

As of May 29, 2008

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BY ELECTRONIC MAIL

Neil E. Herman, Esq.
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Re: In re Sharper Image Corporation (Case No. 08-10322) (KG)
Letter Agreement Between Committee and Joint Venture

Dear Neil:

This Letter Agreement is to confirm the terms of the agreement between the Official Committee of Unsecured Creditors (the "Committee") of Sharper Image Corporation, as debtor and debtor in possession in the above-referenced chapter 11 case (the "Debtor"), and the joint venture of Hilco Merchant Resources, LLC, Hilco Consumer Capital, LLC, Gordon Brothers Retail Partners, LLC and GB Brands, LLC (the "Joint Venture") resolving the Committee's objection to the sale of substantially all of the Debtor's assets, including, without limitation, the right to liquidate the Debtor's inventory and sale of its intellectual property (the "IP") to the Joint Venture as approved by order of the Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered May 30, 2008 (the "Sale Order").

It is hereby agreed to as follows:

1. The Committee will refrain from taking any action to impede the consummation of the sale transaction between the Debtor and the Joint Venture, including, without limitation, the filing or prosecution of its objection to the sale transaction with the Bankruptcy Court and the filing or prosecution of an appeal or motion to reconsider the Sale Order. The Committee further waives the right to challenge the Joint Venture's conduct during the auction process or the change of its bid.
2. In consideration of the foregoing, the Joint Venture shall contribute to and otherwise fund a trust account established by counsel to the Committee and maintained by a trustee to be appointed by the Committee. The trust account shall be established for the exclusive benefit of the Debtor's general unsecured creditors.
3. The Joint Venture shall irrevocably transfer into such trust account an amount equal to the lesser of (i) \$500,000 and (ii) 10% of the gross royalties earned and ultimately paid for the period of January 1, 2009 through December 31, 2009 in connection with the IP acquired from the Debtor in the sale transaction

(excluding advances other than advances credited against royalties earned for calendar year 2009).

4. This Letter Agreement and the obligations assumed hereunder are subject to and expressly conditioned upon the approval of the Bankruptcy Court, which approval shall be sought by application filed by the Committee. In the absence of such approval, this Letter Agreement shall be deemed null and void, the obligations assumed hereunder extinguished and all rights and remedies of the parties shall be reinstated as of the date this Letter Agreement was executed by the parties.
5. It is understood and agreed that none of the parties hereto admits liability to any of the other parties hereto, and that this Letter Agreement represents a compromise of disputed claims.
6. This Letter Agreement may be executed in counterparts, which counterparts may be delivered by facsimile or electronic mail, and it shall not be necessary that the signature of, or on behalf of, each party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each party, appear on one or more counterparts. All such counterparts when taken together shall constitute a single and legally binding agreement.
7. This is the entire agreement between the Committee and the Joint Venture with respect to the subject matter hereof, supersedes all prior agreements with respect to the subject matter hereof, and shall be binding upon the heirs, successor and assigns of the parties hereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Letter Agreement. No reliance is placed on any representation, opinion, advice or assertion of fact made by the either party, except to the extent that the same has been reduced to writing and included as a term of this Letter Agreement. This Letter Agreement can be amended, supplemented or changed only by written instrument signed by each of the parties.
8. This Letter Agreement shall be governed and construed under the laws of the State of New York, without giving effect to the principles of conflict of law, to the extent not otherwise preempted by the Bankruptcy Code. The parties agree that any and all disputes hereunder shall be subject to the jurisdiction of the Bankruptcy Court in connection with the Debtor's bankruptcy case.
9. The parties hereto acknowledge that they have been represented by counsel during the negotiation and execution of this Letter Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

10. This Letter Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Letter Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Letter Agreement. The parties' obligations hereunder shall survive the appointment of a chapter 11 trustee in the Debtor's bankruptcy case and/or the conversion of the Debtor's bankruptcy case to a case under chapter 7 of the Bankruptcy Code.
11. All notices and other communications under this Letter Agreement shall be in writing and delivered to the undersigned at the addresses set forth below.

Sincerely,



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*Counsel to the Official Committee
of Unsecured Creditors of Sharper
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ACCEPTED AND AGREED TO AS OF MAY 29, 2008:



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Cc: Harvey Miller, Esq.
Christopher Marcus, Esq.