurt@bedfan.com>
cc
Subject RE: Factory info.Link

Kurt,

There are still 2 PO's waiting for your acceptance: PO 66023 and 66031. These PO's are over 70 days late for acceptance. Please go onto our system and confirm the receipt of these orders at once.

Can I also get 3 samples of the fan sent to my attention? We want to promote the product but need samples to do so.

Thanks,
Chris

From: hobocallah@verizon.net
Sent: Thursday, June 07, 2012 9:41 PM
To: info@Bedfan.com
Subject: Befan

I love your product and am going to purchase one but would like a clarification first if I may.

I see where Brookstone is an authorized dealer for your product. There are 2 Brookstone stores nearby my home. On their website, I see that they have 2 bedfans listed. One is the product shown on your site for $79.99. The second is shown as "New - Bedfan with wireless remote" for $99.99. My question is whether this is your product also? I would assume that since they are both called "Bedfan" and the description shown for the products are pretty much the same, that it is also your product. BUT, when I call up and review the manuals on Brookstones site for both products, they are entireley different.

I would assume that since your item is patented as is the name Bedfan, then it must be a new product for you but it is not shown on your site.

The new one on Brookstones site is white not black.

Thank your for the clarification. I will also call Brookstone tomorrow to ask them who manufactures the new item.

Patricia T. Callahan
Philadelphia, Pa
hobocallah@verizon.net

Exhibit J

Note: This form was not filed with the
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO THE INDENTURE, DATED AS OF OCTOBER 26, 2010 AMONG BROOKSTONE, INC., A DELAWARE CORPORATION, BROOKSTONE COMPANY, INC., THE GUARANTORS (AS DEFINED THEREIN) AND WELLS FARGO BANK, N.A., AS TRUSTEE

For the fiscal year ended
January 1, 2011

BROOKSTONE, INC.

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)	**One Innovation Way** **Merrimack, NH 03054** **603-880-9500**	**06-1182895** (I.R.S. Employer Identification No.)

Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed with the Securities Exchange Commission or posted on its website all reports required to be prepared pursuant to the Indenture, dated as of October 26, 2010, among the Registrant, Brookstone Company, Inc., each of the Guarantors and Wells Fargo Bank, N.A. as Trustee during the preceding 12 months (or for such shorter period that the registrant was required to prepare such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒(Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting stock held by non-affiliates is zero. The registrant is a privately held corporation.

The registrant had one share of common stock, par value $0.01, outstanding as of March 28, 2011.

Documents Incorporated By Reference: None

Exhibit K

BROOKSTONE, INC.

2010 FORM 10-K ANNUAL REPORT

Table of Contents

Forward-Looking Statements

This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers can identify these statements by forward-looking words such as "may," "could," "should," "would," "intend," "will," "expect," "anticipate," "believe," "estimate," "continue" or similar words. Readers should carefully review statements that contain these words because they discuss our future expectations, contain projections of our future results of operations or of our financial condition or state other "forward-looking" information. We caution investors that all such forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from any projected results or expectations that we discuss in this report. You should therefore carefully review the risk factors and uncertainties discussed in Item 1A entitled "Risk Factors," as well as those factors that are otherwise described from time to time in our reports posted on its website after this report. We undertake no obligation to update any forward-looking statements.

Unless the context requires otherwise, references in this Annual Report on Form 10-K to "we," "us," "our," "Brookstone" or "the Company" refer to Brookstone, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. ***Business.***

Brookstone is a leading nationwide specialty retailer. Our strategy is to identify and develop unique, innovative, Brookstone-branded products, and to procure unique products from other sources, and offer them for sale to customers via our proprietary distribution channels, which consist of our retail stores, internet website and catalogs. We also sell to select wholesale customers and to other retailers. Our products are intended to make life easier, better, more enjoyable or more fun. We offer approximately 5,300 Stock Keeping Units ("SKUs") at any given time on our web site *www.brookstone.com*, of which approximately 525 are available through our retail store locations under four main product categories: Entertainment, Wellness, Technology and Travel. Approximately 40% of our products are priced at $40.00 or less, although items in our stores range in price from less than $5.00 to approximately $5,000.00.

Our proprietary distribution channels as of January 1, 2011 include 307 Brookstone stores (including 48 airport-based stores and three outlet stores), our internet website and the Brookstone catalogs. Brookstone stores range from approximately 2,500 to 3,500 square feet, with approximately 525 active SKUs. Our stores are located primarily in many of the preeminent retail shopping malls around the country. Our airport-based stores generally range in size from approximately 600 to 2,000 square feet and carry approximately 250 to 400 SKUs. In addition to these full-year stores, we generally operate approximately 125 Brookstone seasonal stores per year, which are typically open during the winter holiday selling season. We also market directly to customers via Brookstone catalogs and via the internet at ***www.brookstone.com.*** We also sell to select wholesale customers and to other retailers. We employ a multi-channel marketing strategy to maximize synergies among our proprietary distribution channels and to cost effectively present a unified brand to the customer.

We believe our strength is identifying, developing and selling products that are functional in purpose and distinctive in quality and design. We believe our success is dependent to a large degree on our expertise in product development and our ability to introduce new or updated products in a timely manner. To maintain a fresh and appealing selection of products, we strive to replace or update approximately 40% of the items in our merchandising assortment every year. A significant portion of our sales are generated from Brookstone branded products which we source internationally through an efficient network of third party manufacturers and vendors. We own most of our proprietary product molds and also protect our intellectual property by obtaining patents on our products as appropriate. We believe that selling Brookstone branded products reinforces our franchise value and generates and strengthens customer loyalty.

Brookstone, Inc., which was founded in 1965 and incorporated in Delaware in 1986, is a holding company, the principal asset of which is the capital stock of Brookstone Company, Inc., a New Hampshire corporation that, along with its direct and indirect subsidiaries, operates Brookstone's business. Brookstone, Inc. is a privately held, indirect wholly-owned subsidiary of OSIM Brookstone Holdings, L.P. ("OBH LP"), the general partner of which is OSIM Brookstone Holdings, Inc. ("OBH GP") and the limited partners include OSIM International, Ltd. ("OSIM"), affiliates of J.W. Childs Equity Partners III, L.P. ("JWC") and Century Private Equity Holdings (S) Pte Ltd ("Century", and collectively, with OSIM and JWC, the "Sponsors").

Our Strategy

Our primary long-term goal is to be a leader in selling products that are functional in purpose and distinctive in quality and design. We discover, develop and distribute products that solve everyday problems in thoughtful ways. In stores, online and via mobile, we strive to be everywhere our customers want us to be. We use the latest technologies to provide the highest level of customer care. Our goal is to make every interaction a great experience for each customer.

Merchandising

We bring to market unique, high-quality and functional products in a variety of categories that we believe resonate with our customers and enhance their lives. The following lists Brookstone's four main product categories and key segments within these product categories:

Entertainment	**Wellness**	**Technology**	**Travel**
Games	Personal Care	Audio	Travel Accessories
Food & Wine	Massage Chairs	Gadgets	Mobile Charging
Outdoor	Bedding & Pillows	Headphones/Earbuds	Luggage
	Home Environment	Digital Media	Portable Technology

Every year we introduce new merchandise across a wide range of categories. In 2010, these products included: the Parrot AR Drone Quadricopter, the CandyMan, the Video Spy Pen, the uControl Cloud Force RC Helicopter, Biosense Pillows, the uAstro Massage Chair and the Boogie Board LCD Writing Tablet.

We have obtained a number of utility and design patents for our products. We convey the features and benefits of our merchandise through a variety of mediums, including in-store, catalog and internet marketing, attentive customer service and a public relations program that seeks to generate news media coverage of our most compelling and iconic products.

We seek to price our products to convey a strong quality-value message to our customers. Approximately 40% of our products are priced at $40.00 or less, although items in our stores range in price from less than $5.00 to approximately $5,000.00. We closely monitor gross-profit dollar contribution by SKU and adjust merchandise assortment, pricing and displays accordingly.

We believe that our success depends to a large degree upon our ability to introduce new or updated products in a timely manner. Our current policy is to strive to replace or update approximately 40% of the items in our merchandise assortment every year, thereby maintaining customer interest through the freshness of our product selections and further establishing Brookstone as a leader in identifying and offering high quality, functional products which are not widely available from other retailers. While the average sales life of our products is between one and three years, the sales life of certain products may be significantly longer or shorter.

Marketing

Our principal marketing vehicles are the Brookstone Internet website, www.brookstone.com, e-mails, social media activities, Brookstone catalogs, and Brookstone retail stores. Our open storefront design and window displays are designed to attract shoppers into our stores by highlighting products that are anticipated to be of particular interest to customers and are appropriate for the season. Both our Brookstone catalog and our website identify our retail store locations, and the stores advertise our website and supply customers with catalogs. We have a multi-channel marketing strategy that maximizes synergies among our proprietary distribution channels and cost effectively presents a unified brand to the customer.

Product Sourcing

We employ merchandise professionals who focus on developing and selecting new products that differentiate us in the marketplace and that meet our quality and profitability standards. These professionals also travel worldwide visiting trade shows, manufacturers and inventors in search of new products. We work through a dedicated sourcing office in Asia and utilize approximately 180 vendors and suppliers in the region. Our merchandise directors develop relationships with contract manufacturers and coordinate with our sourcing and quality control teams in Asia. We also own the manufacturing molds for most of our Brookstone branded products. Our sourcing network allows us to monitor and maintain quality standards throughout the development and manufacturing process and provides us with the flexibility to match manufacturing capacity with demand. Brookstone Labs, our in-house design group based in New Hampshire, helps translate the strategies of our merchandising professionals into a consistent and unique design esthetic. Through these efforts, we have obtained numerous utility and design patents.

When determining which products to introduce, we take into account the probable cost of the product relative to what we believe the product's appropriate selling price will be, as well as whether the product has the potential to be available through mass-merchant channels, thereby diluting the sense of uniqueness which we seek to convey to our customers. While the time between the approval of a new product and its introduction in the stores varies widely, the typical period is between three months and nine months. For products designed by us, the period from conception of the idea to introduction in the stores can be longer.

Retail Store Business

For the 52 weeks ended January 1, 2011 ("Fiscal 2010"), the Retail store business segment accounted for approximately 79% of the Company's net sales, as compared to 81% in our 2009 fiscal year ("Fiscal 2009") and 79% in our 2008 fiscal year ("Fiscal 2008"). The decrease in the Retail segment as a percentage of total net sales in 2010 is a result of an increase in the sales of the Direct Marketing segment, which was driven by increased catalog circulation and consumer response during the fiscal year. See Note 8 of our Consolidated Financial Statements for further quantitative details of the Retail segment.

The Brookstone Store. We design our stores to convey a distinctive appearance and interactive shopping experience to the customer. Recognizing the functional nature of many of our products, we strive to present our merchandise in a manner that will spark the interest of shoppers and encourage them to pick up sample products. At least one sample of each product is often displayed with an information card highlighting the features and benefits of the product in an easy-to-read format. Special signs and displays give prominence to selected products that we believe shoppers will find particularly appealing.

Seasonal Stores. Our seasonal stores are typically open during the winter holiday selling season. These include both kiosks positioned in common areas of shopping malls and other retail sites and temporary stores set up within vacant retail in-line space. These locations are designed to carry a limited line of our most popular, gift-oriented merchandise. The typical Brookstone kiosk is a temporary structure of approximately 180 square feet, which can carry approximately 120 SKUs. The typical temporary in-line store has approximately 1,000 square feet and is designed to carry up to approximately 170 SKUs. Both kiosks and temporary stores are built with reusable, portable and modular materials.

Store Operation and Training

We employ regional vice presidents, district managers and associate district managers to supervise our stores. Staffing of a typical store includes management, and approximately five to 15 full-time and part-time sales associates, depending upon the time of year. Store associates are trained to inform and assist customers in the features, benefits and operation of our merchandise. Store associates usually receive weekly product updates from our headquarters, which highlight both new and other selected products. We have developed incentive compensation programs for our retail store team that compensates store managers based on sales. District and regional managers are compensated on store profitability, among other factors.

Site Selection and Expansion

As of January 1, 2011, we operated 307 Brookstone stores in 42 states and Puerto Rico. Our stores are primarily located in high-traffic regional malls, as well as in central retail districts and multi-use specialty projects, such as Copley Square in Boston, The Venetian in Las Vegas and Mohegan Sun in Connecticut. We operate 48 stores in airport terminals throughout the country.

We strive to locate our stores in areas that attract large numbers of shoppers and reinforce our quality image. For our non-airport stores, we determine optimal store locations through careful analyses of local demographics, the store location within the mall or shopping district and lease economics. Our airport locations are selected based on enplanement data, the store location within the airport, as well as lease economics. We believe that we are able to negotiate favorable and flexible lease terms for our mall, airport, street-side locations as well as our seasonal stores because of our brand strength and our ability to offer consumers a unique product offering. Our non-airport Brookstone stores range from approximately 2,500 to 3,500 square feet, approximately 2,000 to 2,800 of which is selling space. Airport stores generally range in size from approximately 600 to 2,000 square feet and carry a narrower assortment of our products targeted specifically to the airport customer.

Where economically viable, we seek to open stores in existing markets where we can build on our name recognition and achieve certain operating economies of scale, and in new markets where management believes it can successfully transport our unique positioning and strategy. We opened seven Brookstone stores in Fiscal 2010, including five in airports; we did not open any stores in 2009; we opened 15 stores in Fiscal 2008, including six in airports; 14 stores in Fiscal 2007, including five stores in airports and 15 stores in Fiscal 2006, including five stores in airports and one outlet store. We plan to open a limited amount of stores in 2011. We continually monitor individual store profitability and will consider closing any stores that do not meet our performance criteria.

During the 2010 winter holiday season, we operated 152 seasonal stores (23 kiosks and 129 in-line), during 2009, 109 seasonal stores (31 kiosks and 78 in-line); during 2008, 95 seasonal stores (23 kiosks and 72 in-line); during 2007, 79 seasonal stores (30 kiosks and 49 in-line) and during 2006, 68 seasonal stores (28 kiosks and 40 in-line). We plan to operate a comparable number of seasonal stores during the 2011 winter holiday selling season based on the availability of acceptable sites. Use of seasonal stores also provides us with the ability to test retail sites during the period of the year when customer traffic and sales prospects are traditionally the greatest. In certain cases, seasonal stores may be operated at a mall where there is a Brookstone retail store.

Direct Marketing Business

In Fiscal 2010 the direct marketing segment accounted for approximately 21% of our net sales, in Fiscal 2009 19%, and in Fiscal 2008, 21%. The Direct Marketing segment increased as a percentage of total net sales in Fiscal 2010 primarily due to increases in revenue resulting from increased catalog circulation and consumer response during the fiscal year. Our Direct Marketing business includes the *www.brookstone.com* website, our *Brookstone* catalog as well as sales to corporate and wholesale customers. See Note 8 of our Consolidated Financial Statements for further quantitative details of the Direct Marketing segment.

The *Brookstone* catalog offers a selection of merchandise available on our website *www.brookstone.com* and in our retail stores. The largest mailings of the *Brookstone* catalog occur immediately before Father's Day and during the November and December winter holiday season, which coincide with our two busiest selling periods. We mail the *Brookstone* catalog to people with demographic profiles similar to those of our store customers.

Since 1996, we have operated an interactive internet website (*www.brookstone.com*) that features a complete offering of products available in our retail stores and in the Brookstone catalog. The website serves an important role in our integrated multi-channel strategy.

Distribution and Management Information Systems

We operate a single distribution center in Mexico, Missouri that is approximately 400,000 square feet. We also lease additional warehouse space as required.

We receive and distribute nearly all our inventory through the distribution center, which supports both our retail store and direct marketing distribution channels. We seek to maintain an inventory of products in the distribution center that will ensure a sufficient supply for sale to customers. Distributions to stores are made, at a minimum, on a weekly basis predominantly through United Parcel Service ("UPS") shipments. Distributions to direct marketing customers are made daily, predominantly through UPS. Additionally, certain of our products are shipped to customers directly by vendors.

The distribution center also houses our Customer Care Center. We utilize an outside Customer Care Center to handle overflow order calls and to provide coverage during off-peak hours.

Efficient and effective logistics management is a primary focus for us throughout the supply chain. We use distribution control software and a sales and inventory management system. These systems, along with the store-based point-of-sale system and our direct marketing management system, are designed to provide daily tracking of item activity and availability to our inventory allocation and distribution teams. Additionally, we use a client-based system to forecast sales and plan distribution requirements. This system is designed to generate weekly sales forecasts by SKU and by selling location to determine replenishment requirements and to recommend optimal inventory purchases to the merchandise procurement team.

Headquarters Facility

The Company maintains a 100,000 square-foot headquarters building in Merrimack, New Hampshire. We believe the headquarters building will accommodate our growth for the foreseeable future.

Vendors

We currently conduct business with approximately 475 vendors, of which approximately 180 are located overseas. In Fiscal 2010, no single vendor supplied products representing more than 10% of net sales, with our 10 largest vendors representing approximately 34% of net sales. Our operating results could be adversely affected if any of our 10 largest vendors were unable to continue to fill our orders or failed to fill those orders in a timely manner.

Seasonality

Our sales in the second fiscal quarter are generally higher than sales during the first and third quarters as a result of sales in connection with Father's Day. The fourth fiscal quarter, which includes the winter holiday selling season, has historically produced a disproportionate amount of our net sales and substantially all of our income from operations.

Competition

Competition is intense among specialty retailers, traditional department stores and mass-merchant discount stores in regional shopping malls and other high-traffic retail locations. We strive to compete for customers principally on the basis of product assortment, convenience, customer service, attractiveness and the price of our retail stores. We also compete against other retailers and other businesses for suitable real estate locations and qualified management personnel. Because of the highly seasonal nature of our business, competitive factors are most important during the winter holiday selling season.

We seek to differentiate our company from department and mass-merchant discount stores—which offer a broader assortment of consumer products—by providing a concentrated selection of functional, hard-to-find products of distinctive quality and design. We also believe that our success is dependent on our ability to offer unique and functional products that are distinctive from the products offered by other mall-based specialty retailers and specialty companies that primarily or exclusively offer their products through direct marketing channels.

Our direct marketing business competes with other direct marketing retailers offering similar products. The direct marketing industry has become increasingly competitive in recent years.

Environmental Matters

Compliance with federal, state and local environmental regulations has not had, nor is it reasonably expected to have, any material effect on our capital expenditures, earnings or competitive position based on information and circumstances known to us at this time.

Employees

As of January 1, 2011, we had 1,171 regular full-time associates, of which 717 were salaried and 454 were hourly. As of such date, we also employed an additional 1,537 part-time and 90 temporary associates. We regularly supplement our workforce with temporary workers, especially in the fourth quarter of each year to service increased customer traffic during the peak winter holiday selling season. We believe that the success of our business depends, in part, on our ability to attract and retain qualified personnel.

Trademarks and Patents

Our "Brookstone" trademark has been registered in various product classifications with the United States Patent and Trademark Office and in several foreign countries. In addition, we have applications to register the "Brookstone" trademark pending in several foreign countries. When appropriate, we seek to register various other trademarks in jurisdictions in which we conduct our business.

We seek patents to establish and protect our proprietary rights relating to the technologies and products we have developed, are in the process of developing, or that we may develop in the future. We have taken and will continue, in the future, to take steps to broaden and enhance our patent protection for our proprietary products.

Available Information

On April 23, 2007, we filed with the Securities and Exchange Commission ("SEC") a Certification on Form 15, which suspended the Company's duty under Section 15(d) of the Securities Exchange Act of 1934 (the "Act") to file with the SEC reports required by Section 13(d) of the Act.

Pursuant to the indenture under which the Company's secured notes were issued, the Company makes its Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports available, free of charge, under the "Investor Relations" section of the Company's website, www.brookstone.com.

The Code of Ethics for the Company's board members, senior executives and employees can be found at the Company's website, www.brookstone.com. Please note that references to the Company's website at www.brookstone.com are for informational purposes only. Unless otherwise specified, information contained on the Company's website is not part of this Annual Report on Form 10-K.

ITEM 1A. ***Risk Factors***

You should carefully consider the following risks regarding our Company. These and other risks could materially and adversely affect our business, results of operations or financial condition. You should also refer to the other information contained or incorporated by reference in this report.

Our results of operations are highly dependent on our sales during the winter holiday season and the Father's Day selling season.

A high percentage of our annual sales and substantially all of our annual income from operations have historically been attributable to the winter holiday selling season. In addition, our sales in our second fiscal quarter are generally higher than sales during the first and third quarters as a result of sales in connection with Father's Day. Like many retailers, we must make merchandising and inventory decisions for the winter holiday selling season and the Father's Day selling season well in advance of actual sales. Accordingly, unfavorable economic conditions, weather conditions and/or deviations from projected demand for products during these seasons could have a material adverse effect on our results of operations for the entire fiscal year. While we have implemented certain measures to improve our results during periods outside of the winter holiday selling season and the Father's Day selling season, such as the opening of stores in airports, we expect that our annual results of operations will remain dependent on our performance during the winter holiday selling season, and to a lesser extent, on our performance during the Father's Day selling season.

Our ability to introduce innovative merchandise and updated products may impact our sales and profitability.

Successful implementation of our merchandising strategy depends on our ability to introduce in a timely manner new or updated products, which are affordable, functional in purpose, distinctive in quality and design and not widely available from other retailers. We expect that the popularity of a product or group of related products of the types we typically offer will be limited in time due to the continual changing nature of consumer preferences. In addition, if our products or substitutes for such products become widely available from other retailers (including mass-retailers, department stores or discount retailers), demand for these products from us may decline or we may be required to reduce our retail prices. If a competitor of our Company were to offer for sale new and innovative products that we did not offer for sale, customer demand for our goods could decline. A decline in the demand for, or a reduction in the retail prices of, our important existing products can cause declines in our sales and profitability if we are unable to introduce in a timely fashion new or replacement products of similar sales levels and profitability. Even with innovative merchandising, there remains a risk that the products will not sell at planned levels.

Changes in consumer preferences could adversely affect our business.

Our business in general is subject to changing consumer and industry trends, demands and preferences. Our continued success depends largely on the introduction and acceptance by our customers of new product lines and improvements to existing product lines that respond to such trends, demands and preferences. Trends within the industry change often and our failure to anticipate, identify or react to changes in these trends could lead to, among other things, rejection of a new product line and reduced demand and price reductions for our products, and could materially adversely affect us. In addition, we may not have sufficient resources to make necessary investments or we may be unable to make the advances necessary to develop new products or improve our existing products to maintain our market position.

We are exposed to product liability claims and intellectual property infringement claims.

Although we seek to maintain quality standards at a high level, our products may have defects that could result in high rates of return, recalls or product liability claims. Such returns, recalls or claims could adversely affect profitability. Third parties may assert claims for patent or trademark infringement, or violation of other proprietary rights. If successful, such claims could result in the inability to sell a particular product or, in the case of a settlement or royalty, adversely impact the profitability of the product and could have a material adverse effect on our results of operations. Such claims could entail significant legal expenses even if they are ultimately resolved in our favor.

Our ability to protect our proprietary technology is uncertain and our inability to protect these rights could impair our competitive advantage and cause us to incur substantial expense to enforce our rights.

We actively pursue and protect, domestically and internationally, our corporate trademarks and other intellectual property rights to ensure that the quality of our brand and the value of our proprietary rights are maintained. We seek patents to establish and protect our proprietary rights relating to the technologies and products we have developed, are in the process of developing, or that we may develop in the future. We have taken and will continue, in the future, to take steps to broaden and enhance our patent protection for our proprietary products.

We cannot assure you that a third party will not infringe upon or design around any patent issued or licensed to us, or that these patents will otherwise be commercially viable. Litigation to establish the validity of patents, to defend against patent infringement claims of others and to assert patent infringement claims against others can be expensive and time-consuming even if the outcome is favorable to us. If the outcome is unfavorable to us, we may be required to pay damages, stop production and sales of infringing products or be subject to increased competition from similar products. We have taken and may, in the future, take steps to enhance our patent protection, but we cannot assure you that these steps will be successful or that, if unsuccessful, our patent protection will be adequate.

We also rely upon trade secrets, know-how, continuing technological innovations and licensing opportunities to develop and maintain our competitive position. We attempt to protect our proprietary technology in large part by confidentiality agreements with our employees, consultants and other contractors. We cannot assure you, however, that these agreements will not be breached, that we will have adequate remedies for any breach or that competitors will not know of or independently discover our trade secrets.

Existing or future governmental regulations and legal uncertainties, including those relating to consumer protection, could have a material impact on our business or results from operations.

Our Company and its operations are subject to numerous laws, regulations and governmental policies and procedures on the international, federal, state and local levels, including, but not limited to, laws, regulations, policies, procedures, rulings, interpretations, or other governmental or quasi-governmental practices, regarding corporate governance, commerce, customs, international trade, labor and employment, importation tax, securities, accounting, and other laws and regulations which are, or are found to be, applicable to us. Changes to this legal and regulatory framework, or to any individual law or regulation, or governmental policy or procedure to which we are now, or are determined to be in the future, subject, could have a material impact on our business or results from operations.

In addition, we are subject to federal, state, local and foreign consumer protection laws and regulations, including laws prohibiting unfair and deceptive trade practices. The violation of these laws may result in actions by governmental agencies or give rise to private rights of action, including class action lawsuits. If any of these claims are successful, it could materially adversely affect our business. In addition, any amendments to these regulations may force us to change certain aspects of our business, which may materially adversely affect our results of operations.

The success of our business is dependent on our ability to open new stores and temporary locations.

Our ability to open new stores, including airport locations, and to operate our temporary location program successfully depends upon, among other things, our capital resources and our ability to locate suitable sites, negotiate favorable rents and other lease terms and implement our operational strategy. In addition, because our store designs must evolve over time so that we may effectively compete for customers in top malls, airports and other retail locations, actual store-related capital expenditures may vary from historical levels due to such factors as the scope of remodeling projects, general increases in the costs of labor and materials and unusual product display requirements. Additionally, any consolidation and/or mergers involving any of the larger landlords or mall operators may negatively impact our bargaining position when negotiating new leases due to decreased competition among landlords and mall operators.

If our leases terminate or are not renewed upon expiration, we may not be able to find comparable locations.

All of our retail stores are leased. There can be no assurance that upon termination or expiration of these leases we will be able to renew them on acceptable terms, or at all. Any consolidation and/or mergers involving any of the larger landlords or mall operators may negatively impact our bargaining position when negotiating lease renewals and lease extensions due to decreased competition among landlords and mall operators.

We operate in a very competitive business environment.

The U.S. retail industry is highly competitive. We compete against large international and national players, as well as many regional competitors. Some of our principal competitors may be less highly leveraged than we are and have greater financial, marketing and distribution resources than we do. Accordingly, these competitors may be better able to withstand changes in conditions within the industries in which we operate, and may have significantly greater operating and financial flexibility than we do. These competitors could increase their market share and cause us to lose business from our customers.

As a result of this competitive environment, we face and will continue to face pressure on sales prices of our products from competitors. As a result of these pricing pressures, we may in the future experience reductions in our profit margins, revenues or sales. In addition, we will need to invest continuously in customer service and support, marketing and our sales force. We cannot assure you that we will be able to maintain or increase either current market share of our products or our price and operating margins successfully in the future.

Our business will suffer if certain key officers or employees discontinue employment with us or if we are unable to recruit and retain highly skilled personnel.

The success of our business is materially dependent upon the skills, experience and efforts of our executive officers and certain of our other members of senior management and employees. We have recently completed a significant restructuring of our executive management team and each of our executive officers has joined Brookstone or assumed his or her present position since October 2009. The loss of one or more members of senior management or other key personnel could have a material adverse effect on our business, operating results or financial condition. Our business also depends on our ability to continue to recruit, train and retain skilled employees, particularly highly-skilled and motivated, full-time and temporary associates with appropriate retail experience to work in management and in our stores and temporary locations. Further, because of the limited time periods during which temporary locations are open each year, the availability of suitable associates for such locations is limited. The market for these resources is highly competitive. The loss of the services of any key personnel, or our inability to hire new personnel with the requisite skills, could impair our ability to develop new products or enhance existing products, sell products to our customers or manage our business effectively.

Our business may be negatively impacted by poor economic conditions including the worldwide financial crisis.

Our business has been and may in the future be impacted by economic conditions that tend to reduce the level of discretionary consumer spending. These conditions include high interest rates, inflation, unemployment, stock market uncertainty and low consumer confidence. A continued sustained economic downturn would likely have an effect on our results of operations, cash flows and financial condition.

Disruptions in the capital and credit markets, as experienced during 2008 and 2009, could adversely affect our ability to draw on our revolving credit facility. The Company’s access to funds under our credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments to the Company if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Company and other borrowers within a short period of time. Longer-term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect the Company's access to liquidity needed for our business. Any disruption could require the Company to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such disruptions may also impact the capital needs of our vendors, which in turn, could affect our results of operations, cash flows and financial condition.

Computer systems or telephone services failures could have a material adverse effect on us.

Our success is dependent upon our computer hardware and software systems and our telecommunications systems. The internet portion of the direct marketing segment relies heavily on the proper operation of these systems, as well as on the continued operation of the external components of the internet, to market goods and to receive and process orders. The retail segment utilizes point of sale computers located in the stores. Our headquarters and distribution center rely on a wide variety of applications to carry on the business. These systems are subject to damage from natural disasters, power failures, hardware and software failures, security breaches, including breaches involving customer credit card information, network failures, computer viruses and operator negligence. Should one of these systems fail or be inadequate to support future growth, our results could be materially and adversely impacted. We are also dependent on certain vendors of our key information systems. Should these vendors experience financial difficulties, the support of these key systems could be negatively impacted.

Our business may be negatively impacted and we may be liable if third parties misappropriate proprietary information of our customers and breach our security systems.

Any security breach or breach of any confidentiality agreement may expose us to risks of loss, litigation and liability and could adversely affect our operations. If third parties are able to penetrate our network security or otherwise misappropriate the personal information or credit card information of our customers or if third parties gain unauthorized and improper access to such information, we could be subject to liability. This liability could include claims for unauthorized purchases with credit card information, impersonation or other similar fraud claims. They could also include claims for other misuses of personal information, including unauthorized marketing purposes. These claims could result in litigation. Liability for misappropriation of this information could be significant. Furthermore, if any of our confidentiality agreements were to be breached by the other party or if any of our trade secrets were to be misappropriated and any such confidential or proprietary information and/or trade secret was able to be used in order to compete with us, it could have a material adverse impact on our business and may result in litigation.

Disruptions at our distribution center, including potential labor disputes and work stoppages, could significantly increase our distribution costs and therefore adversely affect our financial performance.

We conduct the majority of our distribution operations and a significant portion of our direct marketing processing functions from our facility in Mexico, Missouri. A disruption in operations at the distribution center may significantly increase our distribution costs and prevent goods from flowing to stores and customers. We use third-party carriers for our product shipments. The distribution of products is vulnerable to disruption from employee strikes and labor unrest, in particular, potential strikes by UPS employees and/or longshoremen, which could increase costs and impede or restrict the supply of goods.

The success of our direct marketing operations is dependent on various factors, including the receipt of adequate customer response to mailings and rising paper and postal rates.

The success of our catalog operation hinges on the achievement of adequate response rates to mailings, merchandising and catalog presentation that appeal to mail order customers and the expansion of the potential customer base in a cost-effective manner. Lack of consumer response to particular catalog mailings could increase the costs and decrease the profitability of the direct marketing segment. Significant costs relative to paper, postage and inventory are associated with the direct marketing segment. Rising paper, printing and postal rates can negatively impact the business and the failure to accurately predict consumer response or to achieve the optimum cost-effective level of catalog circulation could adversely affect revenues and growth of the business. In addition, terrorism perpetrated via the U.S. mail or threats thereof could have a material adverse impact on our catalog business.

Because we depend on a core group of significant vendors, our operating results may be adversely affected by the loss of these key vendors or if these key vendors are unable to continue to fill our orders for their products.

Because we strive to sell primarily unique merchandise, adequate substitutes for certain key products may not be widely available in the marketplace. There can be no assurance that vendor manufacturing or distribution problems, or the loss of our exclusive rights to distribute important products, would not have a material adverse effect on our performance. In Fiscal 2010, no single vendor supplied products representing more than 10% of net sales, with our 10 largest vendors representing approximately 34% of net sales. Our operating results could be adversely affected if any of our 10 largest vendors were unable to continue to fill our orders for such vendor's products or failed to fill those orders in a timely way.

Our dependence on foreign vendors subjects us to possible delays in receipt of merchandise and to the risks involved in foreign operations.

We are purchasing an increasing portion of our merchandise from foreign vendors, including, but not limited to, vendors located in Asia. Although we expect this strategy to increase profit margins for these products, our reliance on such vendors subjects us to associated legal, social, political and economic risks, including, but not limited to, import, licensing and trade restrictions. In particular, trade policy and relations between the United States and China have become the subject of vigorous political debate, and changes in national trade policy or practices, including currency convertibility and exchange rates, tariffs, taxes or other retaliatory action could have a material adverse impact on our operations and results. There is continued political pressure on China to permit the exchange rate of its currency, the Chinese Yuan ("CNY"), to appreciate more rapidly to trade-weighted levels against the U.S. Dollar ("USD"). Although substantially all of our supply contracts in China are denominated in USD, our suppliers could attempt to renegotiate these contracts and increase costs to us if the CNY/USD exchange rate were to change. We are also subject to the risk that the manufacturers abroad who ultimately manufacture our products may employ labor practices that are not consistent with acceptable practices in the United States. In any such event, we could be hurt by negative publicity with respect to those practices and, in some cases, face liability for those practices.

Additionally, we are highly dependent upon steamship lines and air cargo companies to transport this merchandise from overseas to the United States and as such, we remain vulnerable to equipment shortages and labor stoppage, as well as terror alerts and acts of terrorism, both at the ports and countries of origins and in the United States. In such a situation, we could face inventory shortages in certain products, increased transportation costs and increased interest expense as a result of moving inventory receipts forward.

The expansion of our business into international markets would expose us to certain risks.

We currently conduct business in Canada and may expand the Brookstone concept into certain other international markets. We cannot assure you that we will maintain operations internationally or that any such operations will be successful. Any international operations we establish will be subject to risks similar to those affecting our existing operations in the United States in addition to a number of other risks, including:

- political and economic instability in foreign markets;
- inconsistent product regulation by foreign agencies or governments;
- imposition of product tariffs and burdens;
- cost of complying with a wide variety of international and U.S. import/export laws and regulatory requirements;
- foreign currency fluctuations;
- difficulty in enforcing intellectual property rights; and
- language and other cultural barriers.

We currently do not plan to acquire political risk insurance in the countries in which we will conduct business. While we will carefully consider the risks in countries where we are evaluating investment opportunities, we cannot assure you that we will not be materially adversely affected as a result of such risks.

Interruptions in deliveries of raw materials and/or increased prices for raw materials used in our products could adversely affect our profitability, margins and revenues.

The raw materials used to manufacture the products we sell are subject to availability constraints and price volatility caused by high demand for such products and their components, currency fluctuations, factory capacity, competition for suppliers and factories, weather, supply conditions, government regulations, economic climate and other unpredictable factors, which could result in increased costs. In addition, our transportation and labor costs are subject to price volatility caused by the price of oil, supply of labor, governmental regulations, economic climate, currency fluctuations and other unpredictable factors. Increases in demand for, or the price of, raw materials, distribution services and labor could have a material adverse effect on our business, financial condition and results of operations. Since we rely significantly on foreign sources of raw materials and production, we are at risk from a variety of factors that could leave us with inadequate or excess inventories, resulting in decreased profits or losses.

Increases in petroleum prices may increase our transportation and shipping costs and the costs of certain of our products, which could lead to a decrease in sales.

Increases in petroleum prices could increase our costs for transportation and shipping and also could cause increases in the cost of goods that are manufactured from plastics and other petroleum-based products. In addition, increased petroleum prices may lead to increased airfares, which could cause a decrease in sales.

Health epidemics, terror alerts, terrorist attacks and other acts of violence or war may adversely affect our sales.

The United States federal government terror alerts have a negative effect on retail sales as they cause a disruption of consumer shopping patterns. Our stores are located predominantly in large public areas such as malls and airports, which experience a significant decrease in traffic during periods of high alert. Our stores are dependent on pedestrian traffic for sales volume. Terror alerts and acts of terrorism that affect such traffic could have a materially adverse impact on sales. Terror alerts related to acts of terrorism perpetrated via the U.S. mail could also have a material adverse impact on our catalog business.

A significant portion of our sales is generated at our airport store locations. Additionally, we market a wide range of products attractive to the traveling public. A decrease in air travel due to war, terrorism, health epidemics, cost increases to the consumer, or the consolidation of the airline industry caused by merger and bankruptcy and the consequent reduction of flights and available destinations could negatively affect the volume of business at our airport store locations and could depress the sales of travel-related merchandise.

The outbreak of unexpected disease threats such as influenza, and insect-borne diseases such as encephalitis and the West Nile virus could negatively impact our sales. Travel restrictions to certain parts of the world could impair our activities with some of our vendors that could result in product shortages and could slow new product development. Additionally, any reduction in travel could depress sales at our airport locations and reduce sales of our travel-related merchandise. Fear of contagion could cause a drop in traffic at all of our store locations with a consequent drop in sales.

Extreme weather conditions may negatively impact our business, financial condition and results of operations.

Extreme weather conditions in regions in which we source our products or the areas in which our stores are located could have a material adverse effect on our business, financial condition and results of operations. Major natural catastrophes such as tsunamis, hurricanes, tornadoes and earthquakes could adversely affect our business in a number of ways, including but not limited to, store closures, reduced sales, performance delays, product shortages and increased costs, all of which are beyond our control and cannot be anticipated. Also, heavy snowfall or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions. These prolonged unseasonable weather conditions could adversely affect our business, financial condition and results of operations.

Our Sponsors' interests may conflict with the interests of other security holders of the Company.

The Sponsors and their affiliates and designees indirectly collectively beneficially own approximately 96.8% of our outstanding voting securities. As a result, our Sponsors are collectively in a position to control all matters affecting us, including decisions regarding extraordinary business transactions, fundamental corporate transactions, appointment of members to our management, election of directors and our corporate and management policies.

The interests of our Sponsors could conflict with the interests of other security holders of the Company. These potential conflicts could arise, for example, if we encounter financial difficulties or are unable to pay our debts as they mature. Our Sponsors may also have an interest in pursuing acquisitions, divestitures, financings or other transactions, including dividend payments to the holders of our equity that in their judgment could enhance their equity investments, even though such transactions might involve risks to other security holders of the Company.

Our substantial indebtedness could adversely affect our financial health.

We currently have and will continue to have a significant amount of indebtedness. As of January 1, 2011, we had total net indebtedness of $139.8 million (face value) (of which $135.5 million consisted of Senior Notes and the balance consisted of other debt).

Our substantial indebtedness could have important consequences to our investors. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the senior secured notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the indenture for the senior secured notes and our senior secured credit facility contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default, which if not cured or waived, could result in the acceleration of all of our debts and possible action against any collateral securing such indebtedness.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and research and development efforts will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our senior secured credit facility in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs.

Following the Company's previously reported acquisition, on October 26, 2010, of $160,076,000 principal amount of its 12% Second Lien Senior Secured Notes due 2012 that were tendered in response to the Company's offer to acquire its 2012 Notes for cash (subject to proration) or in exchange for 13% Second Lien Senior Secured Notes due 2014, there remains outstanding $9,924,000 of 12% Unsecured Notes due 2012. We cannot assure you that we will be able to pay or refinance any of our indebtedness, including the remaining 12% Unsecured Notes due 2012 on commercially reasonable terms or at all.

If we are unable to satisfy regulatory requirements relating to internal controls over financial reporting, our business could suffer.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, both our reputation in the marketplace and our financial results could suffer. We have spent considerable resources reviewing and implementing improvements to our internal controls. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause our investors to lose confidence in the accuracy of our reported financial information.

ITEM 1B. *Unresolved Staff Comments.*

Not applicable.

ITEM 2. ***Properties.***

We lease all of our retail stores. New non-airport retail store leases usually have an initial term of 12 years and airport locations typically have an initial term of eight years. As of January 1, 2011, the unexpired terms under our then existing store leases averaged approximately 4.8 years. Store leases may permit us to terminate the lease after approximately five years if the store does not achieve specified levels of sales. In most leases, we pay a minimum fixed rent plus a contingent rent based upon net sales of the store in excess of a certain threshold amount. The following chart describes the number of store leases that will expire in the periods indicated:

YEAR	LEASES EXPIRING
2011	48
2012	37
2013	59
2014	18
2015	18
2016 and thereafter	122

The space for a seasonal store is leased only for the period during which the temporary location will be operating. We generally pay a minimum fixed rent for each temporary location plus a contingent rent based upon net sales in excess of a certain threshold.

We operate a single 400,000 square foot distribution facility located in Mexico, Missouri under a capital lease obligation. The term of the lease extends through March 2024 and requires payments that bear interest at the prime rate as published from time to time in *The Wall Street Journal* (see Note 9 to the accompanying Consolidated Financial Statements).

We own a 100,000 square-foot headquarters building in Merrimack, New Hampshire, which is subject to a real estate loan agreement with a ten-year term that matures in August 2014 (see Note 9 to the accompanying Consolidated Financial Statements). We believe this headquarters building will accommodate our growth for the foreseeable future.

ITEM 3. ***Legal Proceedings.***

As of January 1, 2011, the end of the 2010 fiscal year, we were subject to certain legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. In the opinion of management, we do not have any potential liability related to any current legal proceedings and claims that would individually or in the aggregate have a material adverse effect on our financial condition or operating results. However, the results of legal proceedings cannot be predicted with certainty. Should we fail to prevail in any of these legal matters or should several of these legal matters be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

ITEM 4. (***Removed and Reserved).***

PART II

ITEM 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of the date of this filing, we had one share of common stock outstanding, which is held by Brookstone Holdings Corp.

Our senior secured credit facility and the indenture governing our second lien senior secured notes impose restrictions on our ability to pay dividends. See Note 9 to the accompanying Consolidated Financial Statements of this Annual Report on Form 10-K for a description of restrictions on our ability to pay dividends.

ITEM 6. ***Selected Financial Data.***

The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in the Annual Report on Form 10-K.

Brookstone, Inc.
Selected Financial Data
(In thousands, except operating data)

	Fiscal year				
	2010	2009	2008 (53-weeks)	2007	2006
Income Statement Data:					
Net sales	$468,191	$430,258	$496,745	$562,835	$ 511,914
Cost of sales	319,254	293,733	355,599	360,793	333,979
Gross profit	148,937	136,525	141,146	202,042	177,935
Selling, general and administrative expenses	144,216	129,857	151,582	161,200	147,368
Goodwill impairment	---	---	89,790	---	---
Intangible asset impairment	---	---	24,000	938	---
Long-lived asset impairment	---	2,587	5,181	---	---
Income (loss) from operations	4,721	4,081	(129,407)	39,904	30,567
Loss on early extinguishment of debt	---	---	---	506	---
Interest expense, net	23,808	24,229	24,158	25,711	25,389
Income (loss) before taxes and discontinued operations	(19,087)	(20,148)	(153,565)	13,687	5,178
Provision (benefit) for income taxes	481	(12,377)	(6,246)	5,610	1,934
Discontinued operations, net of tax	---	---	---	(337)	(479)
Consolidated net income (loss)	$ (19,568)	$ (7,771)	$ (147,319)	$ 7,740	$ 2,765
Less: Net income attributable to noncontrolling interests (1)	899	545	983	1,320	1,133
Net income (loss) attributable to Brookstone	$ (20,467)	$ (8,316)	$ (148,302)	$ 6,420	$ 1,632
Operating Data: (Unaudited)					
Increase (decrease) in same store sales (2)	6.7%	(7.6%)	(14.2%)	5.0%	6.6%
Net sales per square foot of selling space (3)	$ 469	$ 438	$ 471	$ 567	$ 540
Number of stores:					
Beginning of period	307	314	319	311	305
Opened during period	7	---	15	14	15
Closed during period	7	7	20	6	9
End of period	307	307	314	319	311
Number of winter holiday seasonal stores	152	109	95	79	68
Balance Sheet Data (at period end):					
Total assets	$ 401,189	$ 412,200	$ 410,598	$ 601,035	$ 600,378
Long-term debt, excluding Concession on 2010 Note Exchange	138,488	173,468	174,089	174,777	190,253
Total Brookstone Shareholder's equity	112,072	111,905	117,457	266,059	263,895

(1) Noncontrolling interests represent the ownership interest belonging to the Company's joint venture partners in various airport locations, which are operated under various joint venture arrangements with respect to each city. All of these joint venture entities are consolidated in the Company's financial statements with the net income attributable to the non controlling interests shown separately on the Company's consolidated statement of income.

(2) For financial reporting purposes, the Company considers all retail stores "Same Stores" when the retail locations have been open for an entire prior fiscal year and such store will remain in the "same store" base unless it closes permanently. Retail locations that were remodeled or relocated, that remained operational during this time, are not removed from this calculation. The fifty-two week Fiscal 2009 results compare to the fifty-two week period of Fiscal 2008 ended December 27, 2008. The fifty-two week period of Fiscal 2008 ended December 27, 2008 results compare to the full fifty-two week results of Fiscal 2007. The fifty-two week Fiscal 2006 results compare to the forty-eight week period of Fiscal 2005 ended December 31, 2005. Same store sales for the fifty-two week period ended December 30, 2006 increased 1.8% as compared to the comparable fifty-two week period ended December 31, 2005.

(3) Net sales per square foot of selling space dollar amount is calculated using net sales generated for stores open for the entire fiscal period (including remodeled, relocated or expanded stores) divided by the square feet of selling space of such stores. Selling space does not include stock rooms. Net sales per square foot of selling space for 2008 are for the fifty-two week period ended December 27, 2008 (excludes the 53rd week of sales for comparative purposes). Net sales per square foot of selling space was $540 during the fifty-two week period ended December 30, 2006 as compared to $508 during the forty-eight week period ended December 31, 2005.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Forward-Looking Statements

This Annual Report on Form 10-K and, in particular, this Management's Discussion and Analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers can identify these statements by forward-looking words such as "may," "could," "should," "would," "intend," "will," "expect," "anticipate," "believe," "estimate," "continue" or similar words. Readers should carefully review statements that contain these words because they discuss our future expectations, contain projections of our future results of operations or of our financial condition or state other "forward-looking" information. We caution investors that all such forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from any projected results or expectations that we discuss in this report. You should therefore carefully review the risk factors and uncertainties discussed in Item 1A entitled "Risk Factors," as well as those factors that are otherwise described from time to time in Brookstone's reports posted on its website after this report. We undertake no obligation to update any forward-looking statements.

General

Founded in 1965, Brookstone is a leading nationwide specialty retailer. Our strategy is to develop unique, innovative, Brookstone-branded products, to procure unique products from other sources, and offer them for sale to customers via our proprietary distribution channels, consisting of our retail stores, our internet website and our catalogs. Our products are intended to make some aspect of a customer's life easier, better, more enjoyable or more fun.

The Company operates in two reportable segments based on its two distinct distribution channels; Retail and Direct Marketing. The Retail segment is comprised of all full-year stores in addition to all temporary stores and kiosks. Retail product distribution is conducted primarily through the store locations. The Direct Marketing segment is comprised of the *Brookstone* catalog and products promoted through our internet website, www.brookstone.com, and sales to corporate and wholesale customers. Direct Marketing product distribution is primarily conducted through the Company's distribution center located in Mexico, Missouri and by its vendors.

The Company's fiscal year end is the 52 or 53 weeks ending on the Saturday closest to December 31. Fiscal 2010 consisted of the 52 weeks ended January 1, 2011, Fiscal 2009 consisted of the 52 weeks ended January 2, 2010, and Fiscal 2008 consisted of the 53 weeks ended January 3, 2009. In order to enhance comparability between Fiscal 2008 and other fiscal years, certain operational measures for Fiscal 2008 are accompanied by a presentation of such measures after removing the effect of the 53rd week.

This Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") is intended to provide information to assist you in better understanding our business. We recommend that you read this MD&A in conjunction with our Consolidated Financial Statements and the Notes to these statements. The purposes of this MD&A include providing to the reader the perspectives of management as we view the business and providing you with insights that are not necessarily obvious or clear from reading our Consolidated Financial Statements (including Notes) alone.

Results of Operations

Overview – For the 52-week period ended January 1, 2011, Brookstone reported total net sales of $468.2 million, an 8.8% increase from the 52-week period ended January 2, 2010. This increase in net sales was driven by an increase in same-store sales of 6.7%, and an increase in the Direct Marketing segment of 17.7%.

We are encouraged by our improving top line results. The fourth quarter of 2010 marks our fifth consecutive quarter of same-store sales increases. This positive trend reflects an exciting product assortment and improved selling efforts. We believe this progress, along with our successful 2010 capital restructuring, positions Brookstone favorably for 2011.

For the 52-week period ended January 1, 2011, Brookstone reported income from operations of $4.7 million, compared to income from operations of $4.1 million for the 52-week period ended January 2, 2010.

Our inventories at the end of the year increased approximately $9.6 million or 11.1% from the same period last year. Our stock levels are satisfactory and we believe the quality of our inventory on the whole is good. We ended the year with approximately $32.1 million in cash as compared to $31.8 million in cash at the end of 2009, no cash borrowings and approximately $51.1 million of availability under our revolving credit facility.

Operating results as a percentage of net sales - The Company has provided the following summary of its operating results as we have incorporated this information into the discussion below in order to assist the reader in understanding the Company's results of operations on a comparative basis and in recognizing underlying trends.

Brookstone, Inc.
Consolidated Results of Operations
(In thousands, except percentage data)

	Fiscal Year					
	2010		**2009**		**2008 (53-weeks)**	
	Amount	**% of net sales**	**Amount**	**% of net sales**	**Amount**	**% of net sales**
Revenues, net						
Retail segment	$ 369,880	79.0%	$ 346,746	80.6%	$391,699	78.9%
Direct segment	98,311	21.0	83,512	19.4	105,046	21.1
Total revenues	468,191	100.0	430,258	100.0	496,745	100.0
Costs and expenses:						
Cost of sales	319,254	68.2	293,733	68.3	355,599	71.6
Gross profit	148,937	31.8	136,525	31.7	141,146	28.4
Selling, general and administrative expenses	144,216	30.8	129,857	30.2	151,582	30.5
Goodwill impairment	---	---	---	---	89,790	18.1
Intangible asset impairment	---	---	---	---	24,000	4.8
Long-lived asset impairment	---	---	2,587	0.6	5,181	1.0
Income (loss) from operations	4,721	1.0	4,081	0.9	(129,407)	(26.0)
Interest expense, net	23,808	5.1	24,229	5.6	24,158	4.9
Loss before income taxes	(19,087)	(4.1)	(20,148)	(4.7)	(153,565)	(30.9)
Income tax provision (benefit)	481	0.1	(12,377)	(2.9)	(6,246)	(1.3)
Consolidated net loss	(19,568)	(4.2)	(7,771)	(1.8)	(147,319)	(29.6)
Less: Net income attributable to noncontrolling interests	899	0.2	545	0.1	983	0.2
Net loss attributable to Brookstone	$ (20,467)	(4.4)%	$ (8,316)	(1.9)%	$ (148,302)	(29.8)%

Fifty-two weeks ended January 1, 2011 compared with Fifty-two weeks ended January 2, 2010

Net sales – For the 52-week period ended January 1, 2011, Brookstone reported total net sales of $468.2 million, an 8.8% increase from the 52-week period ended January 2, 2010. Same-store sales for the 52-week period ended January 1, 2011 increased 6.7% as compared to the 52-week period ended January 2, 2010. The increase in same store sales was largely driven by increased sales in the Entertainment and Travel categories.

Retail segment – For the 52-week period ended January 1, 2011, net sales in the Retail segment increased $23.1 million, or 6.7%, to $369.9 million, as compared to $346.8 million for the 52-week period ended January 2, 2010. The increase is primarily the result of the increase in same-store sales. We opened seven new stores (two full-line and five airport) during Fiscal 2010 that contributed $4.6 million to the increase in net sales. Stores open for the full year in Fiscal 2010 that were only open for a portion of Fiscal 2009 (14 stores), contributed $0.3 million in additional net sales. Sales from the Company's seasonal store program increased $2.8 million as compared to Fiscal 2009. The Company operated 152 seasonal locations in Fiscal 2010 versus 109 seasonal locations in Fiscal 2009. Same store sales increased $21.6 million as compared to Fiscal 2009, revenues from customer shipping and handling charges increased by $0.2 million as compared to 2009 and revenue decreased $6.4 million related to closed stores. The total number of Brookstone stores open on January 1, 2011 and January 2, 2010 was 307.

Direct Marketing segment – For the 52-week period ended January 1, 2011, Direct Marketing sales increased $14.8 million, or 17.7%, to $98.3 million, as compared to $83.5 million for the 52-week period ended January 2, 2010. This increase was primarily due to increases in revenue resulting from an 18% increase in catalog circulation and increased consumer response, offset by a reduction of $0.4 million in revenues generated from customers for shipping and handling.

Gross profit - For the 52-week period ended January 1, 2011, gross profit as a percentage of net sales increased 0.1% to 31.8% versus 31.7% for the 52-week period ended January 2, 2010. This was a result of a decrease in occupancy costs as a percentage of net sales of 2.2%, offset by a decrease in product margin as a percentage of net sales of 1.7% and an increase of 0.4% in order postage expense, which is the cost associated with delivering products to customers. The decreased occupancy costs as a percentage of net sales were a result of the net sales increase, while the decreased product margin was a result of the mix of products sold.

Selling, General & Administrative expenses - For the 52-week period ended January 1, 2011, selling and general and administrative expenses as a percentage of net sales increased 0.6% to 30.8% versus 30.2% for the 52-week period ended January 2, 2010, primarily as a result of an increase in advertising costs as a percentage of net sales of 0.7% and an increase in general administrative costs as a percentage of net sales of 0.9%, offset by a decrease in payroll costs as a percentage of net sales of 1.0%. The increase in general administrative costs as a percentage of net sales, was due to various consulting fees incurred related to direct marketing projects and certain legal fees incurred related to our capital restructuring. The decrease in payroll costs as a percentage of net sales was primarily due to the net sales increase.

Income (loss) from operations - For the 52-week period ended January 1, 2011, Brookstone reported income from operations of $4.7 million, compared to income from operations of $4.1 million for the 52-week period ended January 2, 2010.

On a segment basis (see Note 8 to the accompanying Consolidated Financial Statements) the Retail segment reported a decrease in loss from operations of $2.8 million as compared to 2009, which was primarily due to 2009 non-cash impairment charges. The Direct Marketing segment reported a decrease in income from operations of $2.2 million as compared to Fiscal 2009, which was primarily due to decreased product margin as a result of the mix of products sold.

Interest expense, net – For the 52-week period ended January 1, 2011, net interest expense was $23.8 million, compared to $24.2 million for the 52-week period ended January 2, 2010.

Income taxes – For the 52-week period ended January 1, 2011, the Company recorded an income tax provision of $0.5 million as compared to an income tax benefit of $12.4 million for the 52-week period ended January 2, 2010. The effective tax rate was 2.4% for the 52-week period ended January 1, 2011 as compared to (59.8)% for the 52-week period ended January 2, 2010. The decrease in the income tax benefit and related effective tax rate is primarily due to income tax refunds receivable recorded in Fiscal 2009 as a result of the carryback of Federal net operating losses.

Consolidated net loss - Overall, for the 52-week period ended January 1, 2011, the company reported a consolidated net loss of $19.6 million or (4.2)% of net sales, as compared to a consolidated net loss of $7.8 million or (1.8)% of net sales, for the 52-week period ended January 2, 2010.

Although our operations are influenced by general economic trends, we do not believe that inflation has had a material effect on the results of our operations in the last three fiscal years.

Fifty-two weeks ended January 2, 2010 compared with Fifty-three weeks ended January 3, 2009

Net sales - For the 52-week period ended January 2, 2010, Brookstone reported total net sales of $430.3 million, a 13.4 % decrease from the 53-week period ended January 3, 2009. Same-store sales for the 52-week period ended January 2, 2010 decreased 7.6 % as compared to the 52-week period ended December 27, 2008, which exclude same store sales related to the 53rd week of approximately $4.6 million (an impact of 1.2%).

The decrease in same store sales was largely driven by the unfavorable economic conditions in the U.S. economy that were pervasive throughout 2009 and negatively impacted both consumer spending and traffic in retail malls across the country.

Retail segment – For the 52-week period ended January 2, 2010, net sales in the Retail segment decreased $44.9 million, or 11.5%, to $346.8 million, as compared to $391.7 million for the 53-week period ended January 3, 2009. The decrease is primarily the result of the same-store sales decrease, and sales reductions resulting from the closing of seven stores during the fiscal year. We did not open any new stores during Fiscal 2009. Stores open for the full year in Fiscal 2009 that were only open for a portion of Fiscal 2008 (21 stores), contributed $5.4 million in additional net sales. Sales from the Company's seasonal store program increased $1.7 million as compared to Fiscal 2008. The Company operated 109 seasonal locations in Fiscal 2009 versus 95 seasonal locations in Fiscal 2008. Same store sales decreased $38.3 million as compared to Fiscal 2008, revenues from customer shipping and handling charges decreased by $0.5 million as compared to 2008 and revenue decreased $13.2 million related to closed stores. The total number of Brookstone stores open on January 2, 2010 was 307 versus 314 on January 3, 2009.

Direct Marketing segment – For the 52-week period ended January 2, 2010, Direct Marketing sales decreased $21.5 million or 20.5% to $83.5 million as compared to $105.0 million for the 53-week period ended January 3, 2009, primarily due to decreases in revenue resulting from a 23% reduction in catalog circulation and reduced consumer response. The decrease includes a reduction of $5.3 million in revenues generated from customers for shipping and handling.

Gross profit - For the 52-week period ended January 2, 2010, gross profit as a percentage of net sales increased 3.3% to 31.7% versus 28.4% for the 53-week period ended January 3, 2009. This was a result of an increase in product margin as a percentage of net sales of 4.4%, a decrease of 0.8% in order postage expense, which is the cost associated with delivering products to customers, offset by an increase in occupancy costs as a percentage of net sales of 1.9%. The increased product margin was a result of both higher initial product margins and reduced markdowns.

Selling, General & Administrative expenses - For the 52-week period ended January 2, 2010, selling, general and administrative expenses as a percentage of net sales decreased 0.3% to 30.2% versus 30.5% for the 53-week period ended January 3, 2009, primarily as a result of a decrease in advertising as a percentage of net sales of 1.3%, a decrease in general administrative costs as a percentage of net sales of 0.5%, offset by an increase in payroll costs as a percentage of net sales of 1.5%.

Income (loss) from operations - For the 52-week period ended January 2, 2010, Brookstone reported income from operations of $4.1 million, compared to a loss from operations of $129.4 million for the 53-week period ended January 3, 2009.

On a segment basis (see Note 8 to the accompanying Consolidated Financial Statements) the Retail segment reported a decrease in loss from operations of $72.2 million as compared to Fiscal 2008, which was primarily due to decreased non-cash impairment charges and reduced operating expenses. The Direct Marketing segment reported an increase in its income from operations of $61.8 million as compared to Fiscal 2008, which was primarily due to decreased non-cash impairment charges and reduced operating expenses.

Interest expense, net - For the 52-week period ended January 2, 2010, net interest expense was $24.2 million, compared to $24.2 million for the 53-week period ended January 3, 2009.

Income taxes - For the 52-week period ended January 2, 2010, the Company recorded an income tax benefit of $12.4 million, as compared to an income tax benefit of $6.2 million for the 53-week period ended January 3, 2009. The effective tax rate was (59.8)% for the 52-week period ended January 2, 2010 as compared to (4.0)% for the 53-week period ended January 3, 2009. The increase in the income tax benefit and related effective tax rate is primarily due to the carryback of Federal net operating losses, offset by increases in valuation allowances.

Consolidated net loss - Overall, for the 52-week period ended January 2, 2010, the Company reported a consolidated net loss of $7.8 million or (1.8)% of net sales, as compared to a consolidated net loss of $147.3 million or (29.7)% of net sales, for the 53-week period ended January 2, 2009. The decrease in the consolidated loss was primarily due to decreased non-cash impairment charges and reduced operating expenses.

Seasonality

The seasonal nature of the Company's business continued in Fiscal 2010 as the Company continued its program to operate a significant number of small, temporary locations during the winter holiday selling season.

The Company's sales in the second fiscal quarter are generally higher than sales during the first and third quarters as a result of sales in connection with Father's Day. The fourth fiscal quarter, which includes the winter holiday selling season, has historically produced a disproportionate amount of the Company's net sales and substantially all of its income from operations. Management expects this trend to continue.

The Company's retail operations are generally not profitable until the fourth quarter of each fiscal year.

Liquidity and Capital Resources

Cash flows for the fifty-two week period ended January 1, 2011

During Fiscal 2010, the Company's cash position increased $0.3 million to $32.1 million as of January 1, 2011. Cash provided by operations during Fiscal 2010 was $9.8 million primarily as a result of the Company's income from operations for the year, as well as decreased receivables, decreased prepaid expenses and increased current liabilities partially offset by increased inventory. The decrease in prepaid expenses is primarily related to the collection of income tax refunds, while the increase in current liabilities is due to the timing of accounts payable and increases in anticipated customer returns, taxes payable and accrued commissions, offset by reduced interest payable and no accrued management bonuses. The inventory increase was the result of inventory purchased in anticipation of additional fourth quarter sales opportunities and advance purchases for 2011.

The Company used cash of $5.8 million to fund capital expenditures during Fiscal 2010 consisting of $1.6 million for new stores, $1.8 million for remodeling and maintenance in existing stores and $2.4 million for other improvements.

Cash used for financing activities during Fiscal 2010 was $3.8 million due to payments to repurchase our 12% Notes of $20.0 million, payments of debt issuance costs of $2.2 million, payments on long-term debt of $0.8 million and net distributions made to noncontrolling interests of $0.7 million. These payments were offset by the receipt of $20.0 million in additional capital contributions from our Sponsors and Management.

Cash flows for the fifty-two week period ended January 2, 2010

During Fiscal 2009, the Company's cash position increased $9.3 million to $31.8 million as of January 2, 2010. Cash provided by operations during Fiscal 2009 was $14.4 million primarily as a result of the Company's income from operations for the year, as well as decreased receivables and increased current liabilities partially offset by increased inventory and prepaid expenses. The increase in prepaid expenses is primarily related to receivables for income tax refunds, while the increase in current liabilities is due to increases in anticipated customer returns, taxes payable and accrued management bonuses.

The Company used cash of $3.5 million to fund capital expenditures during Fiscal 2009 consisting of $1.7 million for remodeling and maintenance in existing stores, $1.2 million for the Company's new website, $0.2 million for new store construction and $0.4 million for other improvements.

Cash used for financing activities during Fiscal 2009 was $1.6 million due to net distributions made to noncontrolling interests of $0.7 million and payments on long-term debt of $0.9 million.

Liquidity

The Company's primary short-term liquidity needs consist of financing seasonal merchandise inventory build-ups. The Company's primary sources of financing for such needs are cash generated from operations, borrowings under its $125 million senior credit facility and trade credit. Peak usage of the Company's availability under the senior secured credit facility has traditionally occurred during the earlier part of the fourth quarter.

In Fiscal 2010 and Fiscal 2009, the Company's borrowings under the senior credit facility did not exceed $86.4 million and $65.2 million respectively. At January 1, 2011 and January 2, 2010, certain letters of credit in an aggregate amount of approximately $0.9 million and $2.4 million were outstanding, respectively. Additionally, $3.1 million and $3.3 million in standby letters of credit were outstanding at January 1, 2011 and January 2, 2010, respectively.

The Company's interest rate exposure is most sensitive to fluctuations in interest rates in the United States, which impact interest paid on its debt. A 10% change in the weighted average interest rate on the Company's variable rate debt would be immaterial to the Company's consolidated financial positions, results of operations and cash flows.

Based on the foregoing, the Company believes its cash balances, cash funds expected to be generated by future operations and borrowing capacity will be sufficient to fund operations through Fiscal 2011.

Senior Credit Facility

On April 16, 2010, the Company executed an Amended and Restated Credit Agreement, which provides us with up to $125 million in available borrowings subject to a borrowing base limitation. Our borrowing base calculation is based on advance rates of eligible inventory and receivables. These advance rates vary during the course of the year and provide for increased availability during the Company's peak inventory purchasing season (third and fourth quarters). The Amended and Restated Credit Agreement will expire on April 16, 2014, or 90 days before any of our Senior Notes mature, unless the Company's projections indicate that at the end of each of the following 12 fiscal months, after subtracting the required Reserve (as defined in Amended and Restated Credit Agreement), the amount available under the Amended and Restated Credit Agreement will be sufficient to fund the Company's borrowing needs and leave $5 million to $9 million of required excess availability.

Senior Notes

On October 4, 2005, Brookstone Company, Inc. completed an unregistered offering of $185.0 aggregate principal amount of 12.00% Second Lien Senior Secured Notes Due 2012 (the "2012 Notes"). The 2012 Notes mature on October 15, 2012 and bear interest at 12.00% per annum payable in semi-annual installments on April 15 and October 15 of each year, commencing April 15, 2006. Through October 15, 2011, Brookstone Company, Inc. may redeem all or a part of the 2012 Notes at a redemption price of 103.0% and on or after October 15, 2011, Brookstone Company, Inc. may redeem all or a part of the 2012 Notes at a redemption price of 100.0%. During Fiscal 2007, the company repurchased $15 million of the 2012 Notes.

2010 Note Exchange - On October 26, 2010, the Company completed the acquisition of $160,076,000 principal amount of its 2012 Notes that were tendered in response to the Company's offer to acquire its 2012 Notes for cash (subject to proration) or in exchange for 13% Second Lien Senior Secured Notes due 2014 (the "2014 Notes" and collectively with the 2012 Notes the "Senior Notes"). The $160,076,000 principal amount represents 94.16% of the 2012 Notes that were outstanding. The Company paid cash of $20,000,000 to retire $20,513,000 of the 2012 Notes (97.5% of face value) and issued $125,612,000 principal amount of 2014 Notes for the remaining tendered 2012 Notes, which represents 90% of face value, or approximately $139,563,000. After the completion of the transaction, the Company's Senior Notes were reduced by $34,464,000, or 20.3% to $135,536,000 ($125,612,000 of 2014 Notes and $9,924,000 of 2012 Notes) (the "2010 Note Exchange").

Pursuant to authoritative accounting guidance, for financial reporting purposes, it was determined that the noteholders of the 2012 Notes exchanged, granted a concession to the Company primarily as a result of the reduction in principal of 2014 Notes issued as part of the exchange. As a result, the Company, in accordance with authoritative accounting guidance, recorded the 2014 Notes at the carrying value of the 2012 Notes exchanged, less the actual cash paid. The difference between the carrying value and the maturity value of the 2014 Notes of approximately $14.1 million, will be amortized through the October 15, 2014 maturity of the 2014 Notes, as an offset to interest expense. For Fiscal 2010, the Company amortized approximately, $0.6 million, as an offset to interest expense.

The 2014 Notes bear interest at 13% per annum, are payable semi-annually on January 15 and July 15 of each year, beginning January 15, 2011, and will mature on October 15, 2014. They are secured by a second lien on substantially all the assets of the Company and its subsidiaries. The 2014 Notes can be redeemed, at the option of the Company, at 106.5% of their principal amount beginning on October 15, 2012, declining to 103.25% on or after October 15, 2013 and 100% on or after April 15, 2014. If a change of control occurs (as defined in the indenture under which the 2014 Notes were issued), each holder of 13% Notes has the right to require us to repurchase all or any part of that holder's 2014 Notes at 101% of the face amount.

The 2014 Notes contain various customary covenants, including without limitation, restrictions on our ability to (i) dispose of assets, (ii) incur additional indebtedness and guarantee obligations or issue preferred stock, (iii) repay other indebtedness, (iv) make certain payments or declare dividends, (v) create liens on assets or prohibit the creation of liens on assets, (vi) make investments, loans or advances, (vii) make certain acquisitions and (viii) engage in mergers or consolidations. At January 1, 2011, the Company was in compliance with such covenants.

In connection with the 2010 Note Exchange, tendering holders consented to amendments to the indenture that governs the 2012 Notes, removing all the covenants and events of default, other than those relating to failure to pay principal and interest when it is due, releasing the collateral for the 2012 Notes and renaming the 2012 Notes "12% Unsecured Notes due 2012". The Supplemental Indenture carrying out those amendments became effective as of October 12, 2010.

The Senior Notes are guaranteed by Brookstone, Inc. and each of its subsidiaries that guarantee any credit facility of Brookstone Company, Inc. The 2014 Notes are secured on a second-priority basis by liens on all of the assets of Brookstone Company, Inc. and the guarantors other than certain excluded assets; are effectively junior in right of payment, to the extent of the value of the assets securing such indebtedness, to our first priority debt including the senior credit facility; and are senior in right of payment to our existing and future subordinated indebtedness.

Contractual Obligations

The following table summarizes the Company's contractual obligations as of January 1, 2011 and the effect such obligations are expected to have on its liquidity and cash flows in future periods:

	Payments Due By Period (in thousands) (1)				
Contractual Obligations	Total	Less Than 1 year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Long-term debt obligations (2)	$ 3,115	$ 886	$ 1,690	$ 539	$ ---
Long-term debt obligations (3)	202,737	12,939	43,774	146,024	---
Capital lease obligations (4)	1,680	149	287	272	972
Operating lease obligations (5)	183,100	34,634	57,737	43,383	47,346
Purchase obligations (6)	17,961	17,374	587	---	---
Other long-term liabilities (7)(8)	---	---	---	---	---
Total	$ 408,593	$ 65,982	$ 104,075	$ 190,218	$ 48,318

(1) The amounts set forth in the "Less than 1 Year" column represents amounts to be paid in 2011, the "1-3 Years" column represents amounts to be paid in 2012 and 2013, the "3-5 Years" column represents amounts to be paid in 2014 and 2015 and the "More than 5 Years" column represents amounts to be paid after 2015.

(2) Represents scheduled payments of principal and interest on the real estate loan, including the interest effects of the related interest rate swap agreement. See Note 9 to the accompanying Consolidated Financial Statements.

(3) Represents payments of principal and interest on the 13% Second Lien Senior Secured Notes due 2014 and the 12% Unsecured Notes due 2012. See Note 9 to the accompanying Consolidated Financial Statements.

(4) Represents total minimum lease payments, of which $301,000 represents interest. See Note 9 to the accompanying Consolidated Financial Statements.

(5) The operating lease commitments represent the minimum obligation the Company has for its non-cancelable retail store leases. These leases, however, require additional payments for common area maintenance, real estate taxes and other costs. These costs in Fiscal 2010 were equal to approximately 48% of the minimum lease obligations. See Note 12 to the accompanying Consolidated Financial Statements.

(6) At January 1, 2011, the Company had $12.5 million of outstanding purchase orders, which are primarily related to orders for general merchandise inventories. Since most of the Company's purchase orders are cancelable without penalty upon 30-days notice, this total only includes purchase obligations scheduled to be shipped within 30-days following the end of Fiscal 2010. Also included are $3.1 million in standby letters of credit, which are primarily used to provide for lease payments to store lessors in the event of a default by the Company in its lease obligations. In addition, the Company has purchase commitments for certain software licenses in the amount of approximately $1,145,000 for Fiscal 2011 and a purchase commitment for the maintenance of a wireless network that supports certain Brookstone products of approximately $636,000 in Fiscal 2011 and $587,000 in Fiscal 2012.

(7) At January 1, 2011, the Company had long-term liabilities of $5.9 million for its straight line rent accrual, the cash flow requirements of which are included in operating lease obligations. Additionally, the Company has long-term liabilities that do not have contractually scheduled maturity dates and as such are not included in the table above. Included in long-term liabilities is $3.3 million for employee benefits, most of which will come due beyond five years, $7.8 million related to the unamortized portion of deferred credits from landlords and $1.4 million of liabilities primarily related to income and use taxes and the write up of certain leases.

(8) The above table does not reflect net unrecognized tax benefits of $1.6 million (of which 0.6 million is short-term) and interest and penalties on these tax benefits of $0.1 million and $0.2 million, respectively, the timing of which is uncertain.

Off-Balance Sheet Arrangements

The Company's primary contingent liabilities relate to non-cancelable retail store operating leases. At January 1, 2011 and January 2, 2010, future minimum rentals totaled $183.1 million and $202.6 million (excluding common area maintenance, real estate and other costs), respectively. Additionally, the Company has entered into several arrangements not reflected on the balance sheet that have or are reasonably likely to have a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. These include documentary letters of credit, standby letters of credit and an interest rate swap, each of which is discussed below.

Documentary letters of credit are included in the Company's senior credit facility and are used primarily in connection with purchase order commitments from overseas vendors. At January 1, 2011 and January 2, 2010, there were $0.9 million and $2.4 million in outstanding documentary letters of credit, respectively. Standby letters of credit are also included in the Company's senior credit facility and are used primarily in connection with store lessors. At January 1, 2011 and January 2, 2010, there were $3.1 million and $3.3 million in outstanding standby letters of credit, respectively. See Note 9 to the accompanying Consolidated Financial Statements.

The Company has outstanding a 10-year maturity, variable-rate loan based on one-month LIBOR plus 1.00% related to the financing of its headquarters facility (see Note 9 of the Consolidated Financial Statements for additional details). In order to minimize the risk of exposure related to variations in cash flows over the life of the financing, in August 2004, the Company entered into a 10-year interest rate swap agreement under which the Company receives one-month LIBOR plus 1.00% and pays a 5.67% fixed rate. The swap modifies the Company's interest rate exposure by effectively converting 50% of the real estate loan from a variable rate to a fixed rate in order to hedge against the possibility of rising interest rates during the term of the loan. While the swap agreement serves as an economic hedge, it does not qualify as an accounting hedge. The fair value of the swap, as of January 1, 2011 and January 2, 2010, was negative $102,635 and $120,915, respectively, and was included in other long-term liabilities.

The Company does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. The Company was not involved in any material unconsolidated SPE transactions. As discussed in Note 6 of the Consolidated Financial Statements, the Company's joint ventures are each consolidated into the Consolidated Financial Statements.

Fiscal 2011 Store Openings and Capital Expenditure Expectations

In Fiscal 2011, the Company plans to open a limited number of new Brookstone stores. The Company anticipates the cost of opening a new Brookstone non-airport store, including leasehold improvements, furniture and fixtures, and pre-opening expenses, to average approximately $600,000. In addition, the Company expects a new Brookstone non-airport store to require $150,000 of working capital per store. The Company anticipates the cost of opening airport stores, including leasehold improvements, furniture and fixtures and pre-opening expenses, to average approximately $400,000, and expects airport stores to require $100,000 of working capital per store. The Company expects to remodel a limited number of locations and update and maintain other stores during Fiscal 2011, incurring capital expenditures of approximately $3.7 million for remodels and updates. In addition, the Company will incur approximately $2.4 million in costs related to certain software and software licenses in Fiscal 2011.

Including the capital expenditures listed above, the Company anticipates making total capital expenditures of approximately $7.4 million in Fiscal 2011.

Critical Accounting Policies

The Consolidated Financial Statements of Brookstone are prepared in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates on an ongoing basis and makes judgments about the carrying value of assets and liabilities based on a number of factors. These factors include, but are not limited to, historical experience, guidance provided by outside experts and assumptions made by management that are believed to be reasonable under the circumstances. Senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of Brookstone's Board of Directors. Management believes that the accounting estimates employed and the resulting balances are reasonable; however, actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are a) highly uncertain at the time the estimate is made; b) if different estimates reasonably could have been used; or c) if changes in the estimate that are reasonably likely to occur periodically could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Revenue Recognition. The Company recognizes revenue from sales of merchandise at the time of customer receipt. Revenue is recognized net of estimated merchandise returns and allowances. In its direct to customer segment, the Company estimates delivery time to be approximately three days, therefore, it recognizes revenue in this segment on the third business day after shipment.

Revenue from gift cards is deferred until redemption, with the exception of gift card 'breakage". Gift card breakage is the portion of the dollar value of gift cards that ultimately is not redeemed by customers to purchase goods. The Company recognizes gift card breakage using the "redemption recognition" method, whereby gift card breakage is estimated on a pro-rata basis based on historical redemption rates.

Sales of extended service plans are administered by an unrelated third party. The unrelated third party is the legal obligor in most states and accordingly bears all performance obligations and risk of loss related to the service plans sold in such areas. In these states, the Company recognizes the net commission revenue at the time of sale for the service plans. In certain states where the Company is the legal obligor, any significant revenues associated with the sale are deferred and recognized over the life of the service contract, which is typically one to five years.

The Company allows merchandise returns for the majority of its sales, and has established an allowance for merchandise returns based on historical experience.

Cost of Sales. Cost of sales is principally comprised of landed cost (which is comprised of the cost of the product, inbound freight to the Distribution Center and retail stores, U.S. customs and duties and buying agent fees), markdowns, inventory shrink, vendor allowances, internal costs associated with inventory acquisition, shipping and handling costs associated with direct sales and all costs of occupancy.

Inventory Reserves. The Company maintains information about its merchandise performance at the item level. This level of detail enables the management team to assess the viability of each item and to estimate the Company's ability to sell through each item. The Company recognizes the write-down of slow moving or obsolete inventory in cost of sales. Management's estimates can be affected by many factors, some of which are outside the Company's control, which include but are not limited to, consumer buying trends and general economic conditions.

The Company takes a physical inventory at least twice a year at its retail store locations and Distribution Center. The second of these inventories is conducted near the end of the fiscal year. The Company maintains a reserve for inventory shrinkage for the periods between physical inventories. Management establishes this reserve based on historical results of previous physical inventories, shrinkage trends or other judgments that Management believes to be reasonable under the circumstances.

Advertising Costs. Cooperative advertising reimbursements from vendors are deferred and recorded as a reduction of the related advertising costs at the time the related advertising costs are recorded in the income statement. Any significant reimbursements received above the costs incurred by the Company for a particular vendor, are recorded as a reduction of the cost of the product when the related costs are recorded in the income statement.

Direct response advertising costs, which consist of catalog production and postage costs and are offset by cooperative advertising reimbursements from vendors, are deferred and amortized over the period of expected direct marketing revenue, which is approximately six months. The Company expenses in-store, print and other media advertising costs as incurred.

Goodwill and Indefinite-Lived Intangible Assets. The Company accounts for its goodwill and indefinite-lived intangible assets in accordance with FASB ASC 350, *Intangibles - Goodwill and Other*, which requires that these assets not be amortized and are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has elected its fiscal year-end as the annual impairment testing date. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. For goodwill, this determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of the reporting unit and compares it to its carrying amount. The Company determines fair value using a discounted cash flow analysis, which requires certain assumptions and estimates. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied value of that goodwill. The carrying amount of goodwill was assigned to the reporting units as of the date of acquisition in a manner similar to a purchase price allocation. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in the same manner. The residual fair value after this allocation is the implied fair value of the reporting unit's goodwill. If actual results are not consistent with the Company's assumptions and judgments, there may be exposure to a material impairment charge.

As of January 1, 2011, the carrying amounts of goodwill and the Brookstone trade name (by segment) are as follows (in thousands):

Goodwill			Trade name		
Retail	Direct Marketing	Total	Retail	Direct Marketing	Total
$ -	$ 99,734	$ 99,734	$ 91,000	$ 14,000	$ 105,000

The Company performed its annual test of impairment of goodwill and the Brookstone trade name as of January 1, 2011. Based on the results of the impairment tests, the Company determined that no impairment had occurred.

The Company utilized a discounted cash flows method ("DCF") under an income approach to determine the fair value of the Direct Marketing segment ("reporting unit") for purposes of testing the reporting unit's carrying value of goodwill for impairment. The DCF approach derives a value based on the present value of a series of estimated future cash flows at the valuation date by the application of a discount rate, one that a prudent investor would require before making an investment in the equity of the Company. This method is appropriate if future benefits can be projected with reasonable accuracy and upon the determination of a suitable discount rate. The key assumptions used in the DCF approach included:

- The Direct Marketing reporting unit's 2011 budget and five-year projections of financial results, which were based on our strategic plans and long-range forecasts. Sales growth rates represent estimates based on current and forecasted sales mix and market conditions. The profit margins were projected based on historical margins, projected sales mix, current expense structure and anticipated expense modifications.
- The projected terminal value, which reflected the total present value of projected cash flows beyond the last period in the DCF. This value reflected a growth rate for the reporting unit, which is approximately the same growth rate of expected inflation into perpetuity.
- The discount rate was determined using a Weighted Average Cost of Capital method ("WACC"), which considered market and industry data as well as Company-specific risk factors.

As of January 1, 2011, based on the Company's calculations under the DCF approach, the fair value of the Direct Marketing reporting unit significantly exceeded its carrying value. In performing these calculations, Management used its most reasonable estimates of the key assumptions discussed above. Based on management's review, if any of these individual key assumptions were to change, or if a combination of these key assumptions were to change, the fair value of the reporting unit could be reduced below the carrying value. As a result, if our actual operating results and/or the key assumptions utilized in management's calculations differ from our expectations, it is reasonably possible that a future impairment charge may be necessary.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets. The Company accounts for its long-lived assets, including intangible assets with a finite useful life, in accordance with FASB ASC 360-10-35. The Company reviews for impairment at least annually or whenever events or changes in business circumstances indicate that the carrying amount of these assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted net cash flows of individual stores and consolidated net cash flows for long-lived assets not identifiable to individual stores to the recorded value of the asset. If impairment is indicated, the asset is written-down to its estimated fair value based upon a discounted cash flow analysis. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the Company's evaluations.

Property, Plant and Equipment. Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs of minor items are charged to expense as incurred. Depreciation and amortization of property, plant and equipment (excluding temporary locations) are determined using the straight-line method over the estimated useful lives shown below. Materials used in the construction of temporary locations such as kiosks are depreciated based on usage over a maximum five-year period and are included in equipment and fixtures.

Building and improvements	35 years
Equipment, furniture and fixtures	5 to 10 years
Software	3 to 5 years
Leasehold improvements	The lesser of the lease term or the estimated useful life

Income taxes. The Company accounts for income taxes under FASB ASC 740 - *Income Taxes*. This authoritative guidance requires income taxes to be accounted for under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our Company's consolidated financial statements or tax returns. In estimating future tax consequences, we generally take into account all expected future events then known to us, other than changes in the tax law or rates, which are not permitted to be considered. Accordingly, if needed we may record a valuation allowance to reduce net deferred tax assets to the amount that is more likely than not to be realized. The amount of valuation allowance would be based upon management's best estimate of the recoverability of the net deferred tax assets. While future taxable income and ongoing prudent and feasible tax planning are considered in determining the amount of the valuation allowance, the necessity for an allowance is subject to adjustment in the future. Specifically, in the event we were to determine that we would not be able to realize the net deferred tax assets in the future in excess of their net recorded amounts, an adjustment to the net deferred tax assets would decrease income in the period such determination was made. This allowance does not alter our ability to utilize the underlying tax net operating loss and credit carryforwards in the future, the utilization of which is limited to achieving future taxable income. During 2010, the Company's valuation allowance increased approximately $8.0 million due primarily to the recording of a provision for income taxes to establish a valuation allowance against the current year loss. The valuation allowance was determined in accordance with the provisions of SFAS No. 109 which requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. The evidence that the Company reviewed during the fourth quarter of 2010 included the Company's cumulative three-year loss history, a comparison of the 2010 loss compared to earlier forecasts, and our forecast of profitability for Fiscal 2011. As a result of its review undertaken at January 1, 2011, the Company concluded under applicable accounting criteria that it was more likely than not that its deferred tax assets would not be realized.

The Company recognizes the financial statement effects of an uncertain tax position when it is more likely than not, based upon the technical merits, that the position will be sustained. We account for the interest and penalties related to uncertain tax positions as a part of our provision for income taxes. To the extent the Company is able to prevail in matters for which provisions have been established or be required to pay amounts in excess of amounts accrued, the Company's effective tax rate in a given financial period might be materially impacted.

Stock-Based Compensation. The Company accounts for stock-based compensation in accordance with FASB ASC 718, *Compensation – Stock Compensation*, which requires the measurement of all share-based payments to employees, which include grants of employee stock options, by using a fair-value-based method and the recording of such expense in the Company's consolidated statement of operations. See Note 10 of our Consolidated Financial Statements for details on stock-based compensation activity and fair value assumptions.

Retirement and Post-Retirement Benefits. The Company sponsors defined benefit pension and other post-retirement benefit plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, and health care cost increase projections. Assumptions are determined based on Company data and appropriate market indicators and are evaluated each year as of the plans' measurement date. Long-term return on plan assets is determined based on historical portfolio results and management's expectation of the future economic environment, as well as target asset allocations. Our medical cost trend assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. A change in any of these assumptions may have a material effect on net periodic pension and post-retirement benefit costs reported in the Consolidated Financial Statements. The Company estimates that contributions expected to be paid to the retirement plans during Fiscal 2011 are approximately $486,000 for the pension plan and $65,000 for the postretirement benefit plan.

Recent Accounting Pronouncements. In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance, which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. This guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. This guidance requires an ongoing assessment of whether a company is the primary beneficiary of a variable interest entity and also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. This guidance is effective for fiscal years beginning after November 15, 2009. This guidance was effective for our Company at the beginning of Fiscal 2010 and the adoption of this guidance did not have a significant impact on our consolidated financial statements.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk.*

The Company's primary market risk is its interest rate risk. The Company does not engage in trading activities and its foreign currency risk and commodity price risk is immaterial.

The Company is exposed to the impact of interest rate changes primarily through its borrowing activities. As part of the Company's risk management policy, it tries to minimize interest rate risk whenever possible. The Company has outstanding an $8.0 million (of which $2.9 million was outstanding at January 1, 2011), 10-year maturity, variable-rate loan based on one-month LIBOR plus 1.00% related to the financing of its headquarter facility (see Note 9 to the accompanying Consolidated Financial Statements for additional details). In order to minimize the risk of exposure related to variations in cash flows over the life of the financing, in August 2004, the Company entered into a $4.0 million, 10-year interest rate swap agreement under which the Company receives one-month LIBOR plus 1.00% and pays a 5.67% fixed rate. The swap modifies the Company's interest rate exposure by effectively converting 50% of the real estate loan from a variable rate to a fixed rate in order to hedge against the possibility of rising interest rates during the term of the loan.

As of January 1, 2011 and January 2, 2010, the swap's notional amount was $1,466,667 and $1,833,334, respectively (notional amount is reduced $33,333 each month). The fair value of the swap, as of January 1, 2011 and January 2, 2010, was negative $102,635 and $120,915, respectively, and was included in other long-term liabilities (See Note 2 to the accompanying Consolidated Financial Statements for additional details).

The Company has performed a sensitivity analysis as of January 1, 2011, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% increase and a 10% decrease in the levels of interest rates across the entire yield curve, with all other variables held constant. The analysis covers the Company's long-term debt and interest rate swap. The analysis uses actual maturities for the debt and interest rate swap. The interest rate swap is valued using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates derived from observed market interest rate curves. The discount rates used in the net present value calculations were based on the market interest rates in effect at January 1, 2011. The sensitivity analysis indicated that a hypothetical 10% increase in interest rates would result in a $5,000 gain in the fair value of the interest rate swap. This gain in fair value on the swap is offset by an equal amount increase in interest expense from the unhedged portion of the real estate loan. The opposite results occurred with a hypothetical 10% decrease in interest rates, which resulted in a $5,000 loss in the fair value of the interest rate swap. This loss in fair value on the swap is offset by an equal amount decrease in interest expense from the unhedged portion of the real estate loan. Through the use of the interest rate swap on the real estate loan, the Company has minimized its exposure to changes in interest rates from its existing real estate loan and interest rate swap.

While these are the Company's best estimates of the impact of the specified interest rate scenarios, actual results could differ from those projected. The sensitivity analysis presented assumes interest rate changes are instantaneous, parallel shifts in the yield curve. In reality, interest rate changes of this magnitude are rarely instantaneous or parallel.

Counterparty risk relates to the loss the Company could incur if its swap counterparty defaulted on the interest rate swap. The Company entered into a master agreement with its counterparty that allows netting of swap positions in order to manage this risk.

ITEM 8. ***Financial Statements and Supplementary Data.***

The Consolidated Financial Statements, together with the reports thereon of PricewaterhouseCoopers, dated March 31, 2011, and supplementary data are listed under Item 15(a) and filed as part of this report on the pages indicated.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures.

The Company carried out an evaluation, under the supervision and with the participation of the Company's Disclosure Committee and the Company's management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of January 1, 2011 (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of January 1, 2011 .

Management's Annual Report on Internal Control Over Financial Reporting.

The financial statements were prepared by management, which is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended).

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 1, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. Based on this assessment, management concluded that as of January 1, 2011, the Company's internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's independent auditors regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent auditors pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting.

There have not been any changes in the Company's internal control over financial reporting that have occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. ***Other Information.***

None.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

The following table sets forth information about our directors and executive officers as of the posting date of this Form 10-K:

Directors

Name	Age	Position
Jackson P. Tai	60	Chairman of the Board of Directors (Non-Executive)
Ron Sim Chye Hock	52	Director
Adam L. Suttin	43	Director
William E. Watts	58	Director
Margaret Lui	51	Director
Ronald D. Boire	49	Director

Executive Officers

Name	Age	Position
Ronald D. Boire	49	President and Chief Executive Officer
Thomas F. Moynihan	56	Vice President, Chief Financial Officer
Robert M. Chessen	60	Vice President, Human Resources
Donald G. Eames	63	Vice President, General Manager, Retail
Stephen A. Gould	44	Vice President, General Counsel
Steven H. Schwartz	46	Vice President, Merchandising
James M. Speltz	35	Vice President, Supply Chain
William E. Wood	40	Vice President, Chief Information Officer
Deirdre A. Zimmermann	44	Vice President, Marketing

Director Biographies

Jackson P. Tai has been a director since August 2008 and non-executive Chairman of the Board of Directors since February 2009. Mr. Tai was Vice Chairman and CEO of DBS Group Holdings until 2008. Prior to his eight years of service with DBS in Singapore, he served 25 years with J.P. Morgan & Co. as a managing director in the Investment Banking Division, holding management positions in New York, Tokyo and San Francisco. Mr. Tai is a director of NYSE Euronext, the Bank of China Limited, MasterCard Incorporated and Royal Philips Electronics NV. Mr. Tai's appointment to our Board of Directors was made at the direction of OSIM International Ltd. ("OSIM") pursuant to the Amended and Restated Shareholders Agreement for OBH GP.

Ron Sim Chye Hock has been a director since October 2005, serving as non-executive Chairman of the Board of Directors until February 2009. Mr. Sim is the Founder, Chairman and CEO of OSIM International Ltd., a global leader in healthy lifestyle products that is listed on the main board of the Singapore Exchange. Mr. Sim founded OSIM in 1980 and has since expanded its business to Hong Kong, China, Taiwan, Malaysia and other parts of the world. Mr. Sim is actively involved in setting and redefining the vision, mission, goals and direction for OSIM. Mr. Sim's appointment to our Board of Directors was made at the direction of OSIM pursuant to the Amended and Restated Shareholders Agreement for OBH GP.

Adam L. Suttin has been a director since October 2005. Mr. Suttin co-founded J.W. Childs Associates, L.P. in July 1995 and has been a Partner of J.W. Childs Associates, L.P. ("JWC") since January 1998. Prior to that time, Mr. Suttin was an executive at Thomas H. Lee Company from August 1989, most recently holding the position of Associate. Mr. Suttin is a director of Esselte Corp., Refrigerator Manufacturers, Inc., JA Apparel Corp., Mattress Firm Holding Corp., The NutraSweet Company, and Sunny Delight Beverages Company. Mr. Suttin's appointment to our Board of Directors was made at the direction of JWC pursuant to the Amended and Restated Shareholders Agreement for OBH GP.

William E. Watts has been a director since October 2005. Mr. Watts has been an Operating Partner of J.W. Childs Associates, L.P. since June 2001. Previously, he was President and Chief Executive Officer of General Nutrition Companies, Inc. from 1991 until 2001. Prior to being named President and Chief Executive Officer in 1991, Mr. Watts held the positions of President and Chief Operating Officer of General Nutrition, Inc. and President and Chief Operating

Officer of General Nutrition Center, Inc. Mr. Watts is a director of Fitness Quest, Inc., Mattress Firm Holding Corp., JA Apparel Corp., and EmployBridge, Inc. Mr. Watts' appointment to our Board of Directors was made at the direction of JWC pursuant to the Amended and Restated Shareholders Agreement for OBH GP.

Margaret Lui has been a director since August 2008 after serving on the Board from October 2005 to July 2007. Ms. Lui is a Managing Director of Investments, covering Temasek's investments in Promising Regional Enterprises, manufacturing, lifestyle and automotive companies. Ms. Lui has been with Temasek since 1985 having worked in various divisions including corporate finance, direct investments, private equity funds and treasury. She currently sits on the Boards of Singapore Aircraft Leasing Enterprises Pte Ltd, Singapore Cruise Centre Pte Ltd, PSA Marine (Pte) Ltd and Singapore Food Industries Ltd. Ms. Lui's appointment to our Board of Directors was made at the direction of Temasek Capital pursuant to the Amended and Restated Shareholders Agreement for OBH GP.

Executive Officer Biographies

Ronald D. Boire has been a director and President and Chief Executive Officer since October 2009. From July 2006 through September 2009, Mr. Boire was a Corporate Executive Vice President at Toys "R" Us, Inc. Mr. Boire's roles included President, "R" Us Brands and President, Toys "R" Us, North America. While at Toys "R" Us, Mr. Boire had various responsibilities including the operation of Toys "R" Us branded stores in the United States and Canada, toysrus.com – which operated under brands including Toys "R" Us and Babies "R" US - and Toys "R" Us private brands business. Mr. Boire also served on the Executive Committee of Toys "R" Us, Inc. From June 2003 to July 2006 Mr. Boire was Executive Vice President, Global General Merchandise Manager for Best Buy. While at Best Buy, Mr. Boire was responsible for all merchandising activity within the United States and the operation of bestbuy.com. Mr. Boire had additional responsibility for global merchandising strategy as well as private brands, and also served on the Executive Committee of Best Buy, Inc. Mr. Boire also worked for Sony Electronics, Inc. (U.S.) for seventeen years, during which time he was President, Personal Mobile Products Company and President, Consumer Sales Company, and a member of the Sony Electronics Executive Committee. While at Sony Mr. Boire's responsibilities included at various times; sales and distribution, product development, marketing and enterprise strategic leadership.

Thomas F. Moynihan was appointed as the Company's Vice President and Chief Financial Officer, effective January 25, 2011. Prior to this appointment, Mr. Moynihan served the Company as its Vice President of Finance and was the Company's principal accounting officer from March 2009 until January 2011. Mr. Moynihan was the Company's Operating Vice President, Finance overseeing all finance and accounting areas from February 2001 until March 2009. Mr. Moynihan joined the Company in 1994 as the Controller, a position he held until his appointment as Operating Vice President, Finance. From 1978 until 1994, he served in numerous capacities in the planning and accounting departments at Filene's, a division of May Department Stores Company.

Robert M. Chessen has been Vice President, Human Resources since November 2010. Over his retail career, Mr. Chessen has held senior leadership positions in Human Resources with General Nutrition Inc., (GNC), Crosstown Traders, Charming Shoppes, Inc., Weis Markets, Gart Sports/Sportmart, and May Department Stores. Prior to joining Brookstone, Mr. Chessen was the Senior Vice President Human Resources for General Nutrition Inc, (GNC) since 2008. From 2002 until joining GNC, Mr. Chessen worked for Charming Shoppes Inc. and its division Crosstown Traders, holding positions as the Vice President Human Resources. Mr. Chessen was the Vice President for Human Resources at Weis Markets from 2000 until 2002. He served for seven years as the Senior Vice President for HR, Planning & Allocation, and Logistics with Gart Sports. He initially began his retail career with the May Department Stores in 1972 and remained with them until 1993 holding various positions in store operations, merchandising/buying, and human resources.

Donald G. Eames has been Vice President, General Manager Retail since March 2010. Prior to Brookstone, since 2006, Mr. Eames was President and CEO of Eames Management Group, an international management consulting company, where he worked with retail companies in Russia, the Middle East and India, developing and implementing overall growth strategies, improving operational efficiencies and optimizing profitability. Prior to that, Mr. Eames spent over 16 years with Best Buy, holding a variety of leadership positions from General Manager to Senior Vice President of Retail Growth Strategies. As Senior Vice President at Best Buy, Mr. Eames ran the retail stores organization including full P&L responsibility, retail operations, leadership development and in-store and after-sale customer experience. At Best Buy, he also was responsible for retail growth initiatives, market densification strategies and the retail training organization.

Stephen A. Gould was appointed Vice President, General Counsel in January 2011. Prior to this appointment Mr. Gould served as Operational Vice President, General Counsel since joining Brookstone in February 2010. From 2000 to February 2010, Mr. Gould was a Partner at the Boston law firm of Nutter, McClennen & Fish, LLP where he specialized in mergers & acquisitions, private equity, venture capital, joint ventures, strategic partnerships, complex restructurings, recapitalizations and corporate law. Before joining Nutter, he was a Partner at Wiggin & Nourie, P.A. (1996 – 2000), where he counseled clients involved in mergers and acquisitions, commercial, real estate and industrial finance transactions, complicated shareholder disputes and corporate governance matters. Earlier in his career (1992 – 1996), Mr. Gould was an Associate at several law firms focusing on corporate, finance and real estate transactions.

Steven H. Schwartz was appointed Vice President, Merchandising & Product Development in January 2011. Previously, he served as Operational Vice President, DMM Merchandising from 2003 through 2010, overseeing sourcing and product development in our technology, travel and entertainment categories. Mr. Schwartz originally joined Brookstone in 1999 as Merchandise Director for the health/wellness categories. Prior to joining Brookstone, Mr. Schwartz held a number of merchandising positions of increasing responsibility in both the apparel and home divisions of May Department Stores from 1986 to 1999.

James M. Speltz was appointed Vice President, Supply Chain in January 2011. Mr. Speltz has been with Brookstone since 1998. From July 2008 until his recent appointment, Mr. Speltz served as Operational Vice President, Inventory Management and Planning, and oversaw product procurement, merchandise planning, assortment management and inventory distribution for all sales channels. From April 2003 to July 2008, he was Director of Planning and Analysis and was responsible for revenue and margin forecasting, purchases of inventory for the Direct and Seasonal Store businesses, as well as corporate merchandise analytics. From February 1998 to April 2003, Mr. Speltz held various positions in project management for E-Commerce and IT.

William E. Wood was appointed Vice President, Chief Information Officer in January 2011. Prior to his appointment, he served as Operational Vice President, Chief Information Officer since joining Brookstone in March 2010. Prior to joining Brookstone, Mr. Wood held various positions at Dollar General Corporation from 2000, including Senior Director where he was responsible for application development, infrastructure, corporate customer service and technology support. Before joining Dollar General Corporation, Mr. Wood managed application development and support for Darice, Inc. from 1998 – 2000, and spent the prior three years in Information Technology with Revco D.S., Inc.

Deirdre A. Zimmermann was appointed Vice President, Marketing in January 2011 to oversee all brand communications including, retail point of purchase, direct mail/e-commerce and public relations. Prior to this, she held several positions within the company including Operational Vice President of Marketing. Before joining Brookstone in 2004, Ms. Zimmermann held creative and leadership roles in ad agencies and in-house marketing departments, working on such brands as Talbots, Fitigues and Ultimo.

Board Committees

Compensation Committee. The members of our compensation committee are Ron Sim (Chairperson), Adam Suttin and Margaret Lui. Our compensation committee makes recommendations to our Board of Directors concerning executive compensation and other incentive programs.

Audit Committee. The members of our audit committee are Adam Suttin (Chairperson), Margaret Lui and Jackson Tai. Our audit committee is responsible for monitoring the activities of management and the Company's independent auditors to ensure the following: the reliability and integrity of the accounting policies and financial reporting and disclosure practices; the establishment and maintenance of processes assuring an adequate system of internal control is adequate and functioning; the independence and qualifications of the Company's independent auditor; and the establishment and maintenance of processes assuring our compliance with all applicable laws, rules and regulations and corporate policy. Our Board of Directors has determined that each of the members of the audit committee is considered to be an audit committee "financial expert", as defined by the Securities and Exchange Commission, based on their education and experience in their respective industries.

Executive Committee. The members of our executive committee are Ronald Boire, Margaret Lui, Ron Sim and William Watts. Our executive committee is responsible for such matters as our Board of Directors may determine from time to time.

The Company has adopted a Code of Ethics for the Company's board members, senior executives and employees which can be found at the Company's website, www.brookstone.com. Please note that references to the Company's website at www.brookstone.com are for informational purposes only. Unless otherwise specified, information contained on the Company's website is not part of this Annual Report on Form 10-K.

Involvement in Legal Proceedings.

To the best of the Company's knowledge, during the past ten years, none of the proceedings described in Item 401(f) of Regulation S-K occurred with respect to a present director or executive officer of the Company, except that Mr. Gould filed for personal bankruptcy in December 2007 in connection with a third party real estate matter, which was discharged in April 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

The Company does not have a class of equity securities registered pursuant to Section 12 of the Exchange Act.

ITEM 11. ***Executive Compensation.***

Compensation Discussion and Analysis

Compensation Objectives

The Compensation Committee (for purposes of this analysis, the "Committee") is charged with developing and approving objectives relevant to executive compensation and the making of recommendations to the Board as appropriate. The Committee is also responsible for the administration of any equity-based or incentive-based compensation plans consistent with the provisions of such plans. In discharging its functions, the Board and Committee believe that the Committee's policies and procedures should remain flexible in order to react to changing conditions and to ensure the effective oversight of the Company's compensation programs.

The Company's executive compensation programs are based upon the belief that the interests of the Company's executive officers should be directly aligned with those of our Sponsors. Accordingly, a significant portion of overall compensation is tied to the financial and operating performance of the Company. In making compensation decisions, the Committee is guided by a framework designed to create a total compensation package that accomplishes the following:

- attracts and retains the best talent for the Company on a fair, reasonable, and competitive basis relative to the executive's peers within the Company as well as the larger marketplace;
- provides incentives to senior management that reward performance as measured against established annual goals relating to the overall financial and operating results of the Company;
- recognizes differences in roles, responsibilities, experience, and potential to influence results, but also treats individuals in a consistent and equitable fashion across the Company; and
- promotes the long-term success of the Company's business model and fosters the growth of the Brookstone brand.

Our policy for allocating between short-term and long-term compensation is to ensure adequate base compensation to attract and retain personnel, while providing both short- and long-term incentives to ultimately maximize long-term value for our Company and its stakeholders. Accordingly, we provide (i) cash compensation in the form of base salary to meet competitive salary norms, (ii) annual cash bonuses to reward performance against specific short-term financial goals and (iii) non-cash compensation in the form of equity-based awards to reward performance against long-term objectives. Finally, the Company periodically utilizes the Mercer U.S. Retail Compensation and Benefits Survey as a resource for evaluating compensation levels for most of our positions.

Named Executive Officers; Restructuring of Executive Management Team

The Named Executive Officers as of the fiscal year ended January 1, 2011 are: Ronald D. Boire (principal executive officer), Philip W. Roizin (principal financial officer), M. Rufus Woodard, Donald G. Eames and Michael T. Dobbs.

As previously disclosed on the Company's Form 8-K posted on January 31, 2011, in connection with a restructuring of the Company's management team, the employment agreements of Philip W. Roizin and M. Rufus Woodard were terminated as of January 25, 2011. The employment of Michael T. Dobbs was also terminated as of January 25, 2011 in connection with the executive management team restructuring.

Elements of Compensation

Base Salary

The Compensation Committee seeks to establish base salaries for our executive officers that are reflective of market conditions and are competitive based on the executive's role, scope of responsibilities, level and type of experience, background, and contribution to the business.

The salaries of all the Named Executive Officers for the reported years are reflected in the Summary Compensation Table below.

Management Incentive Bonus Plan; Employment Agreements

We have in effect an Amended and Restated Management Incentive Bonus Plan, or MIB, under which executive officers and other key management employees selected at the discretion of our Compensation Committee may receive incentive awards. Consistent with our broader compensation policies, individuals with greater job responsibilities have a greater proportion of their total cash compensation tied to Company performance. Bonus awards are based on annual performance criteria established by our Committee with respect to attainment by the Company of specified levels of income from operations, as well as criteria applied on an individual basis. Under the MIB Plan, the Committee has discretion to select the performance goals and other terms applicable to an award. The Committee, with the agreement of executive officers, adopted a method for awarding and calculating bonuses for the 2008, 2009, and 2010 fiscal years that modified the method set forth in the October 2005 employment agreements of Mr. Roizin and Mr. Woodard. For 2010 and 2011, the Compensation Committee adopted, with the agreement of the executive officers, a method for awarding to and calculating bonuses for executives based upon the Company achieving certain EBITDA targets and maintaining a minimum net cash position.

No incentive bonuses under the MIB Plan were paid to the Named Executive Officers for 2010 because the performance goals were not achieved.

For 2010, the bonuses available to the Named Executive Officers are discussed in more detail below in the section entitled "Employment Agreements."

OSIM Brookstone Holdings, L.P. Management Equity Incentive Program

The Company has established a Management Equity Incentive Program under which the Named Executive Officers and certain other members of our management are eligible to receive awards of profit-sharing interests in OBH LP. Approximately 1,153,420 Class B Common Limited Partnership Interests were granted in 2005 as part of the Management Equity Incentive Program. In 2006, approximately 552,555 Class B Common Limited Partnership Interests were granted as part of the Management Equity Incentive Program. In 2007, approximately 196,340 Class B Common Limited Partnership Interests were granted as part of the Management Equity Incentive Program. As provided below, Mr. Roizin was awarded 129,760 (time vested) Class B Common Limited Partnership Interests on October 4, 2005, 43,253 (IRR vested) Class B Common Limited Partnership Interests on October 4, 2005 and 4,096 (fully vested) Class B Common Limited Partnership Interests. There were no grants of Class B Interests subsequent to May 2007 and there will be no further Class B Interests issued effective October 15, 2009, in accordance with the OBH LP, Third Amended and Restated Limited Partnership Agreement.

On October 15, 2009, the Company established a new class of interests to be issued to certain members of the Company's management team upon the recommendation of the Company's Compensation Committee and approval of the Company's Board of Directors, namely the Class E Limited Partnership Interests in OBH LP. Mr. Boire was awarded 600,000 Class E Limited Partnership Interests on October 15, 2009, and Mr. Woodard, Mr. Eames and Mr. Dobbs were each awarded 50,000 Class E Limited Partnership Interests in 2010. The Class E Limited Partnership Interests of Mr. Woodard and Mr. Dobbs were cancelled as of January 25, 2011 (the date on which they were no longer employed by the Company). In the event that a Liquidity Event (as defined in the Third Amended and Restated Partnership Agreement of OBH LP) occurs, or a definitive purchase or acquisition agreement or letter of intent is signed by the Company pursuant to which a Liquidity Event will occur is executed, in either case within twelve (12) months after the termination date for Mr. Woodard and Mr. Dobbs, each of their Class E Limited Partnership Interests shall be deemed to be held by Mr. Woodard and Mr. Dobbs for purposes of any distributions relating to such Liquidity Event.

Awards under the Management Equity Incentive Program are intended to compensate executives and other employees based on their individual talents and responsibilities and to motivate them to meet long-term corporate goals.

Severance Benefits

Our employment agreements with the Named Executive Officers all provide for severance payments and benefits in certain circumstances. The terms governing all the Named Executive Officers' severance payments and benefits are described in more detail below in the sections entitled "Employment Agreements" and "Post-Employment Compensation." We provide these benefits to be competitive in attracting and retaining employees with a proven record of performance. Based on information available to us, we believe that the payments to which the Named Executive Officers are entitled are consistent with relevant market practice.

Other Compensation

All of our executives are eligible to participate in our employee benefit plans, including medical, dental, life insurance, disability insurance and 401(k) plan. These programs are available to all full-time employees. We believe these benefits are consistent with those offered by other companies with which we compete for employees. As set forth in the section below entitled "Pension Benefits," the Brookstone Pension Plan was amended in March 1998 such that no future benefits would accrue after May 31, 1998. In order to attract talent to the Company, we have reimbursed executives for their relocation expenses. As reflected in the Summary Compensation Table, we paid for the premiums for term life insurance for each of the Named Executive Officers and also provided all of them car allowances. We currently do not provide any deferred compensation programs to any executive.

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis ("CD&A") required by Item 402(b) of Regulation S-K with the Company's management. Based on that review and discussion, the Compensation Committee recommended to the Company's Board that the CD&A be included in this Annual Report on Form 10-K for Fiscal 2010.

BY THE COMPENSATION COMMITTEE

Ron Sim, Chairperson

Adam L. Suttin

Margaret Lui

Summary Compensation Table

The following table summarizes the compensation of the Named Executive Officers (or NEOs) for fiscal years 2010, 2009, and 2008. The Named Executive Officers are the Company's Principal Executive Officer and Principal Financial Officer and the three other most highly compensated executive officers who were serving as executive officers as of the end of the fiscal year.

Summary Compensation Table
for Fiscal Years Ended January 1, 2011, January 2, 2010, January 3, 2009.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compen-sation ($) (4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (5)	All Other Compen-sation ($) (6)	Total ($)
Ronald D. Boire Chief Executive Officer and President **(7)**	2010	$700,000	-	-	N/A		-	$ 23,168	$ 723,168
	2009	153,462	$125,000	$2,164,333	N/A	$ 1,054	-	11,734	2,455,583
	2008	-	-	-	N/A	-	-	-	-
Philip W. Roizin Executive Vice President, Operations and Chief Financial Officer **(8)**	2010	408,333	-	-	N/A	-	2,570	12,794	423,697
	2009	441,667	-	-	N/A	226,896	(2,570)	13,327	679,320
	2008	407,692	-	-	N/A	-	1,108	11,387	420,187
M. Rufus Woodard Executive Vice President, Product Development and Wholesale/Licensing	2010	343,750	-	195,500	N/A	-	396	12,842	552,488
	2009	350,000	-	-	N/A	126,054	(1,721)	13,384	487,717
	2008	356,731	-	-	N/A	-	1,638	11,448	369,817
Donald G. Eames Vice President, General Manager, Retail	2010	211,538	25,000	195,500	N/A	-	-	28,988	461,026
	2009	-	-	-	N/A	-	-	-	-
	2008	-	-	-	N/A	-	-	-	-
Michael T. Dobbs Vice President, General Manager, Direct	2010	209,135	25,000	195,500	N/A	-	-	57,206	486,841
	2009	-	-	-	N/A	-	-	-	-
	2008	-	-	-	N/A	-	-	-	-

(1) Represents contractual payments as specified in the respective executives' employment agreement.

(2) Represents the dollar amount of the aggregate grant date fair value of restricted stock awards for the applicable fiscal year, computed in accordance with FASB ASC 718, for the issuance of Class "E" Limited Partnership Interests of OBH LP (with the exception that the effect of any estimate forfeiture rate has been excluded from the dollar amount disclosed), based upon grant date fair value under FASB ASC 718, rather than an amount paid to or realized by the Named Executive Officer. The assumptions used in the calculation of these amounts are included in Note 10 to the accompanying Consolidated Financial Statements.

(3) There are no options or stock appreciation rights granted to the Named Executive Officers.

(4) Represents incentive bonus payments approved by the Board upon the recommendation of the Committee pursuant to the MIB as described above in the CD&A. The amounts set forth in this column, if any, were earned during the reported years and paid early the following year.

(5) Amounts shown are solely an estimate of the increase (decrease) in actuarial present value of the NEO's accrued benefit under the Company's retirement plans. No amount is payable from the plans before a participant attains age 65. The assumptions used in the calculation of these amounts are further described under Note 11 to the accompanying Consolidated Financial Statements. There can be no assurance that the amounts shown will ever be realized by the NEO.

(6) For fiscal years 2010, 2009 and 2008, respectively, the dollar amounts under the All Other Compensation column represent (i) Long-Term Disability insurance premiums paid by us for the benefit of each of the NEOs in the following amounts: Mr. Boire—$267, plus tax gross-up of $129, $0, $0; Mr. Roizin—$535, plus tax gross-up of $259, $535, plus tax gross-up of $192, $579, plus tax gross-up of $208; Mr. Woodard—$535, plus tax gross-up of $307, $535, plus tax gross-up of $249, $579, plus tax gross-up of $269; Mr. Eames—$44 plus tax gross up of $21, $0, $0; and Mr. Dobbs—$40 plus tax gross up of $19, $0, $0; (ii) contributions made by us to Brookstone, Inc.'s defined contribution plan for the benefit of each of the NEOs in the following amounts: Mr. Boire—$0, $0, $0; Mr. Roizin—$0, $4,600, and $4,600; Mr. Woodard—$0, $4,600, and $4,600; Mr. Eames—$0, $0, $0; and Mr. Dobbs—$0, $0, $0; (iii) car allowances paid to each of the NEOs in the following amounts: Mr. Boire—$12,000, $2,000 and $0; Mr. Roizin—$12,000, $8,000 and $6,000; Mr. Woodard—$12,000, $8,000 and $6,000; Mr. Eames—$9,000, $0, $0; and Mr. Dobbs—$9,000, $0, $0; and (iv) reimbursement of relocation expenses in the following amounts: Mr. Boire—$10,772, $9,734, $0; Mr. Eames—$19,923, $0, $0; and Mr. Dobbs—$48,147, $0, $0.

(7) Effective October 15, 2009, Mr. Boire was appointed President and Chief Executive Officer.

(8) Between March 4, 2009 and October 15, 2009, Mr. Roizin served as interim President and Chief Executive Officer.

Employment Agreements

Ronald Boire

In October 2009, we entered into an employment agreement with Ronald Boire, our President and Chief Executive Officer, which shall continue to be in effect until terminated by us, or Mr. Boire. Under his employment agreement, Mr. Boire receives an annual base salary of $700,000. The actual salary received by Mr. Boire for 2010 is reflected in the Summary Compensation table above. In addition to his base salary, Mr. Boire received in March 2010, a supplemental payment in the amount of $125,000, under the terms of his employment agreement. Additionally, Mr. Boire is entitled to receive annual cash bonuses based upon our achievement of certain annual financial goals established by our board of directors. For 2011 and subsequent fiscal years, Mr. Boire is entitled to receive annual cash bonuses based on the achievement of certain annual financial goals, established by our board of directors. Mr. Boire's bonus will be calculated as follows: (a) if all mutually agreed upon objectives are achieved, Mr. Boire will receive a cash bonus between 75% and 150% of his base salary and (b) if some but not all mutually agreed upon objectives are achieved, Mr. Boire may receive up to 75% of his base salary, at the reasonable discretion of the board of directors exercised in good faith.

Under his employment agreement, Mr. Boire is entitled to a lump sum severance payment of $962,500 if his employment is terminated prior to March 2011. After March 2011, if Mr. Boire's employment with the Company is terminated (i) by the Company without "cause" (as defined in his agreement), (ii) by the Company as a result of Mr. Boire's death or disability or (ii) by Mr. Boire for "good reason" (as defined in his agreement), he (or his estate, if applicable) will receive a lump sum payment in the amount of one (1) year of his base salary plus 50% of his actual bonus earned for the prior year. Mr. Boire's employment agreement contains non-competition, non-solicitation, non-disparagement and confidentiality provisions during the term of the agreement and for specified periods thereafter, subject to certain limitations.

Philip Roizin and M. Rufus Woodard

The Company entered into employment agreements with each of Philip Roizin and M. Rufus Woodard, each of which provided for a three-year initial term subject to an automatic 18-month extension, unless terminated by either party. On October 3, 2010, the Company entered into an amendment to the employment agreement with M. Rufus Woodard that, among other things, reflected the terms under which he would be employed by the Company in a new capacity as Executive Vice President, Product Development and Wholesale/Licensing. This Amendment provided that Mr. Woodard's employment agreement would not have a fixed term.

Under the Management Incentive Bonus Plan for 2010, if the Company achieved the requisite minimum EBITDA targets established by the Compensation Committee, each of Mr. Roizin and Mr. Woodard would have been entitled to receive a cash bonus of 19.5% and 15%, respectively, of his base salary at the threshold bonus level and 65% and 50%, respectively, of his base salary at the target bonus level. Under such Plan, the bonus amounts increase on a linear curve as the Company's EBITDA increases over the target levels established by the Compensation Committee.

Our employment agreements with Mr. Roizin and Mr. Woodard provide for severance payments and benefits in certain circumstances, including in the event of death or disability, or where the executive is terminated by the Company without cause or resigns for good reason. For Mr. Roizin, these payments could continue for up to eighteen (18) months and are unmitigated during the first year following the termination of employment; however, if Mr. Roizin has accepted other employment, upon the first anniversary of the termination of employment subsequent payments of his base salary will be reduced by the amount of his base compensation in his new employment, and his medical and dental benefits will cease. For Mr. Woodard, these payments could continue for up to eighteen (18) months, however if Mr. Woodard obtains other employment during such 18-month period, then (a) any such payments of his base salary will be reduced by the amount of his base compensation earned during such new employment, and (b) if the medical and dental plans provided by Mr. Woodard's new employer is not reasonably comparable to the Company's plans in effect at such time, Mr. Woodard's medical and dental coverage under the Company's plans will continue until the expiration of such 18-month period.

As previously disclosed on the Company's Form 8-K posted on January 31, 2011, in connection with a restructuring of the Company's management team, the employment agreements of Philip W. Roizin and M. Rufus Woodard were terminated as of January 25, 2011.

Donald Eames and Michael Dobbs

On March 9, 2010, the Company entered into an employment agreement with Donald Eames that shall continue until terminated by the Company or Mr. Eames. On February 22, 2010, the Company entered into an employment agreement with Michael Dobbs that provided that it would continue until terminated by the Company or Mr. Dobbs.

Under the Management Incentive Bonus Plan for 2010, if the Company achieved the requisite minimum EBITDA targets established by the Compensation Committee, each of Mr. Eames and Mr. Dobbs would have been entitled to receive a cash bonus of 15% of his base salary at the threshold bonus level and 50% of his base salary at the target bonus level. Under such Plan, the bonus amounts increase on a linear curve as the Company's EBITDA increases over the target levels established by the Compensation Committee.

If the employment of Mr. Eames or Mr. Dobbs is terminated by us without "cause", under the terms of their respective employment agreements Mr. Eames and Mr. Dobbs will continue to receive his base salary for a 12-month period after the date of termination. However, if Mr. Eames or Mr. Dobbs earn any self-employment or other income during such 12-month period, then any such payments of his respective base salary will be reduced by the amount of his base compensation earned during such new employment.

As previously disclosed on the Company's Form 8-K posted on January 31, 2011, in connection with a restructuring of the Company's management team, the employment of Michael T. Dobbs was terminated as of January 25, 2011.

See "Potential for Post-Employment payments" below.

The employment agreements for Mr. Roizin and Mr. Woodard contain non-competition, non-solicitation, non-disparagement and confidentiality provisions during the term of the agreement and for specified periods thereafter. Mr. Eames and Mr. Dobbs each executed separate Associate Confidentiality Agreements with the Company. Upon the breach of any of these provisions, the period during which the executive is entitled to receive post-termination compensation is deemed to have terminated as of the date of the breach.

Grants of Plan-Based Awards

During Fiscal 2010 there were three (3) grants of equity incentive plan-based awards for the NEOs, comprised of 50,000 Class E Limited Partnership Interests granted to each of M. Rufus Woodard, Donald Eames and Michael Dobbs, of which the grant date fair value is reflected in the table below. In addition, table below reflects the amounts of the annual bonuses to which the NEOs would have been entitled under the objectives set by the Compensation Committee, which are described in detail under the caption "Employment Agreements" above.

Grants of Plan-Based Awards

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Max ($)**	**Thres-hold (#)**	**Target (#)**	**Max (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock Awards ($)**
Ronald D. Boire	10/15/09 (1)	$157,500	$525,000	$1,050,000	-	-	-	-	-	-	-
Philip W. Roizin	10/4/05 4/01/09 (2)	$78,000	$260,000	(4)	-	-	-	-	-	-	-
M. Rufus Woodard	10/4/05 4/01/09 (2)	$48,750	$162,500	(4)	-	-	-	-	-	-	-
	9/21/10 (3)	-	-	-	-	-	-	50,000 (5)	-	-	$195,500
Donald G. Eames	3/22/10 (2)	$41,250	$137,500	(4)	-	-	-	-	-	-	-
	5/19/10 (3)	-	-	-	-	-	-	50,000	-	-	$195,500
Michael T. Dobbs	3/15/10 (2)	$41,250	$137,500	(4)	-	-	-	-	-	-	-
	5/19/10 (3)	-	-	-	-	-	-	50,000 (5)	-	-	$195,500

(1) The Grant Dates represent the effective date of Mr. Boire's employment agreement, which included the method for calculating Mr. Boire's supplemental bonus for the year as described above.
(2) The Grant Dates represent the effective date for each NEO's respective employment agreement and the date that the supplemental method for calculating bonuses for the year was adopted by the Compensation Committee as described above.
(3) The Grant Dates represent the effective date of the Grant of Class E Limited Partnership Interests. These interests are fully vested at the time of grant and are subject to certain forfeiture provisions as defined in the OBH LP, Third Amended and Restated Limited Partnership Agreement.
(4) The amount of annual bonuses that these executives qualify for under the 2010 Management Incentive Bonus Plan increase on a linear curve as the EBITDA of the Company increases (with no maximum).
(5) The Class E Limited Partnership Interests of Mr. Woodard and Mr. Dobbs were cancelled as of January 25, 2011 (the date on which they were no longer employed by the Company). In the event that a Liquidity Event (as defined in the Third Amended and Restated Partnership Agreement of OBH LP) occurs, or a definitive purchase or acquisition agreement or letter of intent is signed by the Company pursuant to which a Liquidity Event will occur is executed, in either case within twelve (12) months after the termination date for Mr. Woodard and Mr. Dobbs, each of their Class E Limited Partnership Interests shall be deemed to be held by Mr. Woodard and Mr. Dobbs for purposes of any distributions relating to such Liquidity Event.

OSIM Brookstone Holdings, L.P. Management Equity Incentive Program

The Company established a management equity incentive program (the "Management Equity Program") under which certain members of our management are eligible to receive awards of profit-sharing interests in OBH LP. Approximately 1,153,420 Class B Common Limited Partnership Interests were granted in 2005 as part of the Management Equity Program. In 2006, approximately 552,555 Class B Common Limited Partnership Interests were granted as part of the Management Equity Program. During 2006, approximately 578,544 Class B Common Limited Partnership Interests were forfeited as the result of employee departures. In 2007, approximately 196,340 Class B Common Limited Partnership Interests were granted as part of the Management Equity Program. During 2007, approximately 22,000 Class B Common Limited Partnership Interests were forfeited as the result of employee departures. There were no grants of Class B Interests subsequent to May 2007 and there will be no further Class B Interests issued effective October 15, 2009, in accordance with the OBH LP, Third Amended and Restated Limited Partnership Agreement. During 2008, approximately 12,741 Class B common partnership interests were forfeited as the result of employee departures. During 2009, approximately 127,770 Class B common partnership interests were forfeited as the result of employee departures. During 2010, 134,478 Class B Common Limited Partnership Interests were exchanged for Class E Limited Partnership Interests, and approximately 79,599 Class B Common Limited Partnership Interests were forfeited as the result of employee departures.

75% of the Class B Common Limited Partnership Interests issued (except in respect of Mr. Louis Mancini as to which this amount is 289,157 Class B Common Limited Partnership Interests) (the "Time Interests") under the Management Equity Program vest ratably over a period of five years from the date of grant and the unvested balance will vest upon a "change of control" or the consummation of an initial public offering of a subsidiary of OBH LP. The remaining 25% of the Class B Common Limited Partnership Interests issued (except in respect of Mr. Mancini as to which this amount is 263,398 Class B Common Limited Partnership Interests) (the "IRR Interests") under the Management Equity Program will vest upon one of the Sponsors having achieved a specified internal rate of return on its investment in OBH LP. With the exception of Mr. Mancini's interests, all IRR Interests, whether vested or unvested, and all unvested Time Interests are subject to forfeiture if employment of the holder is terminated under certain circumstances.

As set forth above, under the Succession Agreement into which we entered with Mr. Mancini, Mr. Mancini's Time Interests were deemed to have fully vested upon termination of his employment, and his IRR Interests shall be allowed to continue vesting.

Management has determined that the awards of Class B Common Limited Partnership Interests of OBH LP under the Management Equity Incentive Program and awards of Class "E" Limited Partnership Interests, should be accounted for under push down accounting and therefore, has included the accounting effects of these awards in Brookstone, Inc.'s consolidated financial statements.

Outstanding Equity Awards Table

Outstanding Equity Awards at Fiscal Year-End 2010

	Interest Awards			
Name	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Ronald D. Boire	-	-	-	-
Philip W. Roizin	-	-	43,253 (1)	(*)
M. Rufus Woodard	-	-	-	-
Donald G. Eames	-	-	-	-
Michael T. Dobbs	-	-	-	-

(1) Consists of IRR Interests granted in October 2005. Such interests will vest upon one of the Sponsors having achieved a specified internal rate of return on its investment in OBH LP. In connection with a restructuring of the Company's management team, the employment agreement of Mr. Roizin was terminated as of January 25, 2011, resulting in the forfeiture of all of these IRR Interests.

(*) The entity to which these equity interests relate, OBH LP, is a private company. As such, there is no market for its equity and no market price by which to calculate the value of these unvested equity interests in accordance with Instruction 3 to Item 402(f)(2) of Regulation S-K.

Equity Vested During Fiscal Year 2010

Name	**Number of Interests Acquired on Vesting**	**Type of Interest**	**Value Realized on Vesting ($)**
Ronald D. Boire	-	-	-
Philip W. Roizin	25,952 (1)	Class "B"	(2)
M. Rufus Woodard	50,000 (3)	Class "E"	(2)
Donald G. Eames	50,000	Class "E"	(2)
Michael T. Dobbs	50,000 (3)	Class "E"	(2)

(1) Represents the Time Interests that vested as of Fiscal Year-end 2010.

(2) The entity to which these equity interests relate, OBH LP, is a private company. As such, there is no market for its equity and no market price by which to calculate the value of these unvested equity interests in accordance with Instruction 3 to Item 402(f)(2) of Regulation S-K.

(3) The Class E Limited Partnership Interests of Mr. Woodard and Mr. Dobbs were cancelled as of January 25, 2011 (the date on which they were no longer employed by the Company). In the event that a Liquidity Event (as defined in the Third Amended and Restated Partnership Agreement of OBH LP) occurs, or a definitive purchase or acquisition agreement or letter of intent is signed by the Company pursuant to which a Liquidity Event will occur is executed, in either case within twelve (12) months after the termination date for Mr. Woodard and Mr. Dobbs, each of their Class E Limited Partnership Interests shall be deemed to be held by Mr. Woodard and Mr. Dobbs for purposes of any distributions relating to such Liquidity Event.

Post Employment Compensation

Pension Benefits

We have a defined benefit pension plan (the "Pension Plan") qualified under Section 401(a) of the Internal Revenue Code of 1986. In March 1998, our Board of Directors approved an amendment to the Pension Plan "freezing" the Pension Plan such that no future benefits will accrue under such plan beyond May 31, 1998. No further years of service beyond 1998 will be counted toward the calculation of benefits and final average compensation rates have been curtailed as of May 31, 1998.

Pension Benefits at January 1, 2011

Name	Plan Name		Number of Years Credited Service (#)		Present Value of Accumulated Benefit ($)		Payments During Last Fiscal Year ($)
Ronald D. Boire	-		-		$ -		-
Philip Roizin	Pension Plan	(1)	2	(2)	$ 22,521	(3)	-
M. Rufus Woodard	Pension Plan	(1)	5	(2)	$ 33,914	(3)	-
Donald G. Eames	-		-		$ -		-
Michael T. Dobbs	-		-		$ -		-

(1) Relates to the Pension Plan. See Note 11 in the Notes to Consolidated Financial Statements for further details.
(2) Equals number of years of service as of date of hire through May 31, 1998. No service after May 31, 1998 is included for benefit accruals.
(3) For purposes of determining the present value of the qualified pension plan's accumulated benefit, the following assumptions were made:

- Mortality Table: RP2000
- Lump sum factor: 4.65%
- Benefit commencement at age 65
- Calculation of average monthly earnings is over the 60 highest consecutive months. No compensation after May 31, 1998 is included.

In March 1998, we froze the Pension Plan, ceased our practice of making discretionary employer contributions to employee accounts under our defined contribution 401(k) plan and instituted a non-discretionary employer matching contribution under such 401(k) plan. In 2009, we suspended the non-discretionary employer matching contribution under such 401(k) plan.

As a result of the foregoing freeze of benefit accruals under the Pension Plan, the monthly vested benefits of the Named Executive Officers will not change. The following monthly vested benefits will be paid to the Named Executive Officers beginning at normal retirement age of 65 based upon a single life annuity benefit: Mr. Roizin, $338.83, and Mr. Woodard, $451.45. Mr. Boire, Mr. Eames and Mr. Dobbs had no credited service as of May 31, 1998, and therefore they have no monthly vested benefits.

Nonqualified Deferred Compensation

None of the Named Executive Officers receive nonqualified deferred compensation benefits.

Potential Post-Employment Payments

The following table shows the potential payments upon termination or a change of control of the Company for the Named Executive Officers as of January 1, 2011.

Executive Benefits and Payments Upon Separation	Resignation Without Good Reason	Early or Normal Retirement (8)	Termination without Cause or Resignation for Good Reason	Termination For Cause	Disability or Death (7)
Compensation and Other Benefits:					
Ronald D. Boire	$ —	$ —	$ 962,500	$ —	$ 962,500
Phillip W. Roizin (1)	—	—	600,000	—	400,000
M. Rufus Woodard (2)	—	—	487,500	—	325,000
Donald G. Eames (3)	—	—	275,000	—	—
Michael T. Dobbs (4)	—	—	275,000	—	—
Medical and Dental Benefits: (6)					
Ronald D. Boire	$ —	$ —	$ —	$ —	$ —
Phillip W. Roizin (1)	—	—	19,856	—	13,237
M. Rufus Woodard (2)	—	—	7,354	—	4,903
Donald G. Eames (3)	—	—	—	—	—
Michael T. Dobbs (4)	—	—	13,237	—	—
Management Equity Program Awards (5)	(*)	(*)	(*)	(*)	(*)

(1) As the employment of Mr. Roizin was terminated by us without "cause" (as defined in his employment agreement), under the terms of his employment agreement Mr. Roizin will continue to receive his base salary and medical and dental benefits for an 18-month period after the date of termination. These payments are unmitigated during the first year following the termination of employment; however, if Mr. Roizin has accepted other employment, upon the first anniversary of the termination of employment subsequent payments of his base salary will be reduced by the amount of his base compensation in his new employment, and his medical and dental benefits will cease.

(2) As the employment of Mr. Woodard was terminated by us without "cause" (as defined in his employment agreement), under the terms of his employment agreement Mr. Woodard will continue to receive his base salary and medical and dental benefits for an 18-month period after the date of termination. However, if Mr. Woodard obtains other employment during such 18-month period, then (a) any such payments of his base salary will be reduced by the amount of his base compensation earned during such new employment, and (b) if the medical and dental plans provided by Mr. Woodard's new employer is not reasonably comparable to the Company's plans in effect at such time, Mr. Woodard's medical and dental coverage under the Company's plans shall continue until the expiration of such 18-month period.

(3) If the employment of Mr. Eames is terminated by us without "cause", under the terms of his employment agreement Mr. Eames will continue to receive his base salary for a 12-month period after the date of termination. However, if Mr. Eames earns any self-employment or other income during such 12-month period, then any such payments of his base salary will be reduced by the amount of his base compensation earned during such new employment.

(4) As the employment of Mr. Dobbs was terminated by us without "cause", under the terms of his employment agreement Mr. Dobbs will continue to receive his base salary for a 12-month period after the date of termination. However, if Mr. Dobbs earns any self-employment or other income during such 12-month period, then any such payments of his base salary will be reduced by the amount of his base compensation earned during such new employment.

(5) All Time Interests awarded to the NEOs under the Management Equity Program were subject to forfeiture upon any termination of employment for cause and any other termination of employment prior to the third anniversary of the grant date. All IRR Interests awarded to the NEOs under the Management Equity Program are subject to forfeiture upon any termination of employment for any reason. In connection with a change of control transaction, each Time Interest and vested IRR interest will entitle the holder to receive consideration of the same type and amount that such holder would have received had he sold such interest in the applicable transaction.

(6) Represents the value of medical and dental insurance premiums, based upon the premiums in effect at January 2, 2010.

(7) Represents the estimated lump-sum present value of all future payments which the NEO would receive under the Company's disability plan or the estimated present value of the proceeds payable to the Named Executive Officer's beneficiaries upon his death, as applicable.

(8) See *Pension Benefits* table and discussion in this section above.

(*) The entity to which these equity interests relate, OBH LP, is a private company. As such, there is no market for its equity and no market price by which to calculate the value of these unvested equity interests in accordance with Instruction 3 to Item 402(f)(2) of Regulation S-K.

Director Compensation

No member of the Board of Directors receives compensation from the Company for service on the Board, other than expense reimbursement.

Compensation Committee Interlocks and Insider Participation

The members of our Compensation Committee are Ron Sim, Adam Suttin and Margaret Lui.

Mr. Sim is an affiliate of OSIM International, Ltd., which is a party to the OSIM Brookstone Holdings, L.P. Third Amended and Restated Limited Partnership Agreement and the OSIM Brookstone Holdings, Inc. Amended and Restated Shareholders Agreement.

Mr. Suttin is an affiliate of J.W. Childs Equity Partners III, L.P., and a member of JWC Fund III Co-Invest LLC, each of which is a party to the OSIM Brookstone Holdings, L.P. Third Amended and Restated Limited Partnership Agreement and the OSIM Brookstone Holdings, Inc. Amended and Restated Shareholders Agreement.

Ms. Lui is an affiliate of Temasek Holdings (Private) Limited, which is the indirect parent of Century Private Equity Holdings (S) Pte Ltd, which is a party to the OSIM Brookstone Holdings, L.P. Third Amended and Restated Limited Partnership Agreement and the OSIM Brookstone Holdings, Inc. Amended and Restated Shareholders Agreement.

For a further description of the transactions between the foregoing members of our Compensation Committee, their affiliates and us, see "Certain Relationships and Related Transactions, and Director Independence."

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

All of our capital stock is owned by Brookstone Holdings Corp. and all of the capital stock of Brookstone Holdings Corp. is owned by OBH LP. The partnership interests of OBH LP consist of a General Partnership Interest which is held by its general partner, OSIM Brookstone Holdings, Inc. ("OBH GP"), Class A Common Limited Partnership Interests, Class B Common Limited Partnership Interests, Class C Common Limited Partnership Interests, Class D Common Limited Partnership Interests, Class E Limited Partnership Interests, Preferred Limited Partnership Interests, and Senior Preferred Limited Partnership Interests.

On October 25, 2010, the Company completed its offering for $20 Million of Senior Preferred Limited Partnership Interests. OSIM, J.W. Childs and certain Management Limited Partners purchased all $20 Million of the Senior Preferred Limited Partnership Interests offered by the Company. Distributions accrue on the Senior Preferred Limited Partnership Interest at a rate equal to 25% per annum, compounded on each anniversary of the date of issuance of such interests. Upon any distribution by OBH LP, holders of the Senior Preferred Limited Partnership Interests will be entitled to receive any accrued and unpaid portion of the preferred yield and a return of their original investment made in respect thereof before any distributions are made to the holders of Preferred, Class A, Class B, Class C, or Class D Common Limited Partnership Interests or Class E Limited Partnership Interests.

J.W. Childs and Temasek also hold $125 million of Preferred Limited Partnership Interests. An annual compounded cumulative distribution accrued on the Preferred Limited Partnership Interests at a rate of 12.0%, until December 31, 2009. Upon any distribution by OBH LP, holders of the Preferred Limited Partnership Interests will be entitled to receive any accrued and unpaid portion of the preferred yield and a return of their original investment made in respect thereof before any distributions are made to the holders of Class A, Class B, Class C, or Class D Common Limited Partnership Interests or Class E Limited Partnership Interests. Upon any distribution by OBH LP and subject to the rights of the holders of the Senior Preferred Limited Partnership Interests and the Preferred Limited Partnership Interests, holders of Class A, Class C, and Class D Common Limited Partnership Interests will be entitled to receive a return of their original investment made in respect thereof and a specified annual internal rate of return on such investment before any payments are made to the holders of Class B Common Limited Partnership Interests.

The affairs and management of OBH LP are controlled by OBH GP, its general partner. The capital stock of OBH GP consists entirely of common shares, which at all times are owned by the limited partners of OBH LP in proportion to their ownership of Class A, Class C, and Class D Common Limited Partnership Interests in OBH LP. The shareholders of OBH GP and the partners of OBH LP are parties to a shareholders agreement and a partnership agreement that govern their exercise of voting rights with respect to election of directors and certain other material events for OBH GP and matters relating to the ownership of shares and partnership interests in OBH GP and OBH LP. See “Certain Relationships and Related Transactions, and Director Independence—OSIM Brookstone Holdings, L.P. Third Amended and Restated Limited Partnership Agreement and OSIM Brookstone Holdings, Inc. Amended and Restated Shareholders Agreement” for more information.

The following table sets forth certain information regarding the beneficial ownership of OBH GP’s common shares as of March 21, 2011 by (a) each person who is the beneficial owner of more than 5% of OBH GP’s voting securities, (b) each member of our board of directors and our named executive officers, and (c) each of our directors and executive officers as a group. Except as otherwise noted under “Certain Relationships and Related Transactions, and Director Independence,” we know of no agreements among our stockholders, OBH GP’s equityholders or OBH LP’s limited partners which relate to voting or investment power over our voting securities or any arrangement the operation of which may at a subsequent date result in a change of control of us, OBH GP or OBH LP.

Beneficial ownership is determined in accordance with the rules of the SEC, and includes direct and indirect voting power and/or investment power with respect to securities. Except as otherwise noted, the persons or entities named have sole voting and investment power with respect to the common shares shown as beneficially owned by them. Unless otherwise indicated, the principal address of each of the stockholders below is c/o Brookstone, Inc., One Innovation Way, Merrimack, New Hampshire 03054.

Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage of Common Shares Beneficially Owned
OSIM International Ltd(1)(2)	9,000,000	55.7%
J.W. Childs Equity Partners III, L.P.(3)(4)	4,351,411	26.9%
JWC Fund III Co-Invest LLC(3)(5)	80,499	0.5%
Century Private Equity Holdings (S) Pte Ltd (6)(7)	2,215,955	13.7%
Ronald Boire (8)	*	*
Philip Roizin (9)	109,929	0.7%
M. Rufus Woodard (10)	46,829	0.3%
Donald G. Eames (8)	*	*
Michael T. Dobbs (8)	*	*
Ron Sim Chye Hock(1)(11)	9,000,000	55.7%
Jackson P. Tai(1)	*	*
Adam Suttin(3)(12)	4,431,910	27.4%
William Watts(3)(12)	4,431,910	27.4%
Margaret Lui(6)(13)	2,215,955	13.7%
All executive officers and directors as a group (11 persons).	15,812,123	97.8%

* These individuals own zero OSIM Brookstone Holdings, L.P.'s Class A Common limited partnership Interests and accordingly, hold no Common Shares of OBH GP.

(1) The address for these holders is c/o OSIM International Ltd, 65, Ubi Avenue 1, OSIM Headquarters, Singapore 408939.

(2) Corresponds to OSIM International Ltd's ownership of 9,000,000 Class A Common Limited Partnership Interests in OBH LP.

(3) The address for these holders is c/o J.W. Childs Associates, L.P., 111 Huntington Avenue, Suite 2900, Boston, Massachusetts 02199-7610.

(4) Corresponds to 1,636,395 Class C Common Limited Partnership Interests and 2,715,016 Class D Common Limited Partnership Interests in OBH LP held directly by J.W. Childs Equity Partners III, L.P. J.W. Childs Equity Partners III, L.P. also holds 8,181,970 preferred interests in OBH LP. The general partner of J.W. Childs Equity Partners III, L.P. is J.W. Childs Advisors III, L.P., a Delaware limited partnership. The general partner of J.W. Childs Advisors III, L.P. is J.W. Childs Associates, L.P., a Delaware limited partnership. The general partner of J.W. Childs Associates, L.P. is J.W. Childs Associates, Inc., a Delaware corporation. J.W. Childs Advisors III, L.P., J.W. Childs Associates, L.P. and J.W. Childs Associates, Inc. may be deemed to beneficially own the Common Shares and preferred interests held by J.W. Childs Equity Partners III, L.P. and JWC Fund III Co-Invest LLC.

(5) Corresponds to 30,272 Class C Common Limited Partnership Interests and 50,227 Class D Common Limited Partnership Interests in OBH LP held directly by JWC Fund III Co-Invest LLC. JWC Fund III Co-Invest LLC also holds 151,363 preferred interests in OBH LP.

(6) The address for these holders is c/o Temasek Holdings (Pte) Ltd (Regn No: 197401143C), 60B Orchard Road, #06-18, Tower 2, The Atrium@Orchard, Singapore 238891.

(7) Corresponds to Century Private Equity Holdings (S) Pte Ltd's ownership of 833,333 Class C Common Limited Partnership Interests and 1,382,622 Class D Common Limited Partnership Interests in OBH LP. Century Private Equity Holdings (S) Pte Ltd also holds 4,166,667 Preferred Limited Partnership Interests in OBH LP. Temasek Holdings (Private) Limited may be deemed to beneficially own the Common and Preferred Limited Partnership Interests in OBH LP owned by Century Private Equity Holdings (S) Pte Ltd in its capacity as the sole shareholder of Century Private Equity Holdings (S) Pte Ltd.

(8) Corresponds to Ronald Boire's, Donald Eames' and Michael Dobbs' ownership of zero Class A Common Limited Partnership Interests in OBH LP.

(9) Corresponds to Philip Roizin's ownership of 109,929 Class A Common Limited Partnership Interests in OBH LP. As of January 1, 2011, he also owned 177,109 Class B Common Limited Partnership Interests in OBH LP.

(10) Corresponds to M. Rufus Woodard's ownership of 46,829 Class A Common Limited Partnership Interests in OBH LP.

(11) Mr. Sim may be deemed the beneficial owner of the Common Shares owned by OSIM International Ltd in his capacity as a shareholder and director of OSIM International Ltd. Mr. Sim disclaims beneficial ownership of such Common Shares except to the extent of his pecuniary interest.

(12) Each of Messrs. Suttin and Watts may be deemed the beneficial owner of the Common Shares owned by J.W. Childs Equity Partners III, L.P. and JWC Fund III Co-Invest LLC in their capacity as a shareholder, Partner or Operating Partner of J.W. Childs Associates, Inc. and certain of its affiliates, as applicable. Each of Messrs. Suttin and Watts disclaim beneficial ownership of such Common Shares except to the extent of his pecuniary interest.

(13) Ms. Lui may be deemed the beneficial owner of the Common Shares owned by Century Private Equity Holdings (S) Pte Ltd by virtue of her position as Managing Director of Temasek Holdings (Private) Ltd, the parent of Century Private Equity Holdings (S) Pte Ltd. Ms. Lui disclaims beneficial ownership of such Common Shares except to the extent of her pecuniary interest.

ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence.***

OSIM Brookstone Holdings, L.P. Third Amended and Restated Limited Partnership Agreement
OSIM Brookstone Holdings, Inc. Amended and Restated Shareholders Agreement

All of our capital stock is owned by Brookstone Holdings Corp. and all of the capital stock of Brookstone Holdings Corp. is owned by OBH LP. Each of the holders of partnership interests in OBH LP entered into a partnership agreement, and each of the holders of common shares of OBH GP entered into a shareholders agreement, governing certain aspects of the relationship among such parties with respect to their ownership of such companies. Prior to October 15, 2009, the partnership interests of OBH LP consisted of a General Partnership Interest which was held by OBH GP, Class A Common Limited Partnership Interests, Class B Common Limited Partnership Interests and Preferred Limited Partnership Interests.

Effective as of October 15, 2009, the partnership agreement and shareholders agreement were each amended (now, the Third Amended and Restated Limited Partnership Agreement and the Amended and Restated Shareholders Agreement, respectively) to, among other things, provide for the conversion of certain Class A partnership interests into Class C partnership interests or Class D partnership interests and the issuance of Class E partnership interests to officers, directors, employees, consultants and advisors of the Company. Under the Third Amended and Restated Limited Partnership Agreement, the partnership interests of OBH LP consist of a General Partnership Interest which is held by OBH GP, Class A Common Limited Partnership Interests held by OSIM and certain Company officers and employees, Class B Common Limited Partnership Interests held by certain Company officers and employees, Class C Common Limited Partnership Interests and Class D Common Limited Partnership Interests held by J.W. Childs Equity Partners III, L.P., JWC Fund III Co-Invest LLC and Century Private Equity Holdings (S) Pte Ltd, Class E Common Limited Partnership Interests held by the Company's officers and certain members of the Company's senior management team, Preferred Limited Partnership Interests held by J.W. Childs Equity Partners III, L.P., JWC Fund III Co-Invest LLC and Century Private Equity Holdings (S) Pte Ltd, and Senior Preferred Limited Partnership Interests held by OSIM, J.W. Childs Equity Partners III, L.P., JWC Fund III Co-Invest LLC, Mr. Tai, Mr. Boire, and certain other officers and employees of the Company. See the Section entitled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for a more complete discussion of these partnership interests.

Under the terms of the Third Amended and Restated Limited Partnership Agreement and the Amended and Restated Shareholders Agreement:

- so long as the Sponsors maintain specified percentages of ownership interests in OBH GP, our board of directors will consist of six members, of which two directors will be appointed by OSIM, two directors will be appointed by JWC, one director will be appointed by Temasek Capital and one director will be our Chief Executive Officer;

- OSIM has the right to designate our Non-Executive Chairman of the Board;

- so long as each of the Sponsors maintains a specified percentage ownership interest in OBH GP, the Sponsor will have blocking rights with respect to certain fundamental corporate actions;

- in the event of the termination of employment of a holder who is a member of our management, OBH LP and OBH GP may purchase the partnership interests of OBH LP and common shares of OBH GP held by the terminated employee;

- holders are restricted from transferring their partnership interests of OBH LP and common shares of OBH GP, except in certain instances, and all transferees are required to become parties to the agreements;

- holders are subject to additional transfer provisions, including: (1) a right of first refusal in favor of OSIM and OBH LP in the event JWC or Temasek Capital proposes to sell its respective interests to a third party; (2) tag along rights for certain holders on proposed sales of OBH LP's partnership interests by JWC or Temasek Capital; (3) drag along rights under which each of JWC and Temasek Capital can require the other holders to participate in a sale of OBH LP upon the occurrence of defined triggering events; and (4) participation rights under which certain holders will have the right to purchase a pro-rata portion of any equity securities that OBH LP proposes to sell and issue at the same price and on the same terms and conditions as proposed by OBH LP for such sale and issuance, subject to certain customary exceptions.

- in the event that an initial public offering of the capital stock of any subsidiary of OBH LP has not been consummated prior to April 5, 2010, JWC will have the right to require OBH LP to use its best efforts to consummate an initial public offering of the equity securities of any of its subsidiaries, subject to certain limitations;

- to the extent the approval of limited partners is required, each limited partner agrees to vote all of such limited partner's partnership interests and common shares in favor of (1) any public offering of registrable securities or (2) any distribution of the securities of a subsidiary of the partnership immediately prior to a public offering of such subsidiary's securities

- each of the Sponsors has certain demand registration rights with respect to registrable securities and the capital stock of any subsidiary of OBH LP following an initial public offering of such capital stock and each holder of common interests or preferred interests has certain "piggyback" registration rights with respect to such registration; and

- upon certain triggering events, JWC and Temasek Capital may require OBH LP to repurchase all of the common interests or preferred interests in OBH LP held by such party, in each case at specified prices and subject to certain conditions.

The partnership agreement also contains provisions pursuant to which the Company and OSIM, for so long as OSIM maintains a specified ownership interest, agree to certain preferred supplier and exclusive distribution arrangements with respect to products offered by the Company, subject to customary conditions.

Other Transactions

During Fiscal 2010, we periodically purchased products from one of our Sponsors, OSIM, for a total cost of approximately $8.7 million. These products are offered to our customers through both our retail stores and our direct marketing channel. At January 1, 2011, there were no outstanding amounts payable to OSIM.

Without the approval of a majority of the disinterested Directors on the Board, the Company may not 1) acquire from any employee, or any entity in which an employee has an economic interest of more than 5% or a controlling interest, or acquire from or sell to any affiliate of any of the foregoing, any Company assets or other property, except for sales pursuant to the employee discount program, or 2) make any loan to or borrow from any of the foregoing persons, or 3) engage in any other transaction with any of the foregoing persons. In addition, the Company shall conduct an appropriate review of all related-party transactions for potential conflict of interest situations on an ongoing basis. The Company may not engage in any such transactions (as defined in applicable SEC regulations and Nasdaq rules) without the approval of the Audit Committee or another independent body of the Board.

Director Independence

The Company has no securities listed for trading on a national securities exchange or in an automated inter-dealer quotation system of a national securities association, which has requirements that a majority of its board of directors be independent. Under current rules of public trading markets, such as NASDAQ and the New York Stock Exchange, we do not believe that any of our non-employee directors would be considered independent because of their relationships with certain affiliates of the funds and other entities, which hold significant interests in OBH LP.

ITEM 14. ***Principal Accounting Fees and Services.***

The following table discloses fees paid to our independent registered public accounting firms in Fiscal 2010 and Fiscal 2009. PricewaterhouseCoopers LLP ("PWC") served as the Company's independent registered public accounting firm for the fiscal year ended January 1, 2011. Ernst & Young LLP ("E&Y") served as the Company's independent registered public accounting firm for the fiscal year ended January 2, 2010. The following table presents fees for professional services rendered by PWC and E&Y related to the audit of the Company's annual financial statements for the fiscal years ended January 1, 2011 and January 2, 2010 and fees billed for other services rendered by PWC and E&Y during those years.

	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
Fiscal 2010	$511,800	$204,100	$46,900	$3,800
Fiscal 2009	$617,800	$75,500	$27,150	$2,000

(1) Includes fees associated with the annual audit, quarterly reviews, statutory audits and SEC reports. Amounts paid to PWC and E&Y for audit fees during Fiscal 2010 were $369,600 and $142,200, respectively.
(2) Includes sales audits and other attest services. Amounts paid to PWC and E&Y for audit-related fees during Fiscal 2010 were $38,800 and $165,300, respectively.
(3) Includes income tax compliance and related tax services. Amounts paid to PWC and E&Y for tax fees during Fiscal 2010 were $0 and $46,900, respectively.
(4) Includes fees paid for accounting research tools. Amounts paid to PWC and E&Y for all other fees during Fiscal 2010 were $1,800 and $2,000, respectively.

The Audit Committee pre-approves any engagement of the Company's independent registered public accounting firm to perform certain non-audit services. These services include tax-compliance, tax consulting, and other technical, financial reporting and assurance services. The Audit Committee pre-approved all of the foregoing Audit-Related Fees, Tax Fees and All Other Fees.

PART IV.

ITEM 15. ***Exhibits and Financial Statement Schedules.***

15(a) **List of Financial Statements, Financial Statement Schedules, and Exhibits.**

1. ***Financial Statements***

The financial statements appear on the following pages of this document:

2. ***Financial Statement Schedule***

Report of Independent Auditors

To the Board of Directors
Brookstone, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, shareholder's equity and comprehensive income (loss), and cash flows present fairly, in all material respects, the financial position of Brookstone, Inc. at January 1, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in item 15(a) in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 31, 2011

Report of Independent Auditors

To the Board of Directors
Brookstone, Inc.

We have audited the accompanying consolidated balance sheet of Brookstone, Inc. ("the Company"), as of January 2, 2010 and the related consolidated statements of operations, shareholder's equity and comprehensive income (loss), and cash flows for each of the two years in the period ended January 2, 2010. Our audits also included the financial statement schedule as it pertains to 2009 and 2008, included in the index at item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Brookstone, Inc. at January 2, 2010, and the consolidated results of its operations and its cash flows for each of the two years in the period ended January 2, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule as it pertains to 2009 and 2008, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 15, 2010

Brookstone, Inc.
Consolidated Balance Sheets
(in thousands, except for share data)

	January 1, 2011	January 2, 2010
Assets:		
Current assets:		
Cash and cash equivalents	$ 32,097	$ 31,802
Receivables, less allowances for doubtful accounts of $257 at January 1, 2011 and $127 at January 2, 2010	7,656	8,159
Merchandise inventories	96,004	86,428
Prepaid expenses	8,950	22,210
Total current assets	144,707	148,599
Property, plant and equipment, net	46,362	52,925
Intangible assets	105,000	105,000
Goodwill	99,734	99,734
Other assets	5,386	5,942
Total assets	$ 401,189	$ 412,200
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	$ 32,836	$ 23,805
Other current liabilities	44,825	42,912
Deferred income taxes	716	762
Total current liabilities	78,377	67,479
Long-term debt (See Note 9):		
Senior Notes, at face value net of discount	135,080	169,222
Concession on 2010 Note Exchange, net	13,529	---
Other long-term debt	3,408	4,246
Total long-term debt	152,017	173,468
Other long term liabilities	19,604	20,554
Deferred income taxes	37,819	37,773
Total liabilities	287,817	299,274
Commitments and contingencies (See Note 12)	---	---
Equity:		
Brookstone Shareholder's equity:		
Common stock – $0.01 par value 1,000 shares authorized, one share issued and outstanding	---	---
Additional paid-in capital	265,485	244,088
Accumulated other comprehensive loss	(1,414)	(651)
Retained deficit	(151,999)	(131,532)
Total Brookstone Shareholder's equity	112,072	111,905
Noncontrolling interests	1,300	1,021
Total equity	113,372	112,926
Total liabilities and equity	$ 401,189	$ 412,200

See Notes to Consolidated Financial Statements.

Brookstone, Inc.
Consolidated Statements of Operations
(in thousands)

	Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009 (53-weeks)
Net sales	$ 468,191	$ 430,258	$ 496,745
Cost of sales	319,254	293,733	355,599
Gross profit	148,937	136,525	141,146
Selling, general and administrative expenses	144,216	129,857	151,582
Goodwill impairment	---	---	89,790
Intangible asset impairment	---	---	24,000
Long-lived asset impairment	---	2,587	5,181
Income (loss) from operations	4,721	4,081	(129,407)
Interest expense, net	23,808	24,229	24,158
Loss before income taxes	(19,087)	(20,148)	(153,565)
Income tax provision (benefit)	481	(12,377)	(6,246)
Consolidated net loss	(19,568)	(7,771)	(147,319)
Less: Net income attributable to noncontrolling interests	899	545	983
Net loss	$ (20,467)	$ (8,316)	$ (148,302)

See Notes to Consolidated Financial Statements.

Brookstone, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal years ended January 1, 2011	Fiscal years ended January 2, 2010	Fiscal years ended January 3, 2009
Cash flows from operating activities:			
Consolidated net loss	$ (19,568)	$ (7,771)	$ (147,319)
Adjustments to reconcile consolidated net loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	12,197	14,310	15,485
Amortization of debt issuance costs	1,954	2,136	2,118
Amortization of debt discount	256	283	283
Amortization of revaluation of leases	(6)	(146)	(35)
Amortization of concession on 2010 Note Exchange	(551)	---	---
Loss on disposal of property, plant and equipment	120	143	728
Goodwill impairment	---	---	89,790
Intangible asset impairment	---	---	24,000
Long-lived asset impairment	---	2,587	5,181
Stock based compensation	1,397	2,883	(478)
Deferred income taxes, net	---	105	(39)
Changes in operating assets and liabilities:			
Accounts receivable	572	1,790	3,017
Merchandise inventories	(9,576)	(4,333)	24,305
Prepaid expenses	13,260	(5,831)	(12,359)
Other assets	193	(100)	234
Accounts payable	9,031	6,772	(16,474)
Other current liabilities	1,913	1,733	(20,035)
Other long-term liabilities	(1,388)	(202)	862
Net cash provided by (used for) operating activities	9,804	14,359	(30,736)
Cash flows from investing activities:			
Expenditures for property, plant and equipment	(5,754)	(3,509)	(15,387)
Net cash used for investing activities	(5,754)	(3,509)	(15,387)
Cash flows from financing activities:			
Repurchase of Senior Notes	(20,000)	---	---
Capital contributions	20,000	---	---
Payments of debt issuance costs	(2,228)	---	---
Payments on long-term debt and capital lease	(838)	(904)	(971)
Cash distributions to noncontrolling interests	(925)	(744)	(1,486)
Cash contributions by noncontrolling interests	236	70	253
Net cash used for financing activities	(3,755)	(1,578)	(2,204)
Net increase (decrease) in cash and cash equivalents	295	9,272	(48,327)
Cash and cash equivalents at beginning of period	31,802	22,530	70,857
Cash and cash equivalents at end of period	$ 32,097	$ 31,802	$ 22,530
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 22,036	$ 21,323	$ 21,887
Cash paid for income taxes, net of refunds	$ (12,465)	$ (6,312)	$ 6,274

See Notes to Consolidated Financial Statements.

Brookstone, Inc.
Consolidated Statements of Shareholder's Equity and Comprehensive Income (Loss)
(in thousands, except share data)

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Brookstone Shareholder's Equity	Non-controlling Interests	Total Equity
Balance at December 30, 2007	1	$ ---	$ 240,380	$ 593	$ 25,086	$ 266,059	$ 1,250	$ 267,309
Stock-based compensation expense	---	---	825	---	---	825	---	825
Transactions between Brookstone and noncontrolling interests	---	---	---	---	---	---	(1,193)	(1,193)
Components of comprehensive income (loss) (net of tax):								
Net income (loss)	---	---	---	---	(148,302)	(148,302)	983	(147,319)
De-designation of cash flow hedge (net of tax of $5)	---	---	---	7	---	7	---	7
Amortization of certain pension/post-retirement plan liability adjustments (no tax effect)	---	---	---	(1,132)	---	(1,132)	---	(1,132)
Comprehensive Loss						(149,427)	983	(148,444)
Balance at January 3, 2009	1	$ ---	$ 241,205	$ (532)	$ (123,216)	$ 117,457	$ 1,040	$ 118,497
Stock-based compensation expense	---	---	2,883	---	---	2,883	---	2,883
Transactions between Brookstone and noncontrolling interests	---	---	---	---	---	---	(564)	(564)
Components of comprehensive income (loss) (net of tax):								
Net income (loss)	---	---	---	---	(8,316)	(8,316)	545	(7,771)
Amortization of certain pension/post-retirement plan liability adjustments	---	---	---	(119)	---	(119)	---	(119)
Comprehensive Loss						(8,435)	545	(7,890)
Balance at January 2, 2010	1	$ ---	$ 244,088	$ (651)	$ (131,532)	$ 111,905	$ 1,021	$ 112,926
Capital Contribution	---	---	20,000	---	---	20,000	---	20,000
Stock-based compensation expense	---	---	1,397	---	---	1,397	---	1,397
Transactions between Brookstone and noncontrolling interests	---	---	---	---	---	---	(620)	(620)
Components of comprehensive income (loss) (net of tax):								
Net income (loss)	---	---	---	---	(20,467)	(20,467)	899	(19,568)
Amortization of certain pension/post-retirement plan liability adjustments (no tax effect)	---	---	---	(763)	---	(763)	---	(763)
Comprehensive Loss						(21,230)	899	(20,331)
Balance at January 1, 2011	1	$ ---	$ 265,485	$ (1,414)	$ (151,999)	$ 112,072	$ 1,300	$ 113,372

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. NATURE OF BUSINESS AND ORGANIZATION

Brookstone, Inc. ("we," "our," "Brookstone" or the "Company") is a nationwide specialty retailer that seeks to offer unique, innovative and proprietary-branded products to customers via multiple distribution channels, including Retail Stores and Direct Marketing via catalogs and the internet. The Brookstone brand features an assortment of functional, distinctly designed and high-quality consumer products. Brookstone's merchandise selection includes products in four categories: Entertainment, Wellness, Technology and Travel.

Brookstone offers approximately 5,300 Stock Keeping Units ("SKUs") at any given time on our website (www.brookstone.com), of which approximately 525 are available through our retail store locations. The Company sells its products through 307 full-year stores (including 48 airport-based stores, and three outlet stores) in 42 states and Puerto Rico. In addition to these full-year stores, Brookstone operates temporary stores and kiosks primarily during the winter holiday season. In 2010, Brookstone operated 152 temporary locations. The Company also operates a Direct Marketing business that includes the Brookstone catalog, an interactive internet website (www.brookstone.com), as well as sales to corporate and wholesale customers. For a further description of the Company's business segments, see "Business" in Item 1 of this Annual Report on Form 10-K and Note 8 of the accompanying Consolidated Financial Statements.

Brookstone, Inc., which was founded in 1965 and incorporated in Delaware in 1986, is a holding company, the principal asset of which is the capital stock of Brookstone Company, Inc., a New Hampshire corporation that, along with its direct and indirect subsidiaries, operates Brookstone's business. Brookstone, Inc. is a privately held, indirect wholly-owned subsidiary of OSIM Brookstone Holdings, L.P. ("OBH LP"), the general partner of which is OSIM Brookstone Holdings, Inc. ("OBH GP") and the limited partners include OSIM International, Ltd. ("OSIM"), affiliates of J.W. Childs Equity Partners III, L.P. ("JWC") and Century Private Equity Holdings (S) Pte Ltd ("Century", and collectively, with OSIM and JWC, the "Sponsors").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, Brookstone Company, Inc. and the direct and indirect wholly owned subsidiaries of this entity. The Company operates eight separate joint venture arrangements. Each of these joint ventures is consolidated. All inter-company accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year end is the 52 or 53 weeks ending on the Saturday closest to December 31. Fiscal 2010 consisted of the 52 weeks ended January 1, 2011, Fiscal 2009 consisted of the 52 weeks ended January 2, 2010, and Fiscal 2008 consisted of the 53 weeks ended January 3, 2009.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company considers the more significant accounting policies that involve management estimates and judgments to be those relating to revenue recognition, inventory reserves, the useful life of property, plant and equipment, valuation of intangible and long-lived assets, accounting for income taxes, pension and other post retirement benefit plans and workers' compensation and general liability insurance accruals. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments with a remaining maturity of three months or less when purchased to be cash equivalents. These instruments are carried at cost plus accrued interest. The Company generally invests its excess cash in money market funds and commercial paper rated at least A-1 or prime-one.

Receivables

The Company's accounts receivable include net receivables related to product returns to vendors, receivables due from credit card processors and corporate and wholesale customers, amounts due from landlords for store build-outs, and other miscellaneous items. An allowance for doubtful amounts has been recorded to reduce receivables to an amount expected to be collectible from customers based on specific identification as well as historical trends.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash equivalents and accounts receivable. The Company places its cash and cash equivalents in highly rated financial institutions. Accounts receivable consists primarily of customer credit card transactions that are fully authorized, trade receivables from corporate and wholesale customers, landlord reimbursement for leasehold improvements and debit charges owed from current merchant vendors. For the periods presented, credit losses have been within management's expectations. Other than the in-transit payments from the major credit card companies, there were no customers that comprised more than 10% of revenue or accounts receivable.

Merchandise Inventories

Merchandise inventories which are comprised primarily of finished goods, are stated at the lower of cost or market. Cost is determined using the retail inventory method. In addition to the cost of merchandise purchased, certain costs related to the purchasing, distribution, storage and handling of merchandise are included in inventory.

Inventory Reserves

The Company maintains a reserve for inventory shrinkage for the periods between physical inventories. Management establishes this reserve based on historical results of previous physical inventories, shrinkage trends or other judgments that Management believes to be reasonable under the circumstances. The Company performed a physical inventory during the fiscal year end and concluded that a reserve for shrinkage is not required at January 1, 2011. The Company recognizes the write-down of slow moving or obsolete inventory in cost of sales.

Debt Issuance Costs

Costs directly related to the issuance of debt are capitalized, included in other long-term assets and amortized over the term of the related debt obligation. During Fiscal 2010, the Company capitalized approximately $2.2 million of new issuance costs related to the Amended and Restated Credit Agreement and issuance costs were reduced by approximately $0.3 million related to the 2010 Note Exchange (See Note 9). The net carrying value of debt issuance costs was approximately $4.3 million and $4.4 million at January 1, 2011 and January 2, 2010 respectively. Related amortization, included as a component of interest expense, was approximately $2.0 million for Fiscal 2010, $2.1 million for Fiscal 2009, and $2.1 million for Fiscal 2008, respectively.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization of property, plant and equipment (excluding temporary locations) are determined using the straight-line method over the estimated useful lives shown below. Materials used in the construction of temporary locations such as kiosks are depreciated based on usage over a maximum five-year period and are included in equipment and fixtures.

Building and improvements	35 years
Equipment, furniture and fixtures	5 to 10 years
Software	3 to 5 years
Leasehold improvements	The lesser of the lease term or the estimated useful life

Goodwill and Intangible Assets

The Company accounts for its goodwill and indefinite-lived intangible assets in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Intangibles - Goodwill and Other*, which requires that these assets not be amortized and are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has elected its fiscal year-end as the annual impairment testing date. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. For goodwill, this determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of the reporting unit and compares it to its carrying amount. The Company determines fair value using a discounted cash flow analysis, which requires certain assumptions and estimates. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied value of that goodwill. The carrying amount of goodwill was assigned to the reporting units as of the date of acquisition in a manner similar to a purchase price allocation. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in the same manner. The residual fair value after this allocation is the implied fair value of the reporting unit's goodwill. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the Company's evaluations. Goodwill is not deductible for tax purposes.

The Company performed its annual test of impairment of goodwill and the Brookstone trade name as of January 1, 2011 and January 2, 2010. Based on the results of the impairment tests, the Company determined that no impairment had occurred.

The Company performed its annual test of impairment of goodwill and the Brookstone trade name as of January 3, 2009. Based on the impairment tests, the Company determined that both goodwill and the Brookstone trade name were impaired and as a result, the Company recorded impairment losses of approximately $89.8 million related to goodwill and approximately $24.0 million related to the Brookstone trade name. These impairment charges are recorded within the loss from operations section of the Statement of Operations for Fiscal 2008. Changes in the carrying amounts of goodwill and the Brookstone trade name (by segment) are as follows (in thousands):

	Goodwill			**Trade name**		
	Retail	Direct Marketing	Total	Retail	Direct Marketing	Total
December 30, 2007	$ 31,675	$ 157,849	$ 189,524	$ 113,000	$ 16,000	$ 129,000
2008 Impairment charges	(31,675)	(58,115)	(89,790)	(22,000)	(2,000)	(24,000)
January 3, 2009	$ -	$ 99,734	$ 99,734	$ 91,000	$ 14,000	$ 105,000
January 2, 2010	$ -	$ 99,734	$ 99,734	$ 91,000	$ 14,000	$ 105,000
January 1, 2011	$ -	$ 99,734	$ 99,734	$ 91,000	$ 14,000	$ 105,000

The Company amortizes its intangible assets with finite-lives using a straight-line method over the estimated useful life of the asset. The Company's intangible assets subject to amortization included certain non-compete agreements, which were fully amortized over their three-year life ending in 2008. Amortization expense of such assets totaled $500,000 for Fiscal 2008.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

The Company accounts for its long-lived assets, including intangible assets with a finite useful life, in accordance with FASB ASC 360-10-35. The Company reviews for impairment at least annually or whenever events or changes in business circumstances indicate that the carrying amount of these assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted net cash flows of individual stores and consolidated net cash flows for long-lived assets not identifiable to individual stores to the recorded value of the asset. If impairment is indicated, the asset is written-down to its estimated fair value. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the Company's evaluations.

The Company performed its annual test of impairment of long-lived assets as of January 1, 2011 and based on the results of the impairment tests, the Company determined that no impairment had occurred.

During 2009 and 2008, in conjunction with our annual review for impairment, the Company noted certain indicators that the carrying amount of certain long-lived assets may not be fully recoverable and as a result performed impairment evaluations in accordance with FASB ASC 360-10-35. Based on the results of the impairment tests, the Company recorded impairment charges of approximately $2.6 million and $5.2 million for the years ended January 2, 2010 and January 3, 2009, respectively, to write-down to fair value certain long-lived assets related to underperforming stores. These impairment charges are recorded within the loss from operations section of the Statement of Operations and are fully included in the Retail segment.

Comprehensive Income

Comprehensive income (loss) consists of net income (loss) and certain pension liability adjustments, net of income taxes. Comprehensive income is reflected in the Consolidated Statements of Shareholders' Equity. At January 1, 2011 and January 2, 2010, accumulated other comprehensive loss consisted of certain pension/post-retirement plan liability adjustments, of approximately $1.4 million and $0.7 million, respectively. There is no tax effect on these amounts due to the full valuation allowance on the net deferred tax assets of the Company at January 1, 2011 and January 2, 2010.

Revenue Recognition

The Company recognizes revenue from sales of merchandise at the time of customer receipt. Revenue is recognized, net of estimated merchandise returns and allowances and sales tax. In its direct to customer segment, the Company estimates delivery time to be approximately three days, therefore, it recognizes revenue in this segment on the third business day after shipment.

Revenue from gift cards is deferred until redemption, with the exception of gift card "breakage." Gift card breakage is the portion of the dollar value of gift cards that ultimately is not redeemed by customers to purchase goods. The Company recognizes gift card breakage using the "redemption recognition" method, whereby gift card breakage is estimated on a pro-rata basis based on historical redemption rates.

Sales of extended service plans are administered by an unrelated third party. The unrelated third party is the legal obligor in most states and accordingly bears all performance obligations and risk of loss related to the service plans sold in such areas. In these states, the Company recognizes the net commission revenue at the time of sale for the service plans. In certain states where the Company is the legal obligor, any significant revenues associated with the sale are deferred and recognized over the life of the service contract, which is typically one to five years.

The Company allows merchandise returns for the majority of its sales, and has established an allowance for merchandise returns based on historical experience.

Cost of Sales

Cost of sales is principally comprised of landed cost (which is comprised of the cost of the product, inbound freight to the Distribution Center and retail stores, U.S. customs and duties and buying agent fees), markdowns, inventory shrink, vendor allowances, internal costs associated with inventory acquisition, shipping and handling costs associated with direct sales and all costs of occupancy.

Advertising Costs

Cooperative advertising reimbursements from vendors are deferred and recorded as a reduction of the related advertising costs at the time the related advertising costs are recorded in the income statement. Any significant reimbursements received above the costs incurred by the Company for a particular vendor, are recorded as a reduction of the cost of the product when the related costs are recorded in the income statement.

Direct-response advertising costs, which consist of catalog production and postage costs and are offset by cooperative advertising reimbursements from vendors, are deferred and amortized over the period of expected direct marketing revenue, which is approximately six months. Net deferred catalog costs were $1.6 million at January 1, 2011 and $1.5 million at January 2, 2010 and are classified as current assets.

The Company expenses in-store, print and other media advertising costs as incurred. Advertising expense, which primarily consists of net catalog costs, was approximately $30.7 million, $25.1 million, and $35.2 million for the years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively, and is recorded in Selling, General and Administrative expenses.

Store Pre-Opening Costs

Pre-opening costs for the Company's new retail stores include payroll costs, rent and manager training expenses. These costs are expensed as incurred and are included in selling, general and administrative expenses.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expense is comprised of all operating costs of the Company's stores, distribution center and headquarter's facilities, excluding occupancy costs which are included in Cost of Sales.

Segment Reporting

The Company operates in two reportable segments based on its two distinct distribution channels; Retail and Direct Marketing. The Retail segment is comprised of all full-year stores in addition to all temporary stores and kiosks. Retail product distribution is conducted primarily through the store locations. The Direct Marketing segment is comprised of the *Brookstone* catalog and products promoted via our internet website, www.brookstone.com and sales to corporate and wholesale customers. Direct Marketing product distribution is primarily conducted through the Company's Customer Care Center and distribution center located in Mexico, Missouri and by its vendors. Both segments of the Company sell similar products, although not all Company products are available through both segments.

Workers' Compensation and General Liability Insurance

The Company retains risk with respect to workers' compensation and general liability claims up to a maximum of $350,000 and $50,000 per claim, respectively. The Company retains risk with respect to aggregate claims up to a maximum of $3,000,000 and $2,000,000 during the policy year for workers' compensation and general liability claims, respectively. The Company's provision for estimated workers' compensation and general liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

The Company accounts for income taxes under FASB ASC 740 - *Income Taxes*, which requires income taxes to be accounted for under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our Company's consolidated financial statements or tax returns. In estimating future tax consequences, we generally take into account all expected future events then known to us, other than changes in the tax law or rates, which are not permitted to be considered. Accordingly, if needed we may record a valuation allowance to reduce net deferred tax assets to the amount that is more likely than not to be realized. The amount of valuation allowance would be based upon management's best estimate of the recoverability of the net deferred tax assets. While future taxable income and ongoing prudent and feasible tax planning are considered in determining the amount of the valuation allowance, the necessity for an allowance is subject to adjustment in the future. Specifically, in the event we were to determine that we would not be able to realize the net deferred tax assets in the future in excess of their net recorded amounts, an adjustment to the net deferred tax assets would decrease income in the period such determination was made. This allowance does not alter our ability to utilize the underlying tax net operating loss and credit carryforwards in the future, the utilization of which is limited to achieving future taxable income. We recorded a valuation allowance against our net deferred tax assets during Fiscal 2010 and 2009.

The Company recognizes the financial statement effects of an uncertain tax position when it is more likely than not, based upon the technical merits, that the position will be sustained. We account for the interest and penalties related to uncertain tax positions as a part of our provision for income taxes. To the extent the Company is able to prevail in matters for which provisions have been established or be required to pay amounts in excess of amounts accrued, the Company's effective tax rate in a given financial period might be materially impacted.

Retirement and Post-Retirement Benefits

The Company sponsors defined benefit pension and other post-retirement benefit plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, and health care cost trend rates. Assumptions are determined based on Company data and appropriate market indicators and are evaluated each year as of the plans' measurement date. The long-term return on plan assets is determined based on historical portfolio results and management's expectation of the future economic environment, as well as target asset allocations. Our medical cost trend assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. A change in any of these assumptions may have a material effect on net periodic pension and post-retirement benefit costs reported in the Consolidated Financial Statements.

Derivative Instruments and Hedging Activities

The Company uses derivative financial instruments to manage the risk of interest rate fluctuations on a portion of its outstanding debt. The Company accounts for derivative financial instruments in accordance with FASB ASC 815 – *Derivatives and Hedging*, which requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. Changes in the fair value of derivatives are recorded each period in current operations or in shareholder's equity as other comprehensive income depending upon whether the derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Refer to Notes 3 and 9, for further discussion of the Company's interest rate swap.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC 718, *Compensation – Stock Compensation*, which requires the measurement of all share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the Company's consolidated statement of operations.

Lease Accounting

The Company leases retail store locations under operating lease agreements, which may provide for leasehold completion allowances to be received from the lessors. These completion allowances are recorded in other long-term liabilities. Upon retirement or sale, the cost of disposed assets and the related accumulated depreciation are eliminated and any gain or loss is included in net income. The Company begins recording rent expense when it takes possession of a store, which usually occurs before the contractual commencement of the lease term and approximately 60 days prior to the opening of the store.

Reclassifications

Certain reclassifications have been made to the Fiscal 2009 balances to conform to the current year presentation. These reclassifications had no impact on previously reported net income or net cash flow.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance, which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. This guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. This guidance requires an ongoing assessment of whether a company is the primary beneficiary of a variable interest entity and also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. This guidance is effective for fiscal years beginning after November 15, 2009. This guidance was effective for our Company at the beginning of Fiscal 2010 and the adoption of this guidance did not have a significant impact on our consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The Company accounts for the fair value of its assets and liabilities under FASB ASC 820 – *Fair Value Measurements and Disclosures*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The authoritative guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value and the hierarchy levels, for financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	January 1, 2011	January 2, 2010
Level 2		
Assets:	$ -	$ -
Liabilities:		
Derivative financial instruments	$ 103	$ 121

Derivative financial instruments consist of an interest rate swap for which fair value is determined through the use of a pricing model, which utilizes verifiable inputs such as market interest rates which are observable at commonly quoted intervals for the full term of the swap agreement.

The recorded amounts for cash and cash equivalents, other current assets, accounts receivable, accounts payable and other current liabilities approximate fair value due to the short-term nature of these assets and liabilities and long term debt related to the Company's capital lease on its distribution center and the real estate loan on its Headquarters facility approximates fair value due to the variable interest rate. At January 1, 2011 and January 2, 2010, the carrying amount of long-term debt of the Senior Notes (See Note 9) was $135.1 million and $169.2 million, respectively, which is net of unamortized debt discounts of $0.5 million and $0.8 million, respectively. The estimated fair value at January 1, 2011 and January 2, 2010 was $124.6 million and $122.8 million, respectively, based on quoted market prices for such notes.

4. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment are as follows (in thousands):

	January 1, 2011	January 2, 2010
Property, Plant and Equipment:		
Land and improvements	$ 1,242	$ 1,242
Building and improvements	9,116	9,008
Leasehold improvements	51,373	48,595
Construction in progress	1,146	1,191
Equipment, furniture, fixtures and software	47,571	45,184
Total property, plant and equipment, gross	110,448	105,220
Less: Accumulated depreciation and amortization	64,086	52,295
Total property, plant and equipment, net	$ 46,362	$ 52,925

Depreciation expense including amortization of capital leases totaled $12,197, $14,310, $14,985 for Fiscal 2010, Fiscal 2009, and Fiscal 2008, respectively.

5. OTHER CURRENT LIABILITIES

The major components of other current liabilities are as follows (in thousands):

	January 1, 2011	January 2, 2010
Merchandise credits and gift cards	$ 5,172	$ 5,102
Accrued employee compensation and benefits	4,661	6,097
Income taxes payable	162	54
Sales returns reserve	8,200	6,945
Interest payable	3,541	4,552
Sales tax payable	11,221	10,108
Rent payable	2,266	2,008
Accrued expenses and other current liabilities	9,602	8,046
Total other current liabilities	$ 44,825	$ 42,912

6. JOINT VENTURES AND VARIABLE INTEREST ENTITIES

The Company enters into various joint venture arrangements to operate certain airport stores under separate agreements. As of January 1, 2011, the Company operated 14 airport store locations through eight separate joint venture agreements. All joint ventures are consolidated.

A legal entity is subject to the consolidation rules of FASB ASC 810 if the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support or the equity investors lack certain specified characteristics of a controlling financial interest. Based on the criteria in FASB ASC 810, the Company determined that all of its joint venture agreements each qualify as a Variable Interest Entity ("VIE"). The purpose of these joint ventures is to operate certain Brookstone retail stores at certain designated locations within the specified airports. Brookstone performs the operation of these retail stores through a "management services agreement" under which Brookstone is paid certain management fees. Under FASB ASC 810, a reporting entity shall consolidate a VIE when that reporting entity has a variable interest (or combination of variable interests) that provides the reporting entity with a controlling financial interest. The reporting entity shall be deemed to have a controlling financial interest in a VIE if it has both of the following characteristics: a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, and b) the obligation to absorb losses or right to receive benefits from the VIE that could be potentially be significant to the VIE. The reporting entity that consolidates a VIE is called the "primary beneficiary" of that VIE. The Company determined that we are the primary beneficiary of all VIE's primarily due to Brookstone directing the activities that most significantly impact the VIE's economic performance, which is the actual management and operating of the Brookstone stores and having the obligation to absorb losses and the right to receive benefits from the VIE that could be potentially be significant to the VIE through our equity investment in each VIE. As a result, the Company has consolidated all VIE's in its Consolidated Financial Statements.

At January 1, 2011 and January 2, 2010, the following amounts were consolidated in the Company's balance sheet related to VIE's for which the Company did not hold a majority voting interest (in thousands):

	January 1, 2011	January 2, 2010
Assets	$ 477	$ 195
Liabilities	-	-
Noncontrolling interests	513	105

For the fiscal years ended January 1, 2011, January 2, 2010, and January 3, 2009 the following amounts were consolidated in the Company's consolidated statement of operations related to VIE's for which the Company did not hold a majority voting interest (in thousands):

	January 1, 2011	January 2, 2010	January 3, 2009
Net sales	$ 4,300	$ 2,300	$ 5,400
Cost of sales	2,300	1,200	3,100
Selling, General and Administrative expenses	1,200	668	1,400
Net income attributable to noncontrolling interests	434	215	431

7. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities for Fiscal 2010 and Fiscal 2009, are as follows (in thousands):

	January 1, 2011	January 2, 2010
Deferred tax assets:		
Current:		
Employee benefit obligations	$ 730	$ 411
Merchandise credits and gift certificates	527	693
Sales return reserve	1,863	1,632
Accrued paid time off	224	298
Other items	636	526
Total current deferred tax assets	3,980	3,560
Valuation allowance	(3,715)	(3,314)
Net current deferred tax assets	265	246
Non-Current:		
Rent expense	2,321	2,162
Employee benefit obligations	1,188	1,093
Depreciation and amortization	4,767	4,918
Net operating loss carry-forwards	9,993	2,469
Tax credits	691	573
Total non-current deferred tax assets	18,960	11,215
Valuation allowance	(18,041)	(10,453)
Net non-current deferred tax assets	919	762
Deferred tax liabilities:		
Current:		
Deferred catalog costs	(631)	(624)
Other items	(350)	(384)
Total current deferred tax liabilities	(981)	(1,008)
Non-Current:		
Intangible assets	(38,535)	(38,535)
Other items	(203)	---
Total non-current deferred tax liabilities	(38,738)	(38,535)
Net deferred tax liability	$ (38,535)	$ (38,535)

At January 1, 2011 the Company had a gross deferred tax asset from tax loss carry-forwards of approximately $10.3 million, which represents approximately $18.9 million in federal net operating losses expiring in 2030, $55.6 million of state net operating losses which expire in the years 2011-2030, and $890,000 of foreign net operating losses which expire in the years 2013-2017 and others which do not expire.

The Company has approximately $772,000 of tax credit carryforwards, which are comprised of federal tax credit carryforwards of $73,000 expiring 2029-2030 and state tax credit carryforwards of $699,000 expiring 2011-2015.

During 2010, the Company's valuation allowance increased approximately $8.0 million due primarily to the recording of a provision for income taxes to establish a valuation allowance against the current year loss. The valuation allowance was determined in accordance with the provisions of FASB ASC 740 which requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. The evidence that the Company reviewed during the fourth quarter of 2010 included the Company's cumulative three-year loss history, a comparison of the 2010 loss compared to earlier forecasts, and our forecast of profitability for Fiscal 2011. As a result of its review undertaken at January 1, 2011, the Company concluded under applicable accounting criteria that it was more likely than not that its deferred tax assets would not be realized.

Current and non-current deferred tax assets and liabilities within the same tax jurisdiction are offset for presentation in the consolidated balance sheet.

The provision (benefit) for income taxes is comprised of the following (in thousands):

	Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Current:			
Federal	$ 94	$ (13,208)	$ (6,703)
State	387	1,067	496
Deferred:			
Federal	---	---	(511)
State	---	(236)	472
Total income tax provision (benefit)	$ 481	$ (12,377)	$ (6,246)

A reconciliation of the U. S. Federal statutory rate to the Company's effective tax rate is as follows:

	Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Statutory federal income tax rate	(34.0)%	(35.0)%	(34.0)%
State income taxes, net of federal tax benefit	2.4%	2.5%	(0.8)%
Valuation allowance	31.1%	(33.3)%	12.3%
Non-deductible share based compensation	2.4%	4.8%	(0.1)%
Goodwill impairment	---	---	19.8%
Other	0.5%	1.2%	(1.2)%
Effective income tax rate	2.4%	(59.8)%	(4.0)%

A reconciliation of the beginning and ending balances of the gross unrecognized tax benefits (in thousands) is as follows:

	Fiscal years ended	
	January 1, 2011	January 2, 2010
Unrecognized tax benefits at beginning of fiscal year	$ 1,941	$ 2,042
Decreases for tax positions of prior years	(1)	(196)
Increases for tax positions of prior years	49	---
Increases based on tax positions for the current year	315	397
Settlements with taxing authorities	---	(79)
Lapse of statute of limitations	(276)	(223)
Unrecognized tax benefits at end of fiscal year	$ 2,028	$ 1,941

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes. The total amount of accrued interest and penalties at January 1, 2011 and January 2, 2010 was approximately $663,000 and $661,000, respectively. The expense reflected for interest and penalties for the year ended January 1, 2011 was approximately $2,000. The total amount of unrecognized tax benefits that would affect our effective tax rate if recognized at January 1, 2011 is approximately $2.0 million.

The Company is under examination in various state jurisdictions related to state specific adjustments. The Company does not expect that the results of such examinations will have any material impact on its financial statements, however, due to the potential for resolution of state tax examinations and expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits may change within the next 12 months by a range of zero to approximately $1.2 million. The Company remains subject to various state income tax examinations for the 2003-2010 tax years.

8. SEGMENT REPORTING

The Company operates in two reportable segments based on its two distinct distribution channels; Retail and Direct Marketing. The Retail segment is comprised of all full-year stores in addition to all temporary stores and kiosks. Retail product distribution is conducted primarily through the store locations. The Direct Marketing segment is comprised of the *Brookstone* catalog and products promoted via our internet website, www.brookstone.com and sales to corporate and wholesale customers. Direct Marketing product distribution is primarily conducted through the Company's Customer Care Center and distribution center located in Mexico, Missouri and by its vendors. Both segments of the Company sell similar products, although not all Company products are available through both segments.

All costs directly attributable to the Direct Marketing segment are charged to this segment while all remaining operating costs are charged to the Retail segment. The Company's management does not review assets by segment, and it is impracticable for the Company to report revenues by product or to group similar products.

The following tables disclose segment net sales, income (loss) before income taxes and depreciation and amortization expense for the fiscal years ended, January 1, 2011, January 2, 2010, January 3, 2009 (in thousands):

	Net Sales		
	Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009 (53-weeks)
Reportable segment:			
Retail	$ 369,880	$ 346,746	$ 391,699
Direct Marketing	98,311	83,512	105,046
Consolidated:	$ 468,191	$ 430,258	$ 496,745

	Income (loss) before income taxes		
	Fiscal years ended		
	January 1, 2011	January 2, 2010 (a)	January 3, 2009 (b)
Reportable segment:			
Retail	$ (9,016)	$ (11,509)	$ (83,675)
Direct Marketing	12,838	15,045	(46,715)
Reconciling Items:			
Interest income	1	6	594
Interest expense	(23,809)	(24,235)	(24,752)
Noncontrolling interests	899	545	983
Consolidated:	$ (19,087)	$ (20,148)	$ (153,565)

	Depreciation & Amortization		
	Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Reportable segment:			
Retail	$ 11,774	$ 14,045	$ 15,222
Direct Marketing	423	265	263
Consolidated:	$ 12,197	$ 14,310	$ 15,485

(a) Includes approximately $2.6 million of charges related to long-lived assets in the Retail segment.
(b) Includes approximately $119.0 million of charges related to impairment of Goodwill, intangible assets and long-lived assets ($58.9 million on the Retail segment; and $60.1 million in the Direct Marketing segment).

9. DEBT

Senior Credit Facility

On April 16, 2010, the Company executed an Amended and Restated Credit Agreement, which provides us with up to $125 million in available borrowings subject to a borrowing base limitation. Our borrowing base calculation is based on advance rates of eligible inventory and receivables. These advance rates vary during the course of the year and provide for increased availability during the Company's peak inventory purchasing season (third and fourth quarters). The Amended and Restated Credit Agreement will expire on April 16, 2014, or 90 days before any of our Senior Notes mature, unless the Company's projections indicate that at the end of each of the following 12 fiscal months, after subtracting the required Reserve (as defined in Amended and Restated Credit Agreement), the amount available under the Amended and Restated Credit Agreement will be sufficient to fund the Company's borrowing needs and leave $5 million to $9 million of required excess availability.

Interest Rates

Borrowings under this Amended and Restated Credit Agreement bear interest at a rate equal to the sum of LIBOR (London Interbank Offer Rate) plus the applicable margin or, at our option, the alternate base rate (which will be the higher of (x) the Bank of America, N.A. prime rate (y) the federal funds rate plus 0.50% and (z) the LIBOR for a one month interest period plus 1.00%), plus the applicable margin. The applicable margin is adjusted from time to time in accordance with a pricing grid based on our average availability during the preceding fiscal quarter in excess of outstanding loans and extensions of credit under this Amended and Restated Credit Agreement. The applicable margin ranges from 2.75% to 3.25% per annum in the case of LIBOR advances and 1.75% to 2.25% per annum in the case of alternate base rate advances.

Fees

We are required to pay the following fees under our Amended and Restated Credit Agreement:

- a commitment fee of 0.50% per annum, payable quarterly in arrears, calculated on the unused portion of the senior credit facility;
- a letter of credit fee equal to the following per annum percentages of the average face amount of the following categories of letters of credit outstanding during the subject quarter: (i) standby letters of credit – at a per annum rate equal to the then applicable margin for LIBOR advances, and (ii) commercial letters of credit - at a per annum rate equal to the then applicable margin for LIBOR advances minus 0.75% per annum, payable on the first day of each calendar quarter, in arrears;
- a fronting fee equal to 0.125% of the face amount of each letter of credit;
- an annual fee to the administrative agent; and
- certain expenses of the administrative agent and the lenders.

Prepayments

If at any time the aggregate outstanding borrowings under our senior credit facility (including obligations in respect of letters of credit) exceed availability, we are required to immediately make a prepayment in the amount of such excess. We may voluntarily prepay our senior credit facility at any time in whole or in part without premium or penalty, except that any prepayment of LIBOR rate advances other than at the end of the applicable interest periods shall be made with reimbursement for any funding losses and redeployment costs of the lenders resulting therefrom.

Covenants

Our senior credit facility contains customary affirmative and negative covenants, including, without limitation, restrictions on liens, restrictions on mergers and consolidations, restrictions on dissolutions and sales of assets, restrictions on the incurrence of debt, restrictions on dividends and stock redemptions, restrictions on investments and acquisitions and restrictions on transactions with affiliates. There are no financial covenants included in our senior credit facility, except a minimum excess availability requirement per the borrowing base calculation. At January 1, 2011, the Company was in compliance with such covenants.

Events of Default

Events of default under our senior credit facility include, among others, nonpayment of principal, interest, fees or other amounts, a material inaccuracy of representations and warranties, covenant defaults, cross defaults, bankruptcy events, certain ERISA events, material judgments, actual or asserted invalidity of any loan documentation or security interests and a change of control.

Guarantees and Security

Brookstone, Inc. and all of its existing direct and indirect wholly-owned subsidiaries unconditionally guarantee, and all of its future direct and indirect wholly-owned domestic subsidiaries will unconditionally guarantee all obligations under our senior credit facility.

All obligations under our senior credit facility and the obligations of the guarantors under the guarantees are secured by a first priority perfected security interest in (1) all of our capital stock and the capital stock of each other direct and indirect domestic subsidiary of Brookstone, Inc. and 65% of the capital stock of each first-tier foreign subsidiary directly or indirectly owned by Brookstone, Inc. and (2) all of our other personal property and the personal property of the other borrowers and guarantors, whether tangible or intangible.

In Fiscal 2010 and Fiscal 2009, the Company's borrowings under the senior credit facility did not exceed $86.4 million and $65.2 million respectively. At January 1, 2011 and January 2, 2010, certain letters of credit in an aggregate amount of approximately $0.9 million and $2.4 million, were outstanding, respectively. Additionally, $3.1 million and $3.3 million in standby letters of credit were outstanding at January 1, 2011 and January 2, 2010, respectively.

Senior Notes

On October 4, 2005, Brookstone Company, Inc. completed an unregistered offering of $185.0 aggregate principal amount of 12.00% Second Lien Senior Secured Notes Due 2012 (the "2012 Notes"). The 2012 Notes mature on October 15, 2012 and bear interest at 12.00% per annum payable in semi-annual installments on April 15 and October 15 of each year, commencing April 15, 2006. Through October 15, 2011, Brookstone Company, Inc. may redeem all or a part of the 2012 Notes at a redemption price of 103.0% and on or after October 15, 2011, Brookstone Company, Inc. may redeem all or a part of the 2012 Notes at a redemption price of 100.0%. During Fiscal 2007, the company repurchased $15 million of the 2012 Notes.

2010 Note Exchange - On October 26, 2010, the Company completed the acquisition of $160,076,000 principal amount of its 2012 Notes that were tendered in response to the Company's offer to acquire its 2012 Notes for cash (subject to proration) or in exchange for 13% Second Lien Senior Secured Notes due 2014 (the "2014 Notes" and collectively with the 2012 Notes the "Senior Notes"). The $160,076,000 principal amount represents 94.16% of the 2012 Notes that were outstanding. The Company paid cash of $20,000,000 to retire $20,513,000 of the 2012 Notes (97.5% of face value) and issued $125,612,000 principal amount of 2014 Notes for the remaining tendered 2012 Notes, which represents 90% of face value, or approximately $139,563,000. After the completion of the transaction, the Company's Senior Notes were reduced by $34,464,000, or 20.3% to $135,536,000 ($125,612,000 of 2014 Notes and $9,924,000 of 2012 Notes) (the "2010 Note Exchange").

Pursuant to authoritative accounting guidance, for financial reporting purposes, it was determined that the noteholders of the 2012 Notes exchanged granted a concession to the Company primarily as a result of the reduction in principal of 2014 Notes issued as part of the exchange. As a result, the Company, in accordance with authoritative accounting guidance, recorded the 2014 Notes at the carrying value of the 2012 Notes exchanged, less the actual cash paid. The difference between the carrying value and the maturity value of the 2014 Notes of approximately $14.1

million, will be amortized through the October 15, 2014 maturity of the 2014 Notes, as an offset to interest expense. For Fiscal 2010, the Company amortized approximately, $0.6 million, as an offset to interest expense.

The 2014 Notes bear interest at 13% per annum, are payable semi-annually on January 15 and July 15 of each year, beginning January 15, 2011, and will mature on October 15, 2014. They are secured by a second lien on substantially all the assets of the Company and its subsidiaries. The 2014 Notes can be redeemed, at the option of the Company, at 106.5% of their principal amount beginning on October 15, 2012, declining to 103.25% on or after October 15, 2013 and 100% on or after April 15, 2014. If a change of control occurs (as defined in the indenture under which the 2014 Notes were issued), each holder of 13% Notes has the right to require us to repurchase all or any part of that holder's 2014 Notes at 101% of the face amount.

The 2014 Notes contain various customary covenants, including without limitation, restrictions on our ability to (i) dispose of assets, (ii) incur additional indebtedness and guarantee obligations or issue preferred stock, (iii) repay other indebtedness, (iv) make certain payments or declare dividends, (v) create liens on assets or prohibit the creation of liens on assets, (vi) make investments, loans or advances, (vii) make certain acquisitions and (viii) engage in mergers or consolidations. At January 1, 2011, the Company was in compliance with such covenants.

In connection with the 2010 Note Exchange, tendering holders consented to amendments to the indenture that governs the 2012 Notes, removing all the covenants and events of default, other than those relating to failure to pay principal and interest when it is due, releasing the collateral for the 2012 Notes and renaming the 2012 Notes "12% Unsecured Notes due 2012". The Supplemental Indenture carrying out those amendments became effective as of October 12, 2010.

The Senior Notes are guaranteed by Brookstone, Inc. and each of its subsidiaries that guarantee any credit facility of Brookstone Company, Inc. The 2014 Notes are secured on a second-priority basis by liens on all of the assets of Brookstone Company, Inc. and the guarantors other than certain excluded assets; are effectively junior in right of payment, to the extent of the value of the assets securing such indebtedness, to our first priority debt including the senior credit facility; and are senior in right of payment to our existing and future subordinated indebtedness.

Real Estate Loan

In 2004, the Company entered into an $8.0 million, 10-year maturity, variable-rate loan agreement based on one-month LIBOR plus 1.00%, related to the financing of its headquarters facility. At January 1, 2011, the interest rate (one-month LIBOR plus 1.00%) was 1.26% and the balance outstanding was approximately $2.9 million. The real estate loan is collateralized by the land with the building and improvements. The real estate loan requires monthly principal payments of $66,667.

Scheduled payments of principal on the real estate loan, due August 31, 2014, are as follows (in thousands):

Fiscal Year	
2011	800
2012	800
2013	800
2014	533
Total	$ 2,933

The current portion of the real estate loan, which is included in other current liabilities on the Company's consolidated balance sheet, equaled $800,000 at January 1, 2011 and January 2, 2010 , respectively.

Derivative Financial Instruments

In order to minimize the risk of exposure related to variations in cash flows over the life of the financing on its headquarters facility, in August 2004, the Company entered into a $4.0 million, 10-year interest rate swap agreement under which the Company receives one-month LIBOR plus 1.00% and pays a 5.67% fixed rate. The swap modifies the Company's interest rate exposure by effectively converting 50% of the real estate loan from a variable rate to a fixed rate in order to hedge against the possibility of rising interest rates during the term of the loan. While the swap agreement serves as an economic hedge, it does not qualify as an accounting hedge. The fair value of the swap, as of January 1, 2011 and January 2, 2010 was negative $102,635 and $120,915, respectively, and was included in other long-term liabilities. Changes in the fair value of the swap are recorded in interest expense.

Capital Lease Obligation

The Company's maintains a lease for its Mexico, Missouri distribution facility, which extends through March 2024 and requires monthly principal payments of $8,718 and interest at the prime rate as published from time to time in the Wall Street Journal. The prime rate was 3.25% at January 1, 2011.

The principal balance of this obligation amounted to approximately $1.4 million at January 1, 2011 and $1.5 million at January 2, 2010 and approximates fair market value. The property capitalized under this capital lease totaled approximately $1.7 million and accumulated amortization totaled approximately $260,000 and $210,000 at January 1, 2011 and January 2, 2010, respectively.

The following is a schedule by year of future minimum lease payments under this capital lease together with the present value of the net minimum lease payments as of January 1, 2011 (in thousands):

Fiscal Year		
2011	$	148
2012		145
2013		142
2014		138
2015		135
Thereafter		972
Total minimum lease payments		1,680
Less: Amount representing interest		(301)
Present value of net minimum lease payments	$	1,379

The current portion of the capital lease obligation, which is included in other current liabilities on the Company's consolidated balance sheet, was approximately $105,000 at January 1, 2011 and January 2, 2010, respectively.

10. SHAREHOLDERS' EQUITY

Share-Based Compensation

The Company accounts for share-based awards under FASB Accounting Standards Codification ("ASC") 718 – *Stock Compensation,* which requires measurement of compensation cost for all share-based awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. Share-based awards granted to members of management provide limited partnership interests in OBH LP, which the Company has determined should be accounted for under push down accounting.

The Company recognizes compensation expense, net of an estimated forfeiture rate, on a straight-line basis over the requisite service period of the award. The estimated forfeiture rate (if any) is based on historical experience. Under the provisions of FASB ASC 718, expense is recognized only for those awards expected to fully vest. If actual forfeitures differ from the estimates, a revision to the forfeiture rate will be necessary.

Certain members of the Company's management hold Class B limited partnership interests ("Class "B" Interests") in OBH LP. These interests are restricted awards that vest either ratably over five years or require certain financial returns be met. There were no grants of Class B Interests subsequent to May 2007 and there will be no further Class B Interests issued effective October 15, 2009, in accordance with the OBH LP, Third Amended and Restated Limited Partnership Agreement (the Partnership Agreement).

In addition, certain members of the Company's management hold Class E limited partnership interests ("Class "E" Interests") in OBH LP. These interests are fully vested at the time of grant and are subject to certain forfeiture provisions as defined in the Partnership Agreement. During 2010, there were 260,000 Class "E" Interests awarded to certain members of management. These awards required the recipients to forfeit previously held Class "B" Interests, nearly all of which were fully vested. As these awards are fully vested at the time of grant, the Company fully recognized the fair value of compensation expense related to these awards in 2010. The fair value of the Class "E" Interests granted during the fiscal years ended January 1, 2011 and January 2, 2010 were estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	Fiscal years ended	
	January 1, 2011	January 2, 2010
Expected stock price volatility	65.0%	60%
Risk-free interest rate	0.75%	1.50%
Expected life	2.3 years	3.00 years
Dividend yield	---	---
Weighted-average grant-date fair value	$3.91	$3.61

The Company recognizes compensation expense, net of an estimated forfeiture rate, on a straight-line basis over the requisite service period of the award. The estimated forfeiture rate was based on historical experience. Under the provisions of FASB ASC 718, compensation expense is recognized only for those awards expected to fully vest. If actual forfeitures differ from the estimates, a revision to the forfeiture rate will be necessary.

The Company recognized compensation expense of approximately $1,397,000, $2,883,000, and $825,000 for the fiscal years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively, related to the Class B and E Interests, which are classified in Selling, General and Administrative expenses. There was no related income tax effect. At January 1, 2011, the Company had approximately $99,000 of Class B Interests remaining to be expensed over the period through May 2012.

Under the terms of his employment agreement, the former Chief Executive Officer of the Company has a "Put Right", whereby he has the right to require OBH LP to pay him, in exchange for him relinquishing his Class A limited partnership interests of OBH LP, a "Put Price" following the fifth anniversary of his employment commencement date. As of January 1, 2011 and January 2, 2010, there no was recognized liability, in conjunction with this Put Right. For the fiscal year ended January 3, 2009, the Company recognized approximately $(1.3) million of compensation expense (reversal), which is classified in Selling, General and Administrative expenses.

Additional Paid-In Capital

In connection with the Company's 2010 Note Exchange (See Note 9), the Company received $20,000,000 of new capital from its Sponsors and Management, through their additional investment in senior preferred interests of OBH LP. This $20,000,000 in new capital was utilized to fund the cash portion of the 2010 Note Exchange and is classified in additional paid-in capital.

11. RETIREMENT PLANS

Pension Plan. The Company sponsors the Brookstone Pension Plan, which provides retirement benefits for its employees who have completed one year of service and who were participating in the plan prior to May 31, 1998. As of May 30, 1998, the Board of Directors approved freezing future benefits under this plan. The retirement plan is a final average pay plan. It is the Company's policy to fund the cost of benefits expected to accrue during the year plus amortization of any unfunded accrued liabilities related to periods of service prior to the valuation date.

Investment Policy and Strategy. The Company employs a total return investment approach whereby a mix of equities and fixed income investments is used to maximize the long-term return of plan assets with a prudent level of risk. The assets of our investment portfolio are held in a "Collective Investment Trust for Employee Benefit Plans". The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as small and large capitalization companies. Both actively-managed and passively-invested portfolios may be utilized for U.S. equity investments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements and periodic asset/liability studies.

In selecting the expected long-term rate of return on assets, the Company considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of these plans. This included considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plans. This basis is consistent with the prior year.

The following is a summary of our target allocation for the plan assets along with the actual allocation of plan assets for the fiscal years presented:

	Target Allocation	Actual Allocation for Fiscal Year Ended	
		January 1, 2011	January 2, 2010
Equity securities	60%	55%	45%
Fixed income investments	40%	43%	53%
All other – primarily cash	---	2%	2%

The following table reflects investments of the pension plan that were measured and carried at fair value (in thousands) (See Note 3 for information on how the Company measures fair value):

	Fair Value Measurement – Level 2	
Asset Category	January 1, 2011	January 2, 2010
Equity securities (1):	$ 2,271	$ 1,654
Fixed income investments (2):	1,755	1,944
Other	76	90
Total	$ 4,102	$ 3,688

(1) Equity securities consist of various portfolio's of the trust which primarily invest in Domestic and International Common Stocks and Real Estate Investment Trusts.

(2) Fixed income investments consist of various portfolio's of the trust which primarily invest in Debt Securities such as Asset Backed, Corporate, U.S. Government and Agency and Mortgage Securities.

Postretirement Benefit Plan. The Company sponsors a defined benefit post-retirement medical plan. Prior to January 1, 2003, all associates who retired from the Company's defined benefit plan that either attained age 65 with five years of service, or attained age 55 with 10 years of service and 70 points were eligible. On June 11, 2002, the Board of Directors approved an amendment to the eligibility requirements that restricts regular full-time associates from continuing to accrue points towards eligibility if those associates have not accumulated a minimum of 10 years of service as of December 31, 2002. Associates who retire prior to age 65 are required to contribute 50% of the premium. Associates who retire at age 65 with five to nine years of service are required to contribute 50% of the premium. Associates not eligible for retirement as of February 1, 1992 will be required to contribute the amount of premium in excess of $4,200 pre-65 and $2,225 post-65. Effective August 31, 2010, the plan was amended to increase the Company premium contribution "caps" to $5,000 pre-65 and $2,500 post-65. The plan is not funded.

The medical cost trend rate assumption has a significant effect on the amounts reported. However, the impact of medical inflation eventually diminishes because of the limit of the Company's share of plan cost for accruals for associates who were not eligible to retire as of February 1, 1992. A one-percentage point change in assumed health care cost trend rate would have had the following effects on January 1, 2011:

	Increase	Decrease
Effect on total of service and interest cost components	$ 1,226	$ (1,061)
Effect on accumulated post-retirement benefit obligation	$ 55,901	$ (48,082)

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for Fiscal 2010, this rate was assumed to decrease uniformly down to 5.0% through Fiscal 2016 and remain at that level thereafter.

The amounts included in other comprehensive income on the balance sheet, that have not yet been recognized as components of net periodic benefit cost at January 1, 2011 are as follows (in thousands):

	Pension Plan	Postretirement Benefit Plan
Accumulated other comprehensive income:		
Net prior service credit	$ -	$ 51
Net actuarial (gain) loss	1,286	77
Total	$ 1,286	$ 128

The amounts included in other comprehensive income expected to be recognized as components of net periodic benefit cost during 2011 are as follows (in thousands):

	Pension Plan	Postretirement Benefit Plan
Amortization of:		
Net prior service credit	$ -	$ (27)
Net actuarial (gain) loss	60	-
Total	$ 60	$ (27)

The components of net periodic benefit cost were as follows (in thousands):

	Pension Plan			Postretirement Benefit Plan		
	Fiscal years ended			Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009	January 1, 2011	January 2, 2010	January 3, 2009
Service Cost	$ 125	$ 125	$ 125	$ 1	$ 1	$ 1
Interest Cost	327	333	329	30	35	36
Expected return on plan assets	(298)	(266)	(384)	-	-	-
Amortization of prior service credit	-	-	-	(34)	(37)	(37)
Amortization of net loss (gain)	24	26	(15)	(9)	(9)	(7)
Net periodic benefit cost	$ 178	$ 218	$ 55	$ (12)	$ (10)	$ (7)

The assumptions used to determine the net periodic benefit cost are as follows:

	Pension Plan			Postretirement Benefit Plan		
	Fiscal years ended			Fiscal years ended		
	January 1, 2011	January 2, 2010	January 3, 2009	January 1, 2011	January 2, 2010	January 3, 2009
Weighted avg. discount rate (1)	5.75%	6.25%	6.25%	5.75%/4.25%	6.25%	6.25%
Expected return on plan assets	8.0%	8.0%	8.0%	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A

The accumulated benefit obligation and reconciliations of the changes in the projected benefit obligation, the changes in plan assets and the funded status are as follows (in thousands):

	Pension Plan		Postretirement Benefit Plan	
	Fiscal years ended		Fiscal years ended	
	January 1, 2011	January 2, 2010	January 1, 2011	January 2, 2010
Change in projected benefit obligation:				
Projected benefit obligation at beginning of fiscal year	$ 5,831	$ 5,428	$ 594	$ 574
Service cost	125	125	1	1
Interest cost	327	333	30	35
Plan participants' contributions	-	-	24	23
Actuarial loss (gain)	617	370	138	46
Expenses paid	(125)	(133)	-	-
Benefits paid	(307)	(292)	(99)	(85)
Plan change (1)	-	-	129	-
Projected benefit obligation at end of fiscal year	$ 6,468	$ 5,831	$ 817	$ 594
Accumulated benefit obligation at end of fiscal year	$ 6,468	$ 5,831	-	-
Change in fair value of plan assets:				
Fair value of plan assets at beginning of fiscal year	$ 3,688	$ 3,391	$ -	$ -
Actual return on plan assets	437	582	-	-
Employer contributions	409	140	75	62
Plan participants' contributions	-	-	24	23
Expenses paid	(125)	(133)	-	-
Benefits paid	(307)	(292)	(99)	(85)
Fair value of plan assets at end of fiscal year	$ 4,102	$ 3,688	$ -	$ -
Reconciliation of funded status:				
Funded status at end of fiscal year	$ (2,365)	$ (2,143)	$ (817)	$ (594)
Unrecognized prior service credit	-	-	-	-
Unrecognized net actuarial gain	-	-	-	-
Recognized liability	$ (2,365)	$ (2,143)	$ (817)	$ (594)
Amounts recognized in the balance sheet:				
Other long-term liability	$ (2,365)	$ (2,143)	$ (817)	$ (594)
Deferred income tax liability	-	-	-	-
Accumulated other comprehensive (income) loss	1,286	832	128	(181)
Weighted average assumptions used to determine benefit obligations:				
Discount rate	5.25%	5.75%	5.00%	5.75%
Rate of increase in compensation levels	N/A	N/A	N/A	N/A

(1) Plan change – Reflects the remeasurement due to the August 31, 2010 amendment to update the premium cost sharing between eligible participants in the plan and the Company. Reflects a discount rate of 5.75% from the beginning of Fiscal 2010 through August 31, 2010 and 4.25% for the period from September 1, 2010 through the end of Fiscal 2010.

The Company estimates that the future benefits payable for its retirement plans are as follows at January 1, 2011 (in thousands):

Fiscal Year	Pension Plan	Postretirement Benefit Plan
2011	$ 301	$ 65
2012	313	67
2013	351	67
2014	361	67
2015	376	66
Next five fiscal years to December, 2020	2,017	291

The Company estimates that contributions expected to be paid to the retirement plans during Fiscal 2011 are approximately $486,000 for the pension plan and $65,000 for the postretirement benefit plan.

The Company also sponsors a 401(k) plan for all associates who have completed at least 90 days of service and have attained the age of 21. The Company's matching 401(k) contribution was approximately $477,000 for fiscal year ended, January 3, 2009. The Company elected not to match 401(k) contributions for fiscal years ended January 1, 2011 and January 2, 2010.

12. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases all of its retail store locations. These leases are non-cancelable and typically do not contain renewal options. New non-airport retail store leases generally have an initial terms ranging between 10 and 12 years and airport locations typically have an initial term of eight years. Certain leases provide for additional rents payable based on store sales. Certain leases contain rent escalation clauses for which the Company has recorded approximately $5.9 million in other long-term liabilities at January 1, 2011, in order to recognize this rent expense on a straight-line basis over the respective terms of the leases.

The operating lease commitments represent the minimum obligation the Company has for its non-cancelable retail store leases. These leases, however, require additional payments for common area maintenance, real estate taxes and other costs. These costs in Fiscal 2010 were equal to approximately 48% of the minimum lease obligations. At January 1, 2011, the minimum future rentals on non-cancelable operating leases are as follows (in thousands):

Fiscal Year	
2011	$ 34,634
2012	31,322
2013	26,415
2014	22,908
2015	20,475
Thereafter	47,346
	$ 183,100

Rent expense was approximately $48.2 million, $48.1 million, and $50.5 million for the years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively. Included in these totals were approximately $40.8 million, $41.3 million, and $43.3 million, respectively, for minimum rent under operating leases and approximately $5.7 million, $5.1 million and $4.9 million, respectively, for contingent rent. These rent expenses, along with other costs of occupancy, are included in cost of sales in the consolidated statements of operations.

A number of the Company's non-airport retail store leases contain clauses that allow the Company to exit the lease prior to the original termination date if certain performance criteria are not met. A limited number of these leases would require the Company to pay to the landlord the unamortized portion of deferred credits should the lease be terminated under these provisions. At January 1, 2011, the unamortized portion of deferred credits under leases with these provisions amounted to approximately $383,000.

Purchase Commitments

As of January 1, 2011, the Company had $12.5 million of outstanding purchase orders, which are primarily related to orders for general merchandise inventories. Since most of the Company's purchase orders are cancelable without penalty upon 30-days notice, this total only includes purchase obligations scheduled to be shipped within 30-days following the end of Fiscal 2010. The Company also had $3.1million in standby letters of credit, which are primarily used to provide for lease payments to store lessors in the event of a default by the Company in its lease obligations. In addition, the Company has purchase commitments for certain software licenses in the amount of approximately $1,145,000 for Fiscal 2011 and a purchase commitment for the maintenance of a wireless network that supports certain Brookstone products of approximately $636,000 in Fiscal 2011 and $587,000 in Fiscal 2012.

Litigation

As of January 1, 2011, the end of the 2010 fiscal year, we were subject to certain legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. In the opinion of management, we do not have any potential liability related to any current legal proceedings and claims that would individually or in the aggregate have a material adverse effect on its financial condition or operating results. However, the results of legal proceedings cannot be predicted with certainty. Should we fail to prevail in any of these legal matters or should several of these legal matters be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

13. RELATED PARTY TRANSACTIONS

During Fiscal 2010 and Fiscal 2009, we periodically purchased products from our parent company, OSIM, for a total cost of approximately $8.7 million and $8.5 million, respectively. These products are offered to our customers through both our retail stores and our direct marketing channel. At January 1, 2011 and January 2, 2010, there were no outstanding amounts payable to OSIM.

During Fiscal 2010 and 2009, certain members of the Company's management, received awards of 260,000 and 600,000 Class E limited partnership interests ("Class "E" Interests") in OBH LP, respectively. These interests vest immediately and are subject to certain forfeiture provisions based on the occurrence of a "Liquidity Event" as defined in the OBH LP, Third Amended and Restated Limited Partnership Agreement.

Under the terms of the Succession Agreement into which he entered with the Company, Mr. Mancini retains the "Put Right" under his employment agreement, whereby he has the right to require OBH LP to purchase the class A interests purchased by him in April 2006 at a "Put Price" determined as provided therein during the thirty (30) day period following April 18, 2011. As of January 1, 2011 and January 2, 2010, there was no recognized liability, in conjunction with this Put Right.

14. QUARTERLY FINANCIAL DATA (unaudited)

Summarized quarterly financial data is as follows (in thousands):

	Fiscal 2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 69,732	$ 76,388	$ 72,669	$ 249,402
Gross profit	11,884	17,231	13,711	106,111
Income (loss) from operations	(17,046)	(12,494)	(14,105)	48,366
Net income (loss) attributable to Brookstone	(23,402)	(19,061)	(20,512)	42,508

	Fiscal 2009			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (a)
Net sales	$ 61,460	$ 72,972	$ 68,165	$ 227,661
Gross profit	6,568	14,585	12,490	102,882
Income (loss) from operations	(20,785)	(10,484)	(12,967)	48,317
Net income (loss) attributable to Brookstone	(27,350)	(16,739)	(19,190)	54,963

(a) Includes approximately $2.6 million of charges related to impairment of long-lived assets.

15. CONSOLIDATING FINANCIAL INFORMATION

The following condensed consolidating financial information presents (1) Brookstone, Inc., the parent and a guarantor of the Senior Notes (the "notes"), (2) Brookstone Company, Inc., the issuer of the notes, (3) Brookstone, Inc.'s guarantor subsidiaries of the notes (all of which are wholly-owned subsidiaries). Separate financial statements of the parent and guarantor subsidiaries are not presented because they are jointly, severally, fully and unconditionally liable under the guarantees. The investments in subsidiaries are accounted for under the equity basis of accounting.

Included in other expenses are revenues and expenses from management and royalty agreements among Brookstone, Inc. and its subsidiaries.

Financial information for the predecessor periods, prior to the issuance of the notes, present Brookstone, Inc., Brookstone Company, Inc. and its subsidiaries as if the guarantor agreements existed during such periods.

Brookstone, Inc.
Consolidated Condensed Balance Sheets
January 1, 2011
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ -	$ 31,762	$ 326	$ 9	$ -	$ 32,097
Receivables, net	-	2,547	5,109	260	(260)	7,656
Merchandise inventories	-	15,830	79,744	169	261	96,004
Prepaid expenses	-	1,910	7,040	-	-	8,950
Total current assets	-	52,049	92,219	438	1	144,707
Property, plant and equipment, net	-	12,734	32,497	1,131	-	46,362
Intangible assets, net	-	105,000	-	-	-	105,000
Goodwill	-	99,734	-	-	-	99,734
Other assets	112,072	99,114	8,276	739	(214,815)	5,386
Total assets	$ 112,072	$ 368,631	$ 132,992	$ 2,308	$ (214,814)	$ 401,189
Liabilities and Shareholder's Equity						
Current liabilities:						
Accounts payable	$ -	$ 32,836	$ -	$ -	$ -	$ 32,836
Other current liabilities	-	22,864	21,961	260	(260)	44,825
Deferred income taxes	-	97	619	-	-	716
	-	55,797	22,580	260	(260)	78,377
Other long term liabilities	-	11,926	86,840	-	(79,162)	19,604
Long term debt	-	150,742	1,275	-	-	152,017
Deferred income taxes	-	38,094	(275)	-	-	37,819
Total liabilities	-	256,559	110,420	260	(79,422)	287,817
Total equity	112,072	112,072	22,572	2,048	(135,392)	113,372
Total liabilities and equity	$ 112,072	$ 368,631	$ 132,992	$ 2,308	$ (214,814)	$ 401,189

Brookstone, Inc.
Consolidated Statements of Operations
For the year ended January 1, 2011
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ -	$ 54,255	$ 393,555	$ 16,834	$ 3,547	$ 468,191
Cost of sales	-	42,987	263,294	9,426	3,547	319,254
Gross profit	-	11,268	130,261	7,408	-	148,937
Selling, general and administrative expenses	-	27,853	111,488	4,875	-	144,216
Other expenses (income)	-	(34,652)	34,652	-	-	-
Income (loss) from continuing operations	-	18,067	(15,879)	2,533	-	4,721
Interest expense, net	-	23,216	579	13	-	23,808
Income (loss) before taxes	-	(5,149)	(16,458)	2,520	-	(19,087)
Income tax provision (benefit)	-	187	294	-	-	481
Equity income in subsidiaries, net of tax	(20,467)	(15,131)	1,621	-	33,977	-
Consolidated net income (loss)	(20,467)	(20,467)	(16,751)	2,520	33,977	(19,568)
Less: net income(loss) attributable to noncontrolling interests	-	-	-	899	-	899
Net income (loss) attributable to Brookstone	$ (20,467)	$ (20,467)	$ (15,131)	$ 1,621	$ 33,977	$ (20,467)

Brookstone, Inc.
Consolidated Statements of Cash Flows
For the year ended January 1, 2011
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net income (loss)	$ (20,467)	$ (20,467)	$ (15,131)	$ 2,520	$ 33,977	$ (19,568)
Depreciation and amortization	-	2,364	9,444	389	-	12,197
Amortization of debt issuance costs	-	1,954	-	-	-	1,954
Amortization of debt discount	-	256	-	-	-	256
Amortization of revaluation of leases	-	(33)	27	-	-	(6)
Amortization of concession on 2010 Note Exchange, net	-	(551)	-	-	-	(551)
Loss on disposal of property, plant and equipment	-	-	120	-	-	120
Share-based compensation expense	-	1,397	-	-	-	1,397
Deferred income taxes, net	-	(344)	344	-	-	-
Equity income in subsidiary	20,467	15,131	(1,621)	-	(33,977)	-
Changes in operating assets and liabilities:						
Accounts receivable, net	-	3,246	(2,743)	2	67	572
Merchandise inventories	-	(2,663)	(6,838)	2	(77)	(9,576)
Prepaid expense	-	13,617	(357)	-	-	13,260
Other assets	-	(16,690)	1,050	(1,659)	17,492	193
Accounts payable	-	9,031	-	-	-	9,031
Other current liabilities	-	(911)	2,824	67	(67)	1,913
Other long-term liabilities	-	(630)	16,657	-	(17,415)	(1,388)
Net cash provided by operating activities	-	4,707	3,776	1,321	-	9,804
Cash flows from investing activities:						
Expenditures for property, plant and equipment, net	-	(1,500)	(3,624)	(630)	-	(5,754)
Net cash used for investing activities:	-	(1,500)	(3,624)	(630)	-	(5,754)
Cash flows from financing activities:						
Payments on long-term debt and capital lease	-	(733)	(105)	-	-	(838)
Repurchase of Senior Notes	-	(20,000)				(20,000)
Payments for debt issuance costs	-	(2,228)	-	-	-	(2,228)
Capital contribution	-	20,000	-	-	-	20,000
Cash contributions by noncontrolling interests	-	-	-	236	-	236
Cash distributions to noncontrolling interests	-	-	-	(925)	-	(925)
Net cash used for financing activities	-	(2,961)	(105)	(689)	-	(3,755)
Net increase (decrease) in cash and cash equivalents	-	246	47	2	-	295
Cash and cash equivalents at beginning of period	-	31,516	279	7	-	31,802
Cash and cash equivalents at end of period	$ -	$ 31,762	$ 326	$ 9	$ -	$ 32,097

Brookstone, Inc.
Consolidated Condensed Balance Sheets
January 2, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ -	$ 31,516	$ 279	$ 7	$ -	$ 31,802
Receivables, net	-	5,793	2,366	193	(193)	8,159
Merchandise inventories	-	13,167	72,906	171	184	86,428
Prepaid expenses	-	15,527	6,683	-	-	22,210
Total current assets	-	66,003	82,234	371	(9)	148,599
Property, plant and equipment, net	-	13,598	38,437	890	-	52,925
Intangible assets, net	-	105,000	-	-	-	105,000
Goodwill	-	99,734	-	-	-	99,734
Other assets	114,372	100,111	7,917	1,879	(218,337)	5,942
Total assets	$ 114,372	$ 384,446	$ 128,588	$ 3,140	$ (218,346)	$ 412,200
Liabilities and Shareholder's Equity						
Current liabilities:						
Accounts payable	$ -	$ 23,805	$ -	$ -	$ -	$ 23,805
Other current liabilities	-	23,775	19,137	193	(193)	42,912
Deferred income taxes	-	-	762	-	-	762
Total current liabilities	-	47,580	19,899	193	(193)	67,479
Other long term liabilities	-	11,871	72,740	-	(64,057)	20,554
Long term debt	-	172,089	1,379	-	-	173,468
Deferred income taxes	-	38,535	(762)	-	-	37,773
Total liabilities	-	270,075	93,256	193	(64,250)	299,274
Total equity	114,372	114,371	35,332	2,947	(154,096)	112,926
Total liabilities and equity	$ 114,372	$ 384,446	$ 128,588	$ 3,140	$ (218,346)	$ 412,200

Brookstone, Inc.
Consolidated Statements of Operations
For the year ended January 2, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ -	$ 50,538	$ 362,827	$ 12,866	$ 4,027	$ 430,258
Cost of sales	-	40,786	241,715	7,205	4,027	293,733
Gross profit	-	9,752	121,112	5,661	-	136,525
Selling, general and administrative expenses	-	26,063	99,987	3,807	-	129,857
Long-lived asset impairment	-	256	2,101	230	-	2,587
Other expenses (income)	-	(32,388)	32,388	-	-	-
Income (loss) from continuing operations	-	15,821	(13,364)	1,624	-	4,081
Interest expense, net	-	23,773	443	13	-	24,229
Income (loss) before taxes	-	(7,952)	(13,807)	1,611	-	(20,148)
Income tax provision (benefit)	-	(2,811)	(9,566)	-	-	(12,377)
Equity income in subsidiaries, net of tax	(8,316)	(3,175)	1,065	-	10,426	-
Consolidated net income (loss)	(8,316)	(8,316)	(3,176)	1,611	10,426	(7,771)
Less: net income (loss) attributable to noncontrolling interests	-	-	-	545	-	545
Net income (loss) attributable to Brookstone	$ (8,316)	$ (8,316)	$ (3,176)	$ 1,066	$ 10,426	$ (8,316)

Brookstone, Inc.
Consolidated Statements of Cash Flows
For the year ended January 2, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net income (loss)	$ (8,316)	$ (8,316)	$ (3,176)	$ 1,610	$ 10,427	$ (7,771)
Depreciation and amortization	-	2,705	11,195	410	-	14,310
Amortization of debt issuance costs	-	2,136	-	-	-	2,136
Amortization of debt discount	-	283	-	-	-	283
Amortization of revaluation of leases	-	(28)	(118)	-	-	(146)
Loss on disposal of property, plant and equipment	-	-	142	1	-	143
Long-lived asset impairment	-	256	2,101	230	-	2,587
Share-based compensation expense	-	2,883	-	-	-	2,883
Deferred income taxes, net	-	(7,751)	7,856	-	-	105
Equity income in subsidiary	8,316	3,176	(1,065)	-	(10,427)	-
Changes in operating assets and liabilities:						
Accounts receivable,net	-	(1,299)	2,979	-	110	1,790
Merchandise inventories	-	(1,016)	(3,450)	(5)	138	(4,333)
Prepaid expense	-	(6,923)	1,092	-	-	(5,831)
Other assets	-	15,656	(17,953)	(1,599)	3,796	(100)
Accounts payable	-	6,772	-	-	-	6,772
Other current liabilities	-	681	1,052	110	(110)	1,733
Other long-term liabilities	-	1,154	2,578	-	(3,934)	(202)
Net cash provided by operating activities	-	10,369	3,233	757	-	14,359
Cash flows from investing activities:						
Expenditures for property, plant and equipment, net	-	(59)	(3,367)	(83)	-	(3,509)
Net cash used for investing activities	-	(59)	(3,367)	(83)	-	(3,509)
Cash flows from financing activities:						
Payments on long-term debt and capital lease	-	(799)	(105)	-	-	(904)
Cash contributions by noncontrolling interests	-	-	-	70	-	70
Cash distributions to noncontrolling interests	-	-	-	(744)	-	(744)
Net cash used for financing activities	-	(799)	(105)	(674)	-	(1,578)
Net increase (decrease) in cash and cash equivalents	-	9,511	(239)	-	-	9,272
Cash and cash equivalents at beginning of period	-	22,005	518	7	-	22,530
Cash and cash equivalents at end of period	$ -	$ 31,516	$ 279	$ 7	$ -	$ 31,802

Brookstone, Inc.
Consolidated Statements of Operations
For the year ended January 3, 2009 (53-weeks)
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ -	$ 59,913	$ 420,827	$ 16,918	$ (913)	$ 496,745
Cost of sales	-	46,159	300,775	9,578	(913)	355,599
Gross profit	-	13,754	120,052	7,340	-	141,146
Selling, general and administrative expenses	-	21,228	125,865	4,489	-	151,582
Goodwill impairment	-	89,790	-	-	-	89,790
Intangible asset impairment	-	24,000	-	-	-	24,000
Long-lived asset impairment	-	5,181	-	-	-	5,181
Other expenses (income)	-	(32,619)	32,619	-	-	-
Income (loss) from operations	-	(93,826)	(38,432)	2,851	-	(129,407)
Interest expense, net	-	23,734	413	11	-	24,158
Income (loss) before taxes	-	(117,560)	(38,845)	2,840	-	(153,565)
Income tax provision (benefit)	-	(6,382)	136	-	-	(6,246)
Equity income in subsidiaries, net of tax	(148,302)	(37,124)	1,856	-	183,570	-
Consolidated net income (loss)	(148,302)	(148,302)	(37,125)	2,840	183,570	(147,319)
Less: Net income (loss) attributable to noncontrolling interests	-	-	-	983	-	983
Net income (loss) attributable to Brookstone	$ (148,302)	$ (148,302)	$ (37,125)	$ 1,857	$ 183,570	$ (148,302)

Brookstone, Inc.
Consolidated Statements of Cash Flows
For the year ended January 3, 2009
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Net income (loss)	$ (148,302)	$ (148,302)	$ (37,124)	$ 2,840	$ 183,569	$ (147,319)
Depreciation and amortization	-	3,338	11,733	414	-	15,485
Amortization of debt issuance costs	-	2,118	-	-	-	2,118
Amortization of debt discount	-	283	-	-	-	283
Amortization of revaluation of leases	-	439	(474)	-	-	(35)
Loss on disposal of property, plant and equipment	-	21	704	3	-	728
Goodwill impairment	-	89,790	-	-	-	89,790
Intangible asset impairment	-	24,000	-	-	-	24,000
Long-lived asset impairment	-	5,181	-	-	-	5,181
Share-based compensation	-	(478)	-	-	-	(478)
Deferred income taxes, net	-	(313)	274	-	-	(39)
Equity income in subsidiary	148,302	37,124	(1,857)	-	(183,569)	-
Changes in operating assets and liabilities:						
Accounts receivable, net	-	245	2,732	-	40	3,017
Merchandise inventories	-	2,973	21,401	13	(82)	24,305
Prepaid expense	-	(7,705)	(4,654)	-	-	(12,359)
Other assets	-	(22,621)	(11,448)	(1,107)	35,410	234
Accounts payable	-	(16,474)	-	-	-	(16,474)
Other current liabilities	-	(11,236)	(8,799)	40	(40)	(20,035)
Other long term liabilities	-	881	35,309	-	(35,328)	862
Net cash provided by (used for) operating activities	-	(40,736)	7,797	2,203	-	(30,736)
Cash flows from investing activities:						
Expenditures for property, plant and equipment	-	(6,729)	(7,688)	(970)	-	(15,387)
Net cash used for investing activities	-	(6,729)	(7,688)	(970)	-	(15,387)
Cash flows from financing activities:						
Payments on long-term debt and capital lease	-	(867)	(104)	-	-	(971)
Cash contributions by noncontrolling interests	-	-	-	253	-	253
Cash distributions to noncontrolling interests	-	-	-	(1,486)	-	(1,486)
Net cash used for financing activities	-	(867)	(104)	(1,233)	-	(2,204)
Net increase (decrease) in cash and cash equivalents	-	(48,332)	5	-	-	(48,327)
Cash and cash equivalents at beginning of period	-	70,337	513	7	-	70,857
Cash and cash equivalents at end of period	$ -	$ 22,005	$ 518	$ 7	$ -	$ 22,530

Schedule II Valuation and Qualifying Accounts and Reserves (in thousands):

Fiscal year ended January 1, 2011

Description	Beginning Balance	Additions	Deductions	Ending Balance
Allowance for doubtful accounts	$ 127	$ 153	$ (23)	$ 257
Sales returns reserve	$ 6,945	$ 34,821	$ (33,566)	$ 8,200
Deferred tax valuation allowance	$ 13,767	$ 8,275	$ (286)	$ 21,756

Fiscal year ended January 2, 2010

Description	Beginning Balance	Additions	Deductions	Ending Balance
Allowance for doubtful accounts	$ 316	$ 270	$ (459)	$ 127
Sales returns reserve	$ 5,373	$ 30,691	$ (29,119)	$ 6,945
Deferred tax valuation allowance	$ 20,281	$ 2,191	$ (8,705)	$ 13,767

Fiscal year ended January 3, 2009

Description	Beginning Balance	Additions	Deductions	Ending Balance
Allowance for doubtful accounts	$ 164	$ 352	$ (200)	$ 316
Sales returns reserve	$ 11,244	$ 35,422	$ (41,293)	$ 5,373
Deferred tax valuation allowance	$ 1,055	$ 19,226	$ ---	$ 20,281

All other schedules of which provision is made in the applicable regulation of the Securities and Exchange Commission have been omitted because the information is disclosed in the Consolidated Financial Statements or because such schedules are not required or are not applicable.

Exhibit Index

Exhibit Number	Exhibit
3.1	Amended and Restated Certificate of Incorporation of Brookstone, Inc. (1)
3.2	Amended and Restated By-laws of Brookstone, Inc. (1)
4.1	Indenture, dated as of October 4, 2005, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as trustee(1)
4.2	Exchange and Registration Rights Agreement, dated as of October 4, 2005, among Brookstone Company, Inc., the guarantors named therein and Goldman, Sachs & Co., on behalf of the Purchasers(1)
4.3	Form of 12.00% Second Lien Senior Secured Note due 2012 (included in Exhibit 4.1) (1)
4.4	Form of Regulation S 12.00% Second Lien Senior Secured Note due 2012 (included in Exhibit 4.1) (1)
4.5	Form of Notation of Guarantee (included in Exhibit 4.1) (1)
4.6	Collateral Agency Agreement, dated as of October 4, 2005, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as trustee and collateral agent(1)
4.7	Intercreditor Agreement, dated as of October 4, 2005, among Brookstone Company, Inc., the guarantors named therein, Bank of America, N.A., as first lien collateral agent, Wells Fargo Bank, N.A., as trustee and collateral agent(1)
4.8	Indenture, dated as of October 26, 2010, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as trustee (9)
4.9	First Supplemental Indenture, dated as of October 12, 2010, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as trustee (9)
4.10	13.00% Second Lien Secured Notes due 2014 (9)
4.11	Notation of Guarantee (9)
4.12	Security Agreement, dated as of October 26, 2010, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as collateral agent (9)
4.13	Intellectual Property Security Agreement, dated as of October 26, 2010, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as collateral agent (9)
4.14	Intercreditor Agreement, dated as of October 26, 2010, among Brookstone Company, Inc., the guarantors named therein, Bank of America, N.A. as priority lien collateral agent and Wells Fargo Bank, N.A. as trustee and collateral agent (9)
4.15	Collateral Agency Agreement, dated as of October 26, 2010, among Brookstone Company, Inc., the guarantors named therein and Wells Fargo Bank, N.A., as trustee and collateral agent (9)
10.1	Employment Agreement, dated as of April 18, 2006, among Louis Mancini, Brookstone, Inc. and OSIM Brookstone Holdings, L.P. (1)
10.2	Employment Agreement, dated October 4, 2005, between Philip Roizin and Brookstone, Inc. (1)
10.3	Employment Agreement, dated October 4, 2005, between M. Rufus Woodard and Brookstone, Inc. (1)
10.4	Credit Agreement, dated as of October 4, 2005, by and among Brookstone Company, Inc., the guarantors named therein, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent and collateral agent, and Goldman Sachs Credit Partners L.P., as documentation agent(1)
10.5	Guaranty, dated as of October 4, 2005, executed by the guarantors identified therein(1)
10.6	Guaranty, dated as of October 4, 2005, executed by Brookstone, Inc. and Advanced Audio Concepts, Limited(1)

Exhibit Number	**Exhibit**
10.7	Security Agreement, dated as of October 4, 2005, by and among Brookstone, Inc., Brookstone Company, Inc., Brookstone International Holdings, Inc., Brookstone Holdings, Inc., Brookstone Properties, Inc., Brookstone Purchasing, Inc., Brookstone Retail Puerto Rico, Inc., Brookstone Stores, Inc., Advanced Audio Concepts, Limited, Gardeners Eden, Inc. and Bank of America, N.A., as collateral agent[1]
10.8	Intellectual Property Security Agreement, dated as of October 4, 2005, by and among Brookstone, Inc., Brookstone Company, Inc., Brookstone International Holdings, Inc., Brookstone Holdings, Inc., Brookstone Properties, Inc., Brookstone Purchasing, Inc., Brookstone Retail Puerto Rico, Inc., Brookstone Stores, Inc., Advanced Audio Concepts, Limited, Gardeners Eden, Inc. and Bank of America, N.A., as collateral agent[1]
10.9	Amended and Restated Lease Agreement With Option To Purchase dated March 1, 2004 between City of Mexico, Missouri and Brookstone Stores, Inc. Incorporated by reference to the Registrant's Form 10-K for the year ended January 31, 2004 [2]
10.10	Real Estate Loan Agreement dated August 24, 2004 between Banknorth, N.A. and Brookstone Company, Inc. [3]
10.11	Real Estate Promissory Note dated August 24, 2004 between Banknorth, N.A. and Brookstone Company, Inc. [3]
10.12	Mortgage and Security Agreements dated August 24, 2004 between Banknorth, N.A. and Brookstone Company, Inc. [3]
10.13	International Swap Dealers Association, Inc. Master Agreement dated July 8, 2004 between Banknorth, N.A. and Brookstone Company, Inc. [3]
10.14	Schedule to the International Swap Dealers Association, Inc. Master Agreement dated July 8, 2004 between Banknorth, N.A. and Brookstone Company, Inc. [3]
10.15	First Amendment to Credit Agreement, dated as of March 21, 2007, by and among Brookstone Company, Inc., the guarantors named therein, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent and collateral agent, and Goldman Sachs Credit Partners L.P., as documentation agent[5]
10.16	Form of the Company's Pension Plan (filed as an exhibit to the Registration Statement on Form S-1 (File No. 33-47123) filed by Brookstone, Inc. and incorporated by reference herein
10.17	Succession Agreement, dated February 19, 2009, among Louis Mancini, Brookstone, Inc. and OSIM Brookstone Holdings, L.P. [6]
10.18	Amendment to Employment Agreement dated February 23, 2009, between Philip Roizin and Brookstone, Inc. [6]
10.19	Employment Agreement, dated October 15, 2009, between Ronald Boire and Brookstone, Inc. [7]
10.20	Amended and Restated Credit Agreement, dated as of April 16, 2010, among Brookstone Company, Inc., the guarantors named therein, the lenders party thereto, Bank of America, N.A., as administrative agent, collateral agent and borrowing base agent, General Electric Capital Corporation, as borrowing base agent, and Banc of America Securities LLC, as sole lead arranger and sole lead book manager [8]
10.21	Employment Letter Agreement, dated as of March 8, 2010, between Donald Eames and Brookstone, Inc. [8]
10.22	Employment Letter Agreement, dated as of February 8, 2010 – Revised February 22, 2010, between Michael Dobbs and Brookstone, Inc. [8]
21.1	List of Subsidiaries (filed herewith)
31.1	Certification of Principal Executive Officer in the Form Provided by Rule 15d-14 of the Securities Exchange Act of 1934(filed herewith)
31.2	Certification of Principal Financial Officer in the Form Provided by Rule 15d-14 of the Securities Exchange Act of 1934(filed herewith)

Exhibit Number	Exhibit
32.1	Certification of Chief Executive Officer in the Form Provided by Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(filed herewith)
32.2	Certification of Chief Financial Officer in the Form Provided by Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(filed herewith)

(1) Incorporated by reference to the Registration Statement on Form S-4 filed on May 2, 2006 and declared effective June 14, 2006 (File No. 333-133754).
(2) Incorporated by reference to the Registrant's Form 10-K for the year ended January 31, 2004.
(3) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended July 31, 2004.
(4) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2006.
(5) Incorporated by reference to the Registrant's Form 8-K dated March 27, 2007.
(6) Incorporated by reference to the Registrant's Form 10-K for the year ended January 3, 2009.
(7) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended October 3, 2009.
(8) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended April 3, 2010.
(9) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended October 2, 2010.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2011**.**

Brookstone, Inc.

By: /s/ Thomas F. Moynihan
Thomas F. Moynihan
Vice President and Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company in the capacities indicated, on March 31, 2011.

Signature	Title
/s/ Jackson P. Tai Jackson P. Tai	Chairman of the Board of Directors
/s/ Ron Sim Chye Hock Ron Sim Chye Hock	Director
/s/ Adam L. Suttin Adam L. Suttin	Director
/s/ William E. Watts William E. Watts	Director
/s/ Margaret Lui Margaret Lui	Director
/s/ Ronald D. Boire Ronald D. Boire	President and Chief Executive Officer, Director (Principal Executive Officer)
/s/ Thomas F. Moynihan Thomas F. Moynihan	Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 21.1

Brookstone, Inc.
List of Subsidiaries

March 28, 2011

Name	Organized under laws of:
Brookstone Company, Inc.	New Hampshire
Brookstone Stores, Inc.	New Hampshire
Brookstone Purchasing, Inc.	New Hampshire
Brookstone Properties, Inc.	New Hampshire
Brookstone Holdings, Inc.	New Hampshire
Brookstone International Holdings, Inc.	New Hampshire
Gardeners Eden, Inc.	New Hampshire
Brookstone Retail Puerto Rico, Inc.	Puerto Rico
Advanced Audio Concepts, Limited	Hong Kong
Brookstone O'Hare, LLC	Delaware
National Concessions Management Brookstone Stores Georgia, LLC	Delaware
Brookstone Dallas Fort Worth, LLC	Delaware
Brookstone Military Sales, Inc.	New Hampshire
Brookstone Stores DTW, LLC	Delaware
Brookstone Stores SAT, LLC	Delaware
National Concessions Management Brookstone Stores JFK, LLC	Delaware
Areas Brookstone Atlanta JV, LLC	Florida

Exhibit 31.1

Certification in the Form Provided by Rule 15d-14
of the Securities Exchange Act of 1934

I, Ronald D. Boire, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended January 1, 2011 of Brookstone, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2011

By: /s/ Ronald D. Boire

Ronald D. Boire
President and Chief Executive Officer
(*Principal Executive Officer*)

EXHIBIT 31.2

Certification in the Form Provided by Rule 15d-14
of the Securities Exchange Act of 1934

I, Thomas F. Moynihan, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended January 1, 2011 of Brookstone, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2011

By: /s/ Thomas F. Moynihan

Thomas F. Moynihan
Vice President and Chief Financial Officer
(*Principal Financial Officer*)

EXHIBIT 32.1

CERTIFICATION IN THE FORM PROVIDED BY SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of Brookstone, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Form 10-K for the year ended January 1, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Form 10-K for the year ended January 1, 2011 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ronald D. Boire

Ronald D. Boire
President and Chief Executive Officer

Dated: March 31, 2011

EXHIBIT 32.2

CERTIFICATION IN THE FORM PROVIDED BY SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Brookstone, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Form 10-K for the year ended January 1, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Form 10-K for the year ended January 1, 2011 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas F. Moynihan

Thomas F. Moynihan
Vice President and Chief Financial Officer

Dated: March 31, 2011

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Accessories for Apple
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Stereos, Radios & Speakers
Cameras & Camcorders
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Massage Chairs
Body Massagers
Massage Tools
Sleep & Relaxation
» Shop All Massage

Bedroom
Pillow s
Tempur-Pedic
Mattresses
Nap
Watch Winders
» Shop All Bedroom

Bath & Spa
Therapy & Wellness
Personal Grooming
Bathroom Storage & Decor
Tow els & Robes
At Home Spa
» Shop All Bath & Spa

Outdoor Living
Grilling & BBQ
Hammocks & Sw ings
Outdoor Furniture Covers
Garden & Law n Care
» Shop All Outdoor Living

Outdoor Furniture
Outdoor Seating
Outdoor Tables
Adirondack Furniture
Patio Umbrellas & Bases
» Shop All Outdoor Furniture

Home
Cooling Appliances
Doormats & Rugs
Cleaning Appliances
Home Safety Products
» Shop All Home Essentials

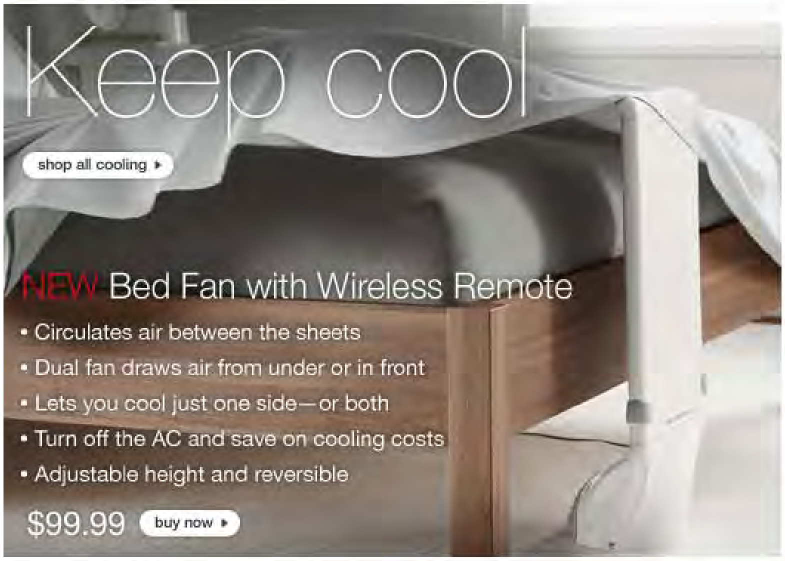
Home Office
Home Office Supplies
Office Organization
Office Desks
Laptop Cases
» Shop All Home Office

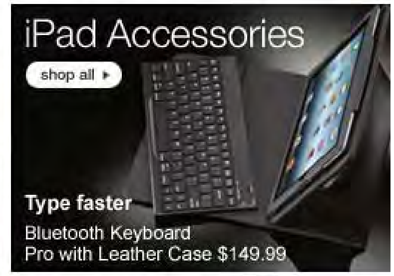
Wine & Bar
Home Bar Accessories
Home Bar Furniture
Barstools
Wine Accessories
» Shop All Wine & Bar

Games & Toys
Electronic Toys
Children's Toys
Desk Toys
Game Room
» Shop All Games & Toys

Travel
iPad Accessories
Luggage
Travel Comfort Accessories
Laptop Cases
» Shop All Travel

Home Furniture
Shelves & Storage





Sale & Clearance up to 60% OFF shop all ›

Special Offers shop all ›

SPECIAL OFFER - SAVE $10
Tangle-Free Flagpole $39.95
4.5 *(115 reviews)*

BUY 3 SAVE $30
Weather Wrap Furniture Covers
From $14.99
4.8 *(5 reviews)*

SAVE 40%
hug by KOALA Lumbar Support
$59.99
4.6 *(7 reviews)*

SPECIAL OFFER
Mighty Max Tow er Fan $99.99
4.4 *(8 reviews)*

See what's new shop all ›

Fly 200 yards
Cloud DSS Long-Range Copter

Pre-Order Now!

Pre-Order Now!

New colors

Exhibit L

TV Stands & Media Centers
Sofas, Benches, Ottomans
Entryw ay Furniture
» Shop All Home Furniture

Kitchen & Dining
Appliances
Cooking
Dining Room
Treat Makers
» Shop All Kitchen & Dining

Fitness
Fitness Equipment
Yoga & Pilates
Weights & Resistance Training
Fitness Accessories
» Shop All Home Fitness

Automotive & Garage
Auto Comfort
Auto Electronics
Auto Safety
Garage Storage
» Shop All Automotive

Watches & Accessories
Watch Winders
Wrist Watches
Cufflinks
Cigar & Humidors
» Shop All Watches & Accessories

Pet Supplies
Food Bow ls & Feeders
Collars, Leashes & Apparel
Pet Comfort
Pet Travel
» Shop All Pet Supplies

Gifts
Hot Deals
Gifts For Him
Gifts For Her
Best Sellers
» Shop All Gift Ideas

Shop By Brand

Sale & Clearance

$149.99
(Write a review)

HDMI Pocket Projector $299.99
(Write a review)

Virtual Keyboard $99.99
(Write a review)

MAX 2 Massager $199.99
4.3 *(74 reviews)*

Top Rated shop all

Big sound, no wires
Big Blue Live Wireless Bluetooth Speaker $99.99
5.0
"Amazing travel speaker"

Sleep better tonight
Tranquil Moments Advanced Sleep Sounds $169.99
5.0
"Great night sleep"

Take your music outdoors
Outdoor Wireless Speaker and Dock $159.99
5.0
"Love It!!!!"

50" big-screen images
Pocket Projector for iPhone 4 Devics $229.99
5.0
"This is one brilliant item"

iPad Accessories shop all

Bluetooth Keyboard w ith Tech-Grip Case $99.99
4.4 *(49 reviews)*

Dual-Stand Leather Case for iPad $49.99
4.8 *(29 reviews)*

iConvert Scanner for iPad $149.99
4.4 *(34 reviews)*

NEW
3-in-1 Tablet Pen $29.99
(Write a review)

Massage shop all

CLOSEOUT - SAVE $100
OSIM uSqueez Pro Calf and Foot Massager $299.99
4.4 *(58 reviews)*

Shiatsu Neck and Shoulder Massager $99.99
4.0 *(14 reviews)*

Active Sport Handheld Massager $69.99
4.4 *(23 reviews)*

SAVE $30
Personal Massager $69.99
4.6 *(24 reviews)*

Pool & Beach SALE shop all

SAVE $60
Ergonomic Comfort Lounger $139.99
3.9 *(33 reviews)*

SAVE $30
Softie Pool Floats $69.99
4.7 *(15 reviews)*

SAVE $30
Neo Disc Beanbag Float $69.99
(2 reviews)

SAVE $20
Starfish Mesh Pool Float $69.95
5.0 *(2 reviews)*

Outdoor Furniture SALE shop all

BUY 2 SAVE $60
Adirondack Chair $129.99
4.4 (28 reviews)

SAVE $60
Heritage Hammock Essentials Package $299.00
4.4 (22 reviews)

SAVE $60
Zero-Gravity Pool Rocker $139.99
(1 review)

SAVE $200
Rantum Lounger for Two with Canopy $1699.99
(Write a review)

Grilling

shop all

Grill Alert Talking Remote Meat Thermometer $69.99
4.3 (246 reviews)

Always Perfect Chef's Fork with Meat Thermometer $29.99
4.5 (120 reviews)

Motorized Grill Brush with Steam $29.99
(33 reviews)

Handle-Mount Grill Light $39.99
4.4 (257 reviews)

Brookstone

Brookstone.com 800.926.7000 Summer 2012

Wireless bedside remote

You set the fan speed

Feel a breeze between the sheets

a fan for all seasons

sleep better tonight

our most amazing innovation between the sheets page 3

for any bed

Adjusts to fit tall beds, thick mattresses

his side, her side

Or place it in the middle to feel the breeze on both sides

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ith your $99 purchase. Only 4.99 for orders under $99. No codes. No end dates. No hassles. See back cover for detai

Exhibit M

Fun Summer Gadgets for the Whole Family

June 15, 2012 | Posted at 8:07 AM

20 Comments | Permalink

The weather's getting warmer, and you know what that means – time to start shopping for fun summer gadgets! We've got the lowdown on the must-haves for this season below.

Radio Flyer Build-a-Wagon ($105-$269; http://www.radioflyer.com/)
Introducing the first ever customizable wagon. First you can choose the wagon body that fits your lifestyle. Then you get to choose your accessories, whether it be storage space, sun protection accessories like a shade or umbrella or even cushioned seats.

Keurig Platinum with Brew-Over-Ice K-Cups ($179.95; http://www.keurig.com/)
The Keurig System brings together the essential elements for brewing a single, perfect cup of coffee. So you get the beverage you love, from over 200 varieties of your favorite brands, with zero waste or mess — it's that simple! The patented Brew Over Ice K-Cup packs are specifically designedto brew directly over ice with any Keurig Single Cup Brewing system. Brew Over Ice technology allows each K-Cup pack to be packed with more coffee or tea — the perfect amount to create a cool, refreshing brew. Iced Coffee K-Cup packs contain more coffee per K-Cup pack in order to deliver full flavor when brewed over a cup of ice -Perfect Iced Tea K-Cup packs contain a blend of tea, sugar and natural flavor, specially blended for a Perfect Iced Tea every time.

Venturi Flame Fire Pits ($199; http://www.outdoorrooms.com/)
Now you can have a fire pit in any outdoor living space with our small, portable fire pits that can sit on a table indoors or out. Simply light the gel fuel, put the top on and a beautiful dancing fire appears.

Brookstone Bed Fan with Wireless Remote ($99.99; http://www.brookstone.com/)
Kicking the sheets to the end of the bed at night? Try Cool Bed Fan. It tucks between the top and bottom sheets to cool your body – the source of the heat – instead of the entire house. More effective and efficient than traditional cooling methods, which only affect the air outside the sheets, you can turn off the AC and save on cooling costs. Cool Bed Fan disperses built-up body heat with a cool, refreshing breeze between the sheets. Wireless Remote sits on the nightstand for easy-to-reach adjusting. It controls the powerful dual fans that move up to 680 feet of air a minute dispersing built-up body heat under the sheets.

DXG Sportster ($49; http://1saleaday.com/)
The Sportster 1080p High-Definition Underwater Sports Camcorder makes shooting HD video underwater easy.

Margaritaville Mixed Drink Mixer ($299.99; http://www.margaritavillecargo.com/)
At the touch of the button, the Mixed Drink Maker serves up 48 different cocktails (16 options per liquor type), from a Hurricane Punch to a Tropical Rita. Spin the center wheel and choose the cocktail that grabs your fancy, push the center button and the drink is dispensed in a matter of seconds. All you need is a cup!

Temptu Build-a-Bundle Airbrush Makeup System ($298; http://temptu.com/)
Want to join the AIRbrush revolution and know exactly what shades are best for you? Select your ideal foundation, blush, and highlighter to build your own custom set, with over 600 possible color combinations!

Exhibit N

or

Log In

HSN Shopping
Home Solutions
Brookstone
Home Improvement
Other Home Improvement

Roll on to Zoom

Play Video

View Larger

PROMOTIONAL OFFERS

Buy More & Save! Pay the highest shipping on one **Home Decor and Solutions** item and get **50% off shipping** on additional Home Decor and Solutions items you buy today

Brookstone® Bed Fan with Wireless Remote Item: 207-195

HSN Price: $99.99

or 3 payments of $33.33

Shipping & Handling: $10.24

★★½
2.4
(14 Reviews)

Pin it Like 18 0

Select Payment Option:
1 payment of $99.99

Select Qty:
1

Add a 2-Year Electronics Replacement Plan for $13.95

This is a gift details

Buy This Now
Add To Wish List

Description

Brookstone Bed Fan with Wireless Remote

Stay cool while you slumber. This Bed Fan offers more effective and efficient cooling than traditional fans that only affect air outside the sheets. The Bed Fan actually circulates air *under* the sheets to disperse body heat and help you sleep comfortably all night long. Now you can turn your AC down and save a little money without losing your cool!

What You Get

Brookstone Bed Fan with Wireless Remote Features

Specs

Notes

WHEN TO **WATCH**

Get an email alert when Brookstone products will be on TV

Enter your email address

SIGN UP

See Details | Privacy Policy

CUSTOMER REVIEWS **Write a Review**

Brookstone® Bed Fan with Wireless Remote Reviews

★★½
Average Customer Rating
2.4

Sort reviews by:
Date - Newest First

I Love this!... lassy38, PA ★★★★★ **7/18/2012**

I had an older model of this and it broke, was so happy to see this. It to me is the greatest product. I do not have air conditioning. This helps so much on these terrible nights we have been having. It isn't air conditioning, but is great.

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

Not worth the price... IN ★
7/17/2012

I ordered this fan thinking it'd be a good idea because I'm always hot from medications. When I received it I couldn't believe how cheap it looked. Very flimsy thin plastic. It wasn't worth what I paid for it. The free S H was great but now I have to pay to return it I had it out of box & tried it one night. Didn't work that well didn't even want to stand up very good its very thin plastic. Don't waste your money you'll end up returning it like me. Just not worth what they want for it.

1 of 1 found this review helpful!

Was this review helpful to you? Yes | No

Report if Inappropriate

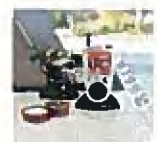
Share this review:

Garbage!... TrinaInMD, MD ★ **7/16/2012**

See All Brookstone ▸

Customers Who Viewed This Also Viewed...

Brookstone® Tranquil Moments Sound Therapy Alarm Clock
HSN Price: $169.99



Brookstone® Grill Alert® Wireless Thermometer
HSN Price: $69.99

Sharp Ion Generator — White
HSN Price: $299.95

Plug & Safe PS10 Portable Sensor Alarm
HSN Price: $29.95

Exhibit O

My son was very excited to receive this fan for his bed but to our dismay it did not work at all The remote would not come on no matter how many batteries we tried What a disappointment And as my son said "Mom that should be sent to the junkyard" I agree! And the plastic gadget most certainly isn't worth $100 either

1 of 1 found this review helpful!

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

Brookstone Bed Fan... sweetjeannie, CA
★★ 7/16/2012

This fan was a good idea but unfortunately when it is put on the highest speed it is still too whimpy to really appreciate the breeze It also becomes noisier the higher the speed It needs a heavier base it tips over easily One more thing it would be better if it had a clip to hold the sheet over the fan Thank you HSN for your good return policy I find this item too pricey for what you get

1 of 1 found this review helpful!

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

< Previous 1 2 3

RECENTLY VIEWED ITEMS

Brookstone® Bed'Fan with Wireless Remote

HSN Price: $99.99

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SIGN UP

Connect & share with forums blogs & more

• Questions about the item on air now? Ask HSN
• Order toll-free anytime by phone 1-800-284-5757

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CUSTOMER REVIEWS Write a Review

Brookstone® Bed Fan with Wireless Remote Reviews

Average Customer Rating: 2.4

Sort reviews by: Date - Newest First

Bed Fan... PUNK0827, TN 7/23/2012

Just didn't work for me. Sent back.

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review.

Bed Fan... Marge194, IL 7/21/2012

I was very disappointed in this item. It is top heavy which makes it impossible to function without making a bigger stronger make shift base for it. It seems to have enough power, but not anything I was willing to deal with so it was returned.

1 of 1 found this review helpful!

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review.

Did not work... notinspected749, OH 7/21/2012

Wanted to return to brookstone locally which makes sense. Had to return and wait for replacement. Hsn was great about the return but brookstone should replace at any store.

1 of 1 found this review helpful!

Was this review helpful to you? Yes | No

Report if Inappropriate

PROMOTIONAL OFFERS

Buy More & Save! Pay the highest shipping on one **Home Decor and Solutions** item and get **50% off shipping** on additional Home Decor and Solutions items you buy today.

Brookstone® Bed Fan with Wireless Remote Item: 207-195

HSN Price: $99.99

or 3 payments of $33.33

Shipping & Handling: $10.24

2.4

(14 Reviews)

Pin it Like 18

Select Payment Option:
1 payment of $99.99

Select Qty:
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Add a 2-Year Electronics Replacement Plan for $13.95

This is a gift details

Buy This Now
Add To Wish List

Description

Brookstone Bed Fan with Wireless Remote

Stay cool while you slumber. This Bed Fan offers more effective and efficient cooling than traditional fans that only affect air outside the sheets. The Bed Fan actually circulates air *under* the sheets to disperse body heat and help you sleep comfortably all night long. Now you can turn your AC down and save a little money without losing your cool!

What You Get

Brookstone Bed Fan with Wireless Remote Features

Specs

Notes

WHEN TO WATCH

Get an email alert when Brookstone products will be on TV

Enter your email address

SIGN UP

See Details | Privacy Policy

See All Brookstone ▸

Customers Who Viewed This Also Viewed...

Brookstone® Tranquil Moments Sound Therapy Alarm Clock
HSN Price: $169.99

Brookstone® Grill Alert® Wireless Thermometer
HSN Price: $69.99

Sharp Ion Generator — White
HSN Price: $299.95

Plug & Safe PS10 Portable Sensor Alarm
HSN Price: $29.95

Share this review:

Not that cool :-... Twin1414, NY ★
7/19/2012

I saw this on qvc and saw it I brought it. When I put it together the machine started making noise and it Was not making a lot of air it's not wort buying Buy A/C save the headache

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

NOT AS EXPECTED - POOR QUALITY...
Bill5505, VA ★ 7/18/2012

This fan is good idea, but unfortunately I did not read the reviews prior to purchasing. On the highest speed it is just OK. It also becomes noisier the higher the speed. It needs a heavier base, it tips over easily. It is also too high for a low platform bed. Thank you HSN for your good return policy. I find this item too expensive for what it provides. I will read reviews prior to making any future purchases to avoid having to pay return shipping

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

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RECENTLY VIEWED ITEMS

Brookstone® Bed Fan with Wireless Remote

HSN Price: $99.99

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Brookstone
Home Improvement
Other Home Improvement

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CUSTOMER REVIEWS Write a Review

Brookstone® Bed Fan with Wireless Remote Reviews

Average Customer Rating:
2.4

Sort reviews by:
Date - Newest First

cools hot flashes! .. amelia318, FL ★★★★★
8/16/2012

great addition for someone bed bound as i have been. can push the remote button and control the air flow instantly. i don't always use it under the sheets. easy height adjustment for cool breeze from foot or side of bed

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

Nice try... 11Angel11, CA ★★ 8/14/2012

I was constantly kicking this over or tripping over it. My blankets would block the air. I love the idea, but it just did not do a thing for me

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

HAPPY NIGHTS!!... 222suzieq, PA ★★★★★
8/12/2012

I love it!! works great, helps a lot with the hot flashes. Feels like heaven. Whoever invented this is a genius

Was this review helpful to you? Yes | No

Report if Inappropriate

PROMOTIONAL OFFERS

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HSN Price: $99.99

or 3 payments of $33.33
Shipping & Handling: $10.24

2.4
(14 Reviews)

Pin it Like 18 0

Select Payment Option:
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1

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This is a gift details

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Add To Wish List

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See All Brookstone ▸

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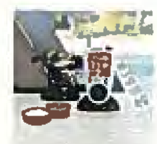
HSN Price: $169.99



Brookstone® Grill Alert® Wireless Thermometer
HSN Price: $69.99

Sharp Ion Generator — White
HSN Price: $299.95

Plug & Safe PS10 Portable Sensor Alarm
HSN Price: $29.95

Share this review:

HAPPY AND COOL UNDER.... Beshoppin, IL
★★★★★ 8/9/2012
ABSOLUTLEY LOVE THIS BED FAN WAS AT A PARTY AND TOLD EVERYONE ABOUT IT THIS IS THE BEST INVENTION EVER EVON FROM CHI TOWN

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

Disappointed... cincin679, CA ★★
7/30/2012
The fan only is able to blow air over a small part of the mattress. If it were more powerful, it would be too much. Good idea but needs some work.

Was this review helpful to you? Yes | No

Report if Inappropriate

Share this review:

1 2 3 Next >

RECENTLY VIEWED ITEMS

Brookstone® Bed Fan with Wireless Remote

HSN Price: $99.99

EMAIL ADDRESS
SIGN UP

From: CustomerService [mailto:Customerservice@brookstone.com]
Sent: Saturday, August 04, 2012 7:34 AM
To: kurt@polebarn-kits.com
Subject: Re: Customer Service - Contact Us [#218541]

Dear Kurt,

Thank you for your inquiry.

The white bed fan is the updated version of our previous black one.

We look forward to receiving your order soon.

Sincerely,

Brittany

Brookstone.com Customer Care Center

--Original Message--
From: kurt@polebarn-kits.com
Date: 8/4/2012 12:44:19 AM
To: customerservice@brookstone.com
Subject: Customer Service - Contact Us

First Name:Kurt Last Name:Goldman

Daytime Phone:254-231-1262

Email Address:kurt@polebarn-kits.com

Subject:Product Information

Message:I was wondering – I remember yall had a black bedfan a little while back, but Ive looked all over your website for it and I cant find it. Is that white bedfan the new version of the black one? Are they the same or are they different?

Exhibit P

From: Robert Bryar [bcbryar@me.com]
Sent: Thursday, July 12, 2012 2:13 PM
To: Kurt Tompkins
Subject: Re: Bedfan.

sure!
i originally purchased the bedfan from brookstone. it was the black version that you are selling now. I did have to modify it a bit to make it work because our bed is pretty high the sheets didn't fully cover the back allowing air to escape. I just taped up a small towel and basically created a back to force the air up. I then received an email from brookstone announcing their new bedfan. this version is the white one that has a fully enclosed back and a remote control. i returned the original one and exchanged it for the new version. while esthetically it is better that thing is junk. the fan sounds like a have a chainsaw running under the bed, there is very little air flow, it falls over, and the remote works about half the time. basically it looks better but doesn't compare. I am returning that one now and ordered another directly from your site. from what I'm gathering your company created and sold them through brookstone until they were able to rip you off and make their own version? either way I will use the black version and create a back for it again. it may not be as sleek as their version but it works 50x better. I hope that explains it.

On Jul 12, 2012, at 1:30 PM, Kurt Tompkins <kurt@bedfan.com> wrote:

> You mentioned Brookston's Junky version.. can you expand on that :-)
>
> Kurt Tompkins
> Tompkins Research Inc.
> kurt@bedfan.com
> www.bedfan.com
>
> <image001.jpg>

Exhibit Q

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

Case No. 1:12-cv-00809

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Kurt Tompkins and Tompkins Research, Inc.

(b) County of Residence of First Listed Plaintiff Kendall
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)
Taylor Dunham, L.L.P., 301 Congress Avenue, Suite 1050, Austin, Texas 78701, (512) 473-2257

DEFENDANTS

Brookstone, Inc. and Brookstone Company, Inc.

County of Residence of First Listed Defendant New Castle
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant) (For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☒ 1	☐ 1	Incorporated or Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated and Principal Place of Business In Another State	☐ 5	☒ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excl. Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury

PERSONAL INJURY
- ☐ 362 Personal Injury - Med. Malpractice
- ☐ 365 Personal Injury - Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 444 Welfare
- ☐ 445 Amer. w/Disabilities - Employment
- ☐ 446 Amer. w/Disabilities - Other
- ☐ 440 Other Civil Rights

PRISONER PETITIONS
- ☐ 510 Motions to Vacate Sentence

Habeas Corpus:
- ☐ 530 General
- ☐ 535 Death Penalty
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition

FORFEITURE/PENALTY
- ☐ 610 Agriculture
- ☐ 620 Other Food & Drug
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 630 Liquor Laws
- ☐ 640 R.R. & Truck
- ☐ 650 Airline Regs.
- ☐ 660 Occupational Safety/Health
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Mgmt. Relations
- ☐ 730 Labor/Mgmt.Reporting & Disclosure Act
- ☐ 740 Railway Labor Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Empl. Ret. Inc. Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 463 Habeas Corpus - Alien Detainee
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 840 Trademark

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 480 Consumer Credit
- ☐ 490 Cable/Sat TV
- ☐ 810 Selective Service
- ☐ 850 Securities/Commodities/ Exchange
- ☐ 875 Customer Challenge 12 USC 3410
- ☒ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 892 Economic Stabilization Act
- ☐ 893 Environmental Matters
- ☐ 894 Energy Allocation Act
- ☐ 895 Freedom of Information Act
- ☐ 900Appeal of Fee Determination Under Equal Access to Justice
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from another district (specify)
- ☐ 6 Multidistrict Litigation
- ☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing **(Do not cite jurisdictional statutes unless diversity)**:
28 U.S.C. § 1332(a)(1); 28 U.S.C. § 1331

Brief description of cause:
Trademark infringement and dilution; unfair competition

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE 08/31/2012

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. **(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. **Jurisdiction**. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. **Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. **Nature of Suit**. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. **Origin**. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. **Cause of Action**. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity**. Example: U.S. Civil Statute: 47 USC 553
Brief Description: Unauthorized reception of cable service

VII. **Requested in Complaint**. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. **Related Cases**. This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.