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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

BORDERS GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 11-_____ ()

(Joint Administration Pending)

**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§
105(a), 345(b), 363(b), 363(c), AND 364(a) AND FED. R. BANKR. P. 6003
AND 6004 REQUESTING (I) AUTHORITY TO (A) CONTINUE TO OPERATE
THE DEBTORS' CASH MANAGEMENT SYSTEM, (B) HONOR CERTAIN
PREPETITION OBLIGATIONS ON ACCOUNT OF SERVICE CHARGES
RELATED THERETO, (C) MAINTAIN EXISTING BANK ACCOUNTS AND
BUSINESS FORMS, (D) MAINTAIN THE ABILITY TO USE DEBIT, WIRE AND
ACH PAYMENTS, AND (E) HONOR THE CONTINUED USE OF CERTAIN
CORPORATE CREDIT CARDS; AND (II) AN EXTENSION OF TIME TO
COMPLY WITH SECTION 345(b) OF THE BANKRUPTCY CODE**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Borders Group, Inc. ("BGI") and its debtor subsidiaries, including Borders, Inc., as
debtors and debtors in possession (collectively, the "Debtors"), submit this motion (the
"Motion") and respectfully represent as follows:

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Borders Group, Inc. (4588); Borders International Services, Inc. (5075); Borders, Inc. (4285); Borders Direct, LLC (0084); Borders Properties, Inc. (7978); Borders Online, Inc. (8425); Borders Online, LLC (8996); and BGP (UK) Limited.

BACKGROUND

1. On the date hereof (the “Commencement Date”), each of the Debtors commenced a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

DEBTORS’ BUSINESS

A. Operations

2. The Debtors are a leading operator of book, music and movie superstores and mall-based bookstores. At January 29, 2011, the Debtors operated 642 stores, under the Borders, Waldenbooks, Borders Express and Borders Outlet names, as well as Borders-branded airport stores in the United States, of which 639 stores are located in the United States and 3 in Puerto Rico. Two of Borders’ flagship stores (along with other less prominent stores) are located in Manhattan. In addition, the Debtors operate a proprietary e-commerce web site, www.Borders.com, launched in May 2008, which includes both in-store and online e-commerce components.

3. As of February 11, 2011, the Debtors employed a total of approximately 6,100 full-time employees, approximately 11,400 part-time employees, and approximately 600 contingent employees (who are required to work one shift per month, and usually do so at special events), all of whom are located in the United States and Puerto Rico. The Debtors’ employees are not subject to any collective bargaining agreements.

B. Financials

4. For the fiscal year ended January 29, 2011, the Debtors recorded net sales of approximately \$2.3 billion. As of December 25, 2010, the Debtors had incurred net year-to-date losses of approximately \$168.2 million.

5. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to these chapter 11 cases is contained in the *Declaration of Scott Henry Pursuant to Local Bankruptcy Rule 1007-2 in Support of First Day Motions* (the "First Day Declaration") filed contemporaneously herewith.

JURISDICTION

6. The Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

7. The Debtors operate an integrated cash management system (the "Cash Management System") in the day-to-day operation of their businesses. The Cash Management System provides a well-established mechanism for the collection, concentration, management, transfer and disbursement of funds used in the Debtors' businesses. The Cash Management System facilitates the Debtors' cash monitoring, forecasting, and reporting, and enables the Debtors to maintain control over the administration of their accounts (the "Bank Accounts") located at various financial institutions (the "Banks"), including those listed on Exhibit A annexed hereto.

8. Accordingly, the Debtors request, pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004: (i) authority to (a) continue to operate the Cash Management System, in the Debtors' sole discretion, as

described in detail herein, including the continued transfers of funds among the Debtors and one non-Debtor in the ordinary course of business, consistent with their prepetition practices, (b) honor certain prepetition obligations on account of Service Charges (as defined below) related to the Cash Management System, if any, (c) maintain existing Bank Accounts and business forms, (d) maintain the ability to use debit, wire and ACH Payments (defined herein), and (e) honor the continued use of certain corporate credit cards, and (ii) an extension of time to comply with section 345(b) of the Bankruptcy Code. Given the nature of the relief requested herein, and in light of Bankruptcy Rule 6003, the Debtors propose entry of an interim order, substantially in the form of Exhibit C annexed hereto (the “Interim Order”), to govern the initial 21 days of these chapter 11 cases (the “Interim Period”), and subject to a final hearing, propose entry of a final order, substantially in the form of Exhibit D annexed hereto (the “Final Order”).

DEBTORS’ CASH MANAGEMENT SYSTEM

9. In the ordinary course of business, the Debtors use the Cash Management System, which is similar to those utilized by other large retail companies that operate in numerous locations and across multiple distribution channels, to efficiently collect, transfer, and disburse funds generated by the Debtors’ business operations. This encompasses the transfer of funds and the incurrence of obligations by and among the Debtors. The Debtors accurately record such collections, transfers, and disbursements as they are made. The Cash Management System has three main components: (i) cash collection, including the collection of payments made to the Debtors by their customers; (ii) cash concentration; and (iii) cash disbursements to fund the Debtors’ operations, primarily consisting of payments to vendors and service providers to ensure

a steady supply of products available for purchase by their customers, as well as funding payroll. The Debtors maintain one-hundred and thirty-five (135) stand-alone cash accounts.²

10. The Debtors' Cash Management System is centrally managed by their treasury department located in Ann Arbor, Michigan. Prior to the Commencement Date, the Debtors used such Bank Accounts in the ordinary course of their businesses, including concentration accounts, disbursement accounts, and store depository accounts. The Debtors use most of these Bank Accounts to collect, transfer and disburse funds generated from operations on a daily basis and record such collections, transfers and disbursements. The Debtors' primary banks are PNC Bank, N.A. ("PNC Bank") and Bank of America, N.A. ("Bank of America") and with PNC Bank, the "Primary Banks"). In addition, because most of their stores deposit cash receipts, the Debtors maintain accounts with approximately sixty-five (65) Banks other than the Primary Banks. On average, approximately \$58.3 million flows into the Debtors' integrated Cash Management System on a weekly basis to service cash received and costs incurred related to their retail stores, online marketplace, digital distribution, physical distribution centers, and corporate headquarters. The Debtors maintain each of the Bank Accounts at financial institutions insured by the Federal Deposit Insurance Corporation (the "FDIC"), except as described below. For demonstrative purposes, a diagram generally illustrating the flow of funds through the Cash Management System is annexed hereto as Exhibit B.

11. The Debtors' primary operating Bank Accounts are utilized as described herein. While the vast majority of the Bank Accounts have deposits less than \$250,000 thus satisfying the requirements of section 345 of the Bankruptcy Code, the Debtors estimate that as of January

² The Debtors are in the process of closing several Bank Accounts, including, but not limited to, accounts used to process receivables from the Debtors' seasonal kiosk business which was sold in January 2011 and remains under the Debtors' control until February 28, 2011, and the winding down of non-operating foreign affiliates.

19, 2011 approximately three (3) of the Bank Accounts contain deposits in excess of \$250,000.³ Of the three accounts, one (1) Bank Account is located at an institution other than those designated as authorized depositories by the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”) pursuant to the U.S. Trustee Chapter 11 Guidelines for the Southern District of New York (the “U.S. Trustee Guidelines”). With the exception of the Blackrock Investment Account (as defined below), the Bank Accounts located at Banks that are not designated as authorized depositories pursuant to the U.S. Trustee Guidelines, however, have average daily balances⁴ of far less than \$250,000 at any given time, and, therefore, do not represent bank accounts with significant deposits for purposes of the Debtors’ Cash Management System.

12. As described further herein, to the extent not inconsistent with the Debtors’ postpetition credit facility (as may be amended, the “DIP Loan Agreement”), the Debtors seek to maintain the Cash Management System postpetition to continue the uninterrupted operations of the Debtors, which the Debtors believe is necessary to maximize and preserve value for these estates.⁵

³ The Debtors will identify those Bank Accounts for the U.S. Trustee within 15 days of the date hereof.

⁴ Because funds held in Store Depository Accounts (as defined below) are transferred each business day into the Primary Concentration Account (as defined below), the average daily balances for the Store Depository Accounts are based upon daily minimum balances that are not transferred into the Primary Concentration Account. Occasionally, funds in excess of \$250,000 are deposited into a Store Depository Account after the daily transfer into the Primary Concentration Account; however, such funds are transferred into the Primary Concentration Account in connection with the next scheduled transfer.

⁵ Bank of America is the administrative agent for the Debtors’ pre-Commencement Date secured, revolving credit facility (the “Prepetition Revolver”). The collateral for the Prepetition Revolver included the Bank Accounts (including, but not limited to, the Bank Accounts located at Bank of America (the “BoA Accounts”). As described in the *Debtors’ Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507 (1) Approving Postpetition Financing, (2) Authorizing Use of Cash Collateral, (3) Granting Liens and Providing Superpriority Administrative Expense Status, (4) Granting Adequate Protection, (5) Modifying the Automatic Stay, and (6) Scheduling a Final Hearing* (the “DIP Motion”), under the debtor-in-possession credit agreement the Prepetition Revolver is to be paid in full, and all liens on the related collateral released. Therefore, as a condition precedent for the Debtors to maintain the BoA Accounts after the Commencement Date without disruption, Bank of America required that the Debtors post a letter of credit (the

A. Cash Collection

13. The Debtors generate revenue primarily from two principal selling channels: (i) their stores located throughout the United States and Puerto Rico; and (ii) the Internet, including e-books, through their primary website, www.Borders.com, and physical goods via mail delivery. Additional cash is generated through the Franchise Agreements⁶ and other marketing partnerships. The monies generated from these sources are deposited at the end of each business day into the following types of deposit accounts (collectively, the “Cash Accounts”)⁷:

- Store Depository Accounts. The Debtors generate the majority of their revenue at individual stores. The Debtors maintain approximately 99 depository accounts with various banking institutions in which individual stores deposit funds from cash and check sales (the “Store Depository Accounts”).
- Lockbox Accounts. In the ordinary course of business, the Debtors have two lockbox accounts (each a “Lockbox Account”), one each with PNC Bank and Bank of America, respectively, Bank of America that serves as the depository for various accounts receivable belonging to the Debtors, including payments and royalties received by the Debtors from their (i) various franchises, and (ii) marketing partnerships.

“L/C”) in the amount of approximately \$18.3 million as security for over-advances for, among other things, the BoA Accounts. The Debtors are seeking the approval of the L/C pursuant to the DIP Motion.

⁶ The Debtors are party to certain franchise agreements (the “Franchise Agreements”) with foreign companies not affiliated with the Debtors (the “Franchisees”). Payments made by Franchisees to the Debtors on account of royalties or other Franchisee-related obligations are collected through the Cash Management System. Specifically, in the ordinary course of business, the Debtors utilize the Cash Management System to collect amounts from the Franchisees on account of royalties, software licensing and maintenance fees, marketing fees, and certain products purchased from the Debtors (the “Franchise Transactions”). The Franchise Transactions are approximately \$88,000.00 per month.

⁷ The Debtors have non-Debtor affiliates, however, the Bank Accounts and operations described herein are solely that of the Debtors and for non-Debtor Borders/JGE Joint Venture LLC (the “Detroit JV”). The Detroit JV owns and operates two Borders airport stores at Detroit Metropolitan Wayne County Airport in Detroit, Michigan. In fiscal 2010, the Debtors provided approximately \$1.9 million in funding to the Detroit JV, primarily to fund rent and payroll expenses, and received approximately \$1.7 million in payments from the Detroit JV

B. Cash Concentration

14. At the end of each business day, funds from the Cash Accounts are transferred, through a variety of mechanisms, into the Debtors' central depository account with PNC Bank (the "Primary Concentration Account"). Specifically, funds are transferred into the Primary Concentration Account as follows:

Store Depository Accounts. The funds from cash and check sales are deposited directly into a Store Depository Account. On a daily basis, the Debtors create a debit automated clearing house ("ACH") file based upon a poll of the Store Depository Accounts and the funds are transferred into a Secondary Concentration Account (as defined below). All the individual stores' credit card sales are transferred via wire transfer directly into a Secondary Concentration Account

- Concentration Accounts. The Concentration Accounts (defined below) are the focal point of the Cash Management System. The Debtors utilize these accounts to collect their funds from Store Depository Accounts and credit card sales, and fund payroll accounts, insurance accounts and accounts payable accounts (collectively, the "Concentration Accounts").
 - Primary Concentration Account. The majority of the Debtors' cash flows through to one Concentration Account (the "Primary Concentration Account") maintained by Debtor Borders Group, Inc. at PNC Bank. The Debtors use the Primary Concentration Account to receive daily transfers of funds from Secondary Concentration Accounts (as defined below) maintained by the Debtors' operating subsidiaries and to fund the Debtors' various disbursement accounts from which the Debtors make disbursements by check or wire transfer to satisfy a variety of obligations, including outstanding payables and payroll obligations.
 - Secondary Concentration Accounts. On a daily basis, the Debtors transfer cash and check sale funds from individual Store Depository Accounts, e-commerce revenues and funds received through franchise payments into several Concentration Accounts (the "Secondary Concentration

Accounts”) maintained by the Debtors at PNC Bank and Bank of America.

- Borders, Inc. Secondary Concentration Account. On a daily basis, the Debtors transfer stores’ funds via cash and check sales from Borders Store Depository Accounts into a Concentration Account held at Bank of America (the “Borders, Inc. Secondary Concentration Account”). Credit card sales are wired via credit card processors directly into the Borders, Inc. Secondary Concentration Account with PNC Bank. On a daily basis, the Debtors transfer funds from the Borders, Inc. Secondary Concentration Account with Bank of America to the Primary Concentration Account, to fund day-to-day operations such as accounts payable, payroll, insurance and other expenses. The Borders, Inc. PNC Bank Secondary Concentration Account is a zero balance account, as cash is swept automatically by PNC Bank to the Primary Concentration Account
- The Waldenbooks⁸ Secondary Concentration Accounts. On a daily basis, the Debtors transfer stores’ funds via cash and check sales from Waldenbooks Store Depository Accounts into a concentration account held at Bank of America (the “Waldenbooks Cash/Check Secondary Concentration Account”). Credit card sales are wired via credit card processors into a separate concentration account held at Bank of America, N.A. (the “Waldenbooks Credit Card Secondary Concentration Account” and together with the Waldenbooks Cash/Check Secondary Concentration Account, the “Waldenbooks. Secondary Concentration Accounts”). On a daily basis, the Debtors transfer funds from the Waldenbooks Cash/Check Secondary Concentration Accounts to the Primary Concentration Account. The Waldenbooks Cash/Check Secondary Concentration Account is a zero balance account. Funds from the Waldenbooks Credit Card Secondary Concentration Account are transferred to the Primary Concentration Account via wire transfer upon

⁸ Waldenbooks is a unit of Borders, Inc.

reaching a preset balance threshold of up to \$500,000.

- The Borders Direct, LLC Secondary Concentration Account. On a daily basis, the Debtors transfer funds received through e-commerce sales into a Concentration Account held at PNC Bank (the “Borders Direct, LLC Secondary Concentration Account”). On a daily basis, the Debtors transfer funds from the Borders Direct, LLC Secondary Concentration Account to the Primary Concentration Account. The Borders Direct, LLC Secondary Concentration Account is a zero balance account.
- The Borders International Services Co. Secondary Concentration Account. The Debtors transfer funds received through franchise payments and international services into a Concentration Account held at PNC Bank (the “Borders International Services Co. Secondary Concentration Account”). The Debtors transfer funds from the Borders International Services Co. Secondary Concentration Account to the Primary Concentration Account. The Borders International Services Co. Secondary Concentration Account is a zero balance account.
- Lockbox Account. Each business day, funds are collected from the Lockbox Accounts and deposited in the Primary Concentration Account.

C. Cash Disbursements

15. The Debtors transfer funds from the Primary Concentration Account to the following disbursement accounts (the “Primary Disbursement Accounts”):

- Payroll Accounts. The Debtors maintain eight (8) (with five (5) active)⁹ accounts at PNC Bank and Banco Popular in order to fund, on an as needed basis, the payroll for employees of the Debtors. The payroll accounts are funded directly from the Primary Concentration Account via wire transfer. These accounts are zero balance accounts.

⁹ The inactive accounts described in this paragraph 15 have not had activity for the last 6-9 months and are expected to close within the next 1-2 months.

- Accounts Payable Accounts. The Debtors maintain eight (8) (with three (3) active) accounts at PNC Bank to satisfy, on an as needed basis, outstanding payables owed to vendors and service providers in connection with the operation of their businesses. The Accounts Payable Accounts are funded directly from the Primary Concentration Account via wire transfer. These accounts are zero balance accounts.

16. As noted above, the Debtors transfer funds from the Borders, Inc. Secondary Concentration Account to other accounts, including various insurance accounts:

- Travelers Insurance Account. The Debtors maintain this account for payments related to various current insurance policies, including the Debtors' general liability and workers' compensation insurance policies. This account is funded from the Borders, Inc. Secondary Concentration Account on an as needed basis via direct wire transfer.
- Liberty Mutual Insurance Account. The Debtors maintain this account for payments related to current insurance policies held with Liberty Mutual Insurance Company. This account is funded from the Borders, Inc. Secondary Concentration Account on an as needed basis via direct wire transfer.
- General Liability Insurance Account. The Debtors maintain this account with PNC Bank to provide necessary payments to Helmsman Management Services LLC (a member of Liberty Mutual Group) for workers compensation. This account is funded from the Borders, Inc. Secondary Concentration Account on an as needed basis via direct wire transfer.

17. Each business day, any cash in excess of \$200,000.00 in the Primary Concentration Account is automatically transferred to the Blackrock Provident Temp Fund investment account (the "Blackrock Investment Account") for overnight investment. The overnight investments are transferred back to the Primary Concentration Account for immediate use the next business day, allowing the Debtors to gain maximum interest from the end-of-day balance in the Primary Concentration Account. The Blackrock Investment Account funds are

invested principally in money market instruments, which include certificates of deposit, notes, bonds, debentures, commercial paper, interests in bank loans to companies, bankers' acceptances, and fully-collateralized repurchase agreements. On average, the balance transferred daily to and from the Primary Concentration Account is approximately \$15.3 million, and the amount in the Blackrock Investment Account ranges from \$3 to 5 million

BASIS FOR RELIEF REQUESTED

A. Continuing the Cash Management System is in the Best Interests of the Debtors and all Parties in Interest in the Chapter 11 Cases

18. As stated, the Debtors seek authorization to continue to operate their Cash Management System consistent with their prepetition practices and operations. The Cash Management System constitutes an ordinary course and essential business practice providing significant benefits to the Debtors, including, among other things, the ability to: (i) control corporate funds; (ii) ensure the maximum availability of funds when and where necessary; and (iii) reduce administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information. Furthermore, the use of a centralized Cash Management System reduces interest expenses by enabling the Debtors and the Detroit JV to utilize funds within the system rather than relying upon short-term borrowing to fund the Debtors' and the Detroit JV's cash requirements. Any disruption in the operation of the Cash Management System could have a severe and adverse impact upon the value and ongoing operations of the Debtors and the Detroit JV. Because a portion, albeit relatively small as compared to the Debtors' enterprise value, is derived from the value of the Detroit JV, the Debtors intend to continue funding the operations of the Detroit JV after the Commencement

Date.¹⁰ The Debtors believe that maintaining its existing support for the Detroit JV is consistent with good business practices and will benefit the Debtors' creditors and these estates.

19. As a practical matter, because the Debtors transact business through distribution channels that generate revenue from customer sales, it would be extremely difficult and expensive to establish and maintain a different cash management system. The Debtors therefore, request that the Court authorize the Debtors to continue the existing Cash Management System after the Commencement Date. The existing Cash Management System is the most efficient and cost effective mechanism for managing the Debtors' receipts and disbursements.

20. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business without unnecessary oversight by its creditors or the court. *See, e.g., Med. Malpractice Ins. Ass'n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997); *Chaney v. Official Comm. of Unsecured Creditors of Crystal Apparel, Inc. (In re Crystal Apparel, Inc.)*, 207 B.R. 406, 409 (S.D.N.Y. 1997); *In re Enron Corp.*, Case No. 01-16034 (ALG), 2003 WL 1562202, at *15 (Bankr. S.D.N.Y. Mar. 21, 2003). Included within the purview of section 363(c) is a debtor's ability to continue the "routine transactions" necessitated by a debtor's cash management system. *Amdura Nat'l Distrib. Co. v. Amdura Corp., Inc. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Accordingly, the Debtors believe there is ample authority under section 363(c)(1) of the Bankruptcy Code for this Court to authorize the continued

¹⁰ However, as described in the First Day Declaration, the Debtors are reviewing all aspects of its operations. Accordingly, it will review its investment in the Detroit JV promptly.

collection, concentration, and disbursement of cash pursuant to the Cash Management System described above.

21. Out of an abundance of caution, however, and in recognition of the U.S. Trustee Guidelines, and to the extent the movement of cash is considered to be out of the ordinary course of business, the Debtors submit that such action is permitted pursuant to section 363(b)(1) of the Bankruptcy Code, as it is justified by the facts and circumstances of these cases. Section 363(b)(1) of the Bankruptcy Code provides, in pertinent part, that the “[t]rustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). As one Bankruptcy Court has stated: “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). When a valid business justification exists, the law vests the debtor’s decision to use property out of the ordinary course of business with a strong presumption that ““in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.”” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

22. The Bankruptcy Code also provides a debtor with the authority to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing. 11 U.S.C. § 364(a); *In re Amdura Corp.*, 75 F.3d at 1453. The Debtors therefore seek

authorization, to the extent necessary, to obtain unsecured credit and incur unsecured debt in the ordinary operation of the Cash Management System.

23. Moreover, the Court may exercise its equitable powers under section 105(a) of the Bankruptcy Code to grant the relief requested herein. Section 105(a) of the Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Continuing the Debtors’ Cash Management System without interruption is vital to the efficient and economic administration of these chapter 11 cases.

24. Continuation of the intercompany transactions in the Cash Management System is also in the best interests of the Debtors and all parties in interest, enabling the Debtors to achieve optimal efficiencies and put the system’s cash to its best use.

25. Furthermore, the Cash Management System allows the Debtors and its non-Debtor affiliates to function as a unified enterprise, and to achieve value through consolidating various brands. BGI, as the parent corporation, derives its strength as a brand and as a company from its Debtor and non-Debtor affiliates. Without the continued interrelationship among BGI and its affiliates, including the Detroit JV, this value will be diminished to the detriment of all parties in interest. Accordingly, the Debtors submit that the continuation of the intercompany transactions within the Cash Management System is in the best interests of these estates and their creditors.

**B. Honoring Certain Prepetition Obligations of the Debtors
Related to the Cash Management System Should be Approved**

26. In connection with their operation of the Cash Management System, the Debtors incur periodic service charges and other fees to the Banks for the maintenance of the Cash Management System (the “Service Charges”), which average approximately \$175,000 per

month. Such fees are automatically debited from the respective Bank Accounts on a monthly basis. However, certain of the Service Charges are paid in arrears, with the next payments due after the Commencement Date for a period that will include pre-Commencement Date services. Payment of the Pre-Commencement Date Services Charge is in the best interests of the Debtors and all parties in interest in these chapter 11 cases as it will prevent any disruption to the Cash Management System. Further, because the Banks likely have setoff rights with respect to the Service Charges, payment of any prepetition Service Charges should not alter the rights of unsecured creditors in these chapter 11 cases. *Citizens Bank of Md. v. Strumpf*, 516 U.S. 16, 21 (1995). Accordingly, by this Motion, the Debtors seek authority, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 to pay, at the Debtors' sole discretion, the prepetition Service Charges.

C. Maintenance of Debtors' Existing Bank Accounts and Business Forms is Warranted

27. As set forth above, prior to the Commencement Date and in the ordinary course of business, the Debtors maintained approximately 130 Bank Accounts with the financial institutions identified on Exhibit A annexed hereto.

28. The U.S. Trustee Guidelines mandate the closure of the Debtors' prepetition bank accounts, the opening of new accounts and the immediate printing of new checks with a "Debtor in Possession" designation on them. The Debtors' operations would be immediately and irreparably harmed by the disruption, confusion, delay, and costs that would most certainly result if they were required to comply with these guidelines. The Debtors believe, therefore, that their transition to chapter 11 will be more orderly, with a minimum of harm to operations and minimal costs, if all Bank Accounts are continued following the Commencement Date with the same account numbers; provided, however, that checks issued on account of prepetition claims will

not be honored, absent an order of the Court. By preserving business continuity and avoiding the disruption and delay to the Debtors' collection and disbursement procedures that would necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest, including employees, vendors, and customers, will be best served. Accordingly, the Debtors respectfully request authority to maintain the Bank Accounts in the ordinary course of business, to continue utilizing the Cash Management System to manage cash in a manner consistent with prepetition practices, and to pay any ordinary course Bank fees that may be incurred in connection with the Bank Accounts prior to or following the Commencement Date.

29. The Debtors further request that any Order granting the relief requested herein provide that, unless otherwise ordered by this Court, no Bank will honor or pay any check issued on account of a pre-Commencement Date claim, but that the Banks may honor any checks issued on account of pre-Commencement Date claims where this Court has specifically authorized such checks to be honored. Furthermore, notwithstanding anything to the contrary in any other "first day" order or other order of this Court, the Debtors request the Banks be authorized to accept and honor all representations from the Debtors as to which checks should be honored or dishonored consistent with any order(s) of this Court, whether or not the checks are dated prior to, on, or subsequent to the Commencement Date. The Debtors also request that any order entered with respect to this Motion provide that the Banks will not be liable to any party on account of following the Debtors' instructions or representations regarding which checks should be honored.

30. In addition, to minimize expenses, the Debtors further request that they be authorized to continue to use their correspondence and business forms, including, but not limited to, purchase orders, multi-copy checks, letterhead, envelopes, promotional materials, and other

business forms (collectively, the “Business Forms”), substantially in the forms existing immediately before the Commencement Date, without reference to the Debtors’ status as debtors in possession; provided, however, that as soon as reasonably practicable, the Debtors will commence marking “Debtor in Possession” on their existing checks instead of having new checks printed with such marking.

31. If the Debtors are not permitted to maintain and utilize its Bank Accounts and continue to use its existing Business Forms, the resulting prejudice will include, among other things, significant: (i) disruption of its ordinary financial affairs and business operations; (ii) delay in the administration of these estates; and (iii) additional cost to the estates to establish new systems, open new accounts, and print new business forms. The Debtors submit that absent authority to continue to use the existing Bank Accounts and Business Forms, they would be immediately and irreparably harmed.

D. The Debtors Should Be Authorized to Continue Using Debit, Wire and ACH Payments.

32. The Debtors request further relief from the requirement in the U.S. Trustee Guidelines that all receipts and all disbursements of estate funds be by check with a notation representing the reason for the disbursement. Considering the complexity of the Debtors’ operations, it is necessary for the Debtors to conduct transactions by debit, wire or ACH payments (“ACH Payments”) and other similar methods. To deny the Debtors the opportunity to conduct transactions by debit, wire or ACH Payments or other similar methods would likely interfere with the Debtors’ performance of their contracts and unnecessarily disrupt the Debtors’ business operations, as well as create additional costs to be borne by the Debtors and their creditors.

E. Honoring the Continued Use of Corporate Credit Cards by Should be Approved

33. In the ordinary course of business, the Debtors customarily pay for a variety of their expenses, including employees' business-related expenses incurred in performing their employment obligations and small accounts payable at the individual store level (the "Business Expenses") with company credit cards. In most cases, the Business Expenses are billed directly to the Debtors via the employees' corporate Bank of America Visa credit cards (the "Purchase Cards"). Approximately 779 Purchase Cards have been issued and are utilized for charging expenses for goods and services purchased for, or incidental to, the Debtors' business. On average, the Debtors spend approximately \$12 million per month with Purchase Cards. It is essential to the sustained operation of the Debtors' business that they be permitted to continue paying for Business Expenses incurred on the Purchase Cards after the Commencement Date.¹¹ If the Debtors were required to cease utilizing the Purchase Cards, it would unnecessarily disrupt the Debtors' business operations, as well as create additional costs to be borne by the Debtors and their creditors. Accordingly, the continued use of the Purchase Cards after the Commencement Date as part of the Cash Management System must continue in order to maintain the Debtors' operations in the most efficient manner.

F. Extension of Time to Comply with Section 345(b) of the Bankruptcy Code is Warranted

34. Section 345 of the Bankruptcy Code governs a debtor's deposit and investment of cash during a chapter 11 case and authorizes deposits or investments of money "as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or

¹¹ The Debtors are seeking the payment of certain pre-Commencement Date Business Expenses, including those incurred through the use of the Purchase Cards, by the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 507 and Fed. R. Bankr. P. 6003 and 6004 For Authorization to (I) Pay Certain Employee Obligations and Maintain and Continue Employee Benefits and Programs, and (II) For Banks to Honor and Process Checks and Transfers Related to Such Obligations* filed concurrently herewith.

investment.” 11 U.S.C. § 345(a). For deposits or investments that are not “insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States,” section 345(b) of the Bankruptcy Code requires the estate to obtain from the entity with which the money is deposited or invested a bond in favor of the United States that is secured by the undertaking of an adequate corporate surety, unless the Court for cause orders otherwise. *Id.* § 345(b). In the alternative, the estate may require the entity to deposit governmental securities pursuant to 31 U.S.C. § 9303, which provides that when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may provide a governmental obligation. 31 U.S.C. § 9303.

35. Strict compliance with the requirements of section 345(b) of the Bankruptcy Code would, in a case such as this, be inconsistent with section 345(a), which, as stated, permits a debtor in possession to make such investments of money of the estate “as will yield the maximum reasonable net return on such money.” *Id.* Thus, in 1994, to avoid “needlessly handcuff[ing] larger, more sophisticated debtors,” Congress amended section 345(b) of the Bankruptcy Code to provide that its strict investment requirements may be waived or modified if the Court so orders “for cause.” 140 Cong. Rec. H10752-01 (Oct. 4, 1994), 1994 WL 545773.

36. Border’s investment guidelines are conservative and are tailored to provide the utmost safety for its cash while maximizing the return within the confines of a money market account. The Debtors submit that that the Blackrock Investment Account provides sufficient protection for their cash and that it would be in the best interest of their estates and creditors for the Debtors to continue to follow this practice for the investment of cash.

37. However, in an abundance of caution, the Debtors seek a 45-day extension of the time to comply with section 345(b) of the Bankruptcy Code or to seek appropriate relief from the

Court. During the extension period, the Debtors propose to engage the U.S. Trustee to determine what modifications to current investment practices, if any, would be appropriate under the circumstances. If, pursuant to discussions with the Office of the United States Trustee, it shall become necessary to modify the manner in which they maintains their cash, the Debtors request authority to make such modifications. The Debtors believe that the benefits of the requested extension far outweigh any harm to the estates. *See In re Serv. Merch. Co., Inc.*, 240 B.R. 894 (Bankr. M.D. Tenn. 1999) (listing a number of factors to consider when determining whether “cause” exists to waive the requirements of section 345(b), including consideration of the benefits to the debtor and any harm to the estate). The Debtors believe that the funds invested in the Blackrock Investment Account will provide the protection contemplated by section 345(b) of the Bankruptcy Code, notwithstanding the absence of a “corporate surety” requirement during the 45-day extension period because such funds are generally invested in high quality, short-term obligations. Moreover, to the extent that a Bank Account that currently satisfies the requirements of section 345 of the Bankruptcy Code ceases to satisfy such requirements (with the exception of a Store Depository Account to the extent that the deposits in such Bank Account are ultimately transferred into the Primary Concentration Account in connection with the next scheduled transfer), the Debtors will, with respect to such Bank Account, have 21 days to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee.

38. Similarly, the Debtors believe that any funds held in the Bank Accounts, including the Store Depository Accounts, which may exceed the amounts insured by the FDIC, are secure and that obtaining bonds to secure these funds, as required by section 345(b) of the Bankruptcy Code, is unnecessary in the context of these cases. “Cause” exists under section

345(b) of the Bankruptcy Code to waive this requirement because, among other considerations, (i) the Debtors' Banks are subject to supervision by banking regulators; (ii) the Debtors retain the right to remove funds held at the Banks and establish new bank accounts as needed; (iii) the costs associated with satisfying the requirements of section 345 are burdensome; (iv) the process of satisfying those requirements would lead to needless inefficiencies in the management of the Debtors' business; and (v) the funds in many of these accounts (such as the Store Depository Accounts) are transferred on a regular basis into the Primary Concentration Account, and, therefore, their balances are routinely reduced. Moreover, a bond secured by the undertaking of a corporate surety would be prohibitively expensive, if such bond were available at all.

39. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, and in the best interests of all stakeholders in these chapter 11 cases. The cash management procedures described herein are similar to those employed by comparable corporate enterprises that have been previously approved by Courts in this District and other Districts in other large chapter 11 cases.¹² *See, e.g., In re Blockbuster Inc.*, Ch. 11 Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Oct. 21, 2010) [Docket No. 353]; *In re Movie Gallery, Inc.*, Ch. 11 Case No. 10-30696 (DOT) (Bankr. E.D. Va. Feb. 3, 2010) [Docket. No. 60]; *In re Finlay Enterprises, Inc.*, Ch. 11 Case No. 09-14873 (JMP) (Bankr. S.D.N.Y. Sept. 3, 2009) [Docket No. 195]; *In re Extended Stay Inc.*, Ch. 11 Case No. 09-13764 (JMP) (Bankr. S.D.N.Y. July 20, 2009) [Docket No. 189]; *In re General Motors Corp.*, Ch. 11 Case No. 09-50026 (REG) (Bankr. S.D.N.Y. June 25, 2009) [Docket No. 2542]; *In re U.S. Shipping Partners L.P.*, Ch. 11 Case No. 09-12711 (RDD) (Bankr. S.D.N.Y. June 18, 2009) [Docket No. 202]; *In re Chrysler LLC*, Ch. 11 Case No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 20, 2009) [Docket No. 1303]; *In re General*

¹² Because of the voluminous nature of the unreported orders cited herein, such orders are not annexed to the Motion. Copies of these orders are available upon request of Debtors' counsel.

Growth Props., Inc., Ch. 11 Case No. 09-11977 (ALG) (Bankr. S.D.N.Y. May 14, 2009) [Docket No. 518].

G. Compliance with Bankruptcy Rules 6003 and 6004

1. The Requested Relief Satisfies Bankruptcy Rule 6003

40. Bankruptcy Rule 6003 provides that, except to the extent the relief requested is necessary to avoid immediate and irreparable harm to the debtor's estate, the Court shall not, within 21 days after the filing of the petition, grant relief regarding a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition. As detailed above and as set forth in the First Day Declaration, the Debtors submit that the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates and, accordingly, submit that Bankruptcy Rule 6003 is satisfied.

2. Waiver of Bankruptcy Rules 6004(a) and (h)

41. Unless the Court orders otherwise, Bankruptcy Rule 6004(a) requires the Debtors to provide 21 days notice to all creditors and certain other parties in interest of the use of property outside the ordinary course of business. Moreover, unless the Court orders otherwise, Bankruptcy Rule 6004(h) automatically stays for 14 days any order granting such relief. While the Debtors do not believe Bankruptcy Rules 6004(a) and (h) are applicable to the relief requested herein, out of an abundance of caution, the Debtors submit that, as described above and in the First Day Declaration, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors that would otherwise be caused by a delay in the granting of the relief requested herein. Therefore, to the extent applicable, the Debtors request the Court waive: (i) the notice requirements under Bankruptcy Rule 6004(a) and (ii) the stay of the order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

NOTICE

42. No trustee or examiner has been appointed in these chapter 11 cases. The Debtors have served notice of this Motion on: (i) the Office of the United States Trustee for the Southern District of New York (Attn: Tracy Davis, Esq. and Linda Riffkin, Esq.); (ii) those creditors holding the thirty largest unsecured claims against the Debtors' estates; (iii) counsel for the DIP Agents: (x) Morgan, Lewis & Bockius LLP (Attn: Wendy Walker, Esq. and Sandra Vrejan, Esq.), counsel for the Working Capital Agent, (y) Riemer & Braunstein LLP (Attn: Donald E. Rothman, Esq.), counsel for GA Capital LLC; (iv) Kelley Drye & Warren LLP, attorneys for certain landlords (Attn: James S. Carr, Esq., Robert L. LeHane, Esq., and Benjamin D. Feder, Esq.); (v) Lowenstein Sandler PC, attorneys for certain trade vendors (Attn: Kenneth A. Rosen, Esq., Bruce D. Buechler, Esq., Bruce S. Nathan, Esq., and Paul Kizel, Esq.); (vi) Fried, Frank, Harris, Shriver & Jacobson LLP, attorneys for General Growth Properties, Inc. (Attn: Brad Eric Scheler, Esq.); and (vii) Bingham McCutchen LLP, attorneys for Bank of America, N.A. (Attn: Julia Frost-Davies, Esq. and Andrew Gallo, Esq.) (collectively, the "Notice Parties"). The Debtors submit that no other or further notice need be provided.

43. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: February 16, 2011
New York, New York

KASOWITZ, BENSON, TORRES
& FRIEDMAN LLP

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*Attorneys for Debtors
and Debtors-in-Possession*

EXHIBIT A

SCHEDULE OF BANK ACCOUNTS

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
American Savings Bank	6121	Store bank account	P.O. Box 2300 Honolulu, HI 96804-2300
American Trust & Savings Bank	0148	Store bank account	280 Kennedy Rd Dubuque, IA 52202
American Trust & Savings Bank	6242	Store bank account	280 Kennedy Rd Dubuque, IA 52202
Arvest Bank	3032	Store bank account	201 N. Broadway Shawnee, OK 74801
Associated Bank	9262	Store bank account	1217 N Taylor Dr Sheboygan, WI 53081
Banco Popular	6554	Store bank account	Popular Center Building 209 Ponce de León Ave., 6th Floor Hato Rey, PR 00918
Banco Popular	8171	Store bank account	Popular Center Building 209 Ponce de León Ave., 6th Floor Hato Rey, PR 00918
Banco Santander	0876	Store bank account	PO Box 362589 San Juan, PR 00936-2589
Bank Champaign	1919	Store bank account	2101 s. Neil St. PO Box 1490 Champaign, IL 61824-1490
Bank Five	5557	Store bank account	79 North Main Street Fall River, MA 02720
Bank of America	7848	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	8225	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
Bank of America	7076	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	2866	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	0866	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of Durango	7429	Store bank account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of New York	2513	Store bank account	500 Ross Street, 13th Floor Pittsburgh, PA 15262-0001
Bank of the West	8675	Store bank account	SC-MPK-01-L 1977 Saturn Street Monterey Park, CA 91755
Bank of the West	8415	Store bank account	SC-MPK-01-L 1977 Saturn Street Monterey Park, CA 91755
BB&T	3676	Store bank account	200 West Second Street, 16th Floor Winston-Salem, NC 27101
BB&T	9172	Store bank account	200 West Second Street, 16th Floor Winston-Salem, NC 27101
Bristol County Savings	0958	Store bank account	35 Broadway Taunton, MA 02780
Brotherhood Bank & Trust	4601	Store bank account	756 Minnesota Ave. Kansas City, KS 66101
Capital One	6144	Store bank account	313 Carondelet Street New Orleans, LA 70130

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
Capital One	1087	Store bank account	313 Carondelet Street New Orleans, LA 70130
Chemung Canal Trust	3658	Store bank account	PO Box 1522 Elmira, NY 14902-1522
Chittenden Bank	4652	Store bank account	PO Box 804 Brattleboro, VT 05302-0804
Citizens Bank	1812	Store bank account	PO Box 42001 Providence, RI 02940-2001
Comerica	7295	Store bank account	MC 7612 Livonia Operations Center 39200 Six Mile Road Livonia, MI 48152
Comerica Bank	1725	Store bank account	MC 7612 Livonia Operations Center 39200 Six Mile Road Livonia, MI 48152
Comerica Bank	7295	Store bank account	MC 7612 Livonia Operations Center 39200 Six Mile Road Livonia, MI 48152
Commerce Bank	8859	Store bank account	1345 E Battlefield Box 2817 Springfield, MO 65801-2817
Community Bank & Trust	0613	Store bank account	PO Box 1900 Cornelia, GA 30531
Fifth Third Bank	9393	Store bank account	1000 Town Center, JTWN5F Southfield, MI 48075
Fifth Third Bank	9432	Store bank account	1000 Town Center, JTWN5F Southfield, MI 48075
Fifth Third Bank	2721	Store bank account	1000 Town Center, JTWN5F Southfield, MI 48075
First Citizens Bank	7892	Store bank account	PO Box 27131 Raleigh, NC 27611-7131
First Community Bank	6537	Store bank account	PO Box 950 Bluefield, WV 24701
First Financial of Terre Haute	7832	Store bank account	PO Box 2122 Terre Haute, IN 47802

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
First Hawaiian Bank	3090	Store bank account	999 Bishop Street Ste 1100 Honolulu, HI 96813
First Hawaiian Bank	0174	Store bank account	999 Bishop Street Ste 1100 Honolulu, HI 96813
First Interstate Bank	1869	Store bank account	521 SE Wyoming Blvd Casper, WY 82609-4220
First National Bank Killeen TX	0463	Store bank account	PO Box 937 Killeen, TX 76540-0937
First National Bank Sioux Falls	0512	Store bank account	2505 W 41 St PO Box 5186 Sioux Falls, SD 57117-5186
First State Bank	5267	Store bank account	4351 Venture Drive Peru, IL 61354
First Tennessee	1132	Store bank account	PO Box 84 Memphis, TN 38101
Hickory Point Bank & Trust	2099	Store bank account	PO Box 2548 Decatur, IL 62525-2548
Huntington Bank	5236	Store bank account	PO Box 1558 Columbus, OH 43216-1558
IBC	4860	Store bank account	PO Box 26020 Oklahoma City, OK 73126-0020
Intrust	5566	Store bank account	105 North Main Wichita, KS 67201-1412
JP Morgan Chase Bank	5074	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
JP Morgan Chase Bank	4581	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
JP Morgan Chase Bank	7945	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
JP Morgan Chase Bank	6023	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
JP Morgan Chase Bank	0680	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
JP Morgan Chase Bank	0046	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
JP Morgan Chase Bank	2817	Store bank account	300 S. Riverside Plaza 10th flr Chicago, IL 60606
Key Bank	6142	Store bank account	303 Broadway, 17th Floor Cincinnati, OH 45202
Key Bank	0116	Store bank account	303 Broadway, 17th Floor Cincinnati, OH 45202
Key Bank	5144	Store bank account	303 Broadway, 17th Floor Cincinnati, OH 45202
M&T Bank	5506	Store bank account	25 S. Charles St Baltimore, MD 21201
Newport Federal Savings	8571	Store bank account	PO Box 210 Newport, RI 02840
Northway Bank	3477	Store bank account	9 Main Street PO Box 9 Berlin, NH 03570-0009
Northwest Savings Bank	4088	Store bank account	100 Liberty Street PO Box 128 Warren, PA 16365
People's United Bank	4652	Store bank account	99 Dorset Street Burlington, VT 05403
PNC Bank	0689	Store bank account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5356	Store bank account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6992	Store bank account	201 East Fifth Street Cincinnati, OH 45202
Regions Bank	8057	Store bank account	599 Lexington Avenue, 45th floor New York, NY 10022
S & T Bank	8215	Store bank account	800 Philadelphia Street PO Box 190 Indiana, PA 15701

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
Salem Five	0877	Store bank account	210 Essex Street Salem, MA 01970
Sovereign	1131	Store bank account	One Sovereign Way R11 East Providence, RI 02915
Sunflower Bank	3226	Store bank account	PO Box 800 Salina, KS 67402-0800
SunTrust Bank	5260	Store bank account	Mail Code GA-ATL-1963 25 Park Place, 21st Floor Atlanta, GA 30303
SunTrust Bank	0953	Store bank account	Mail Code GA-ATL-1963 25 Park Place, 21st Floor Atlanta, GA 30303
SunTrust Bank	6283	Store bank account	Mail Code GA-ATL-1963 25 Park Place, 21st Floor Atlanta, GA 30303
SunTrust Bank	6942	Store bank account	Mail Code GA-ATL-1963 25 Park Place, 21st Floor Atlanta, GA 30303
SunTrust Bank	0585	Store bank account	Mail Code GA-ATL-1963 25 Park Place, 21st Floor Atlanta, GA 30303
Susquehanna Bank	4069	Store bank account	9 E. Main Street PO Box 1000 Lititz, PA 17543
TD Bank North	2361	Store bank account	PO Box 1377 Lewiston, ME 04243-1377
Town & Country Bank	3578	Store bank account	524 North Thirtieth Quincy, IL 62301
TrustCo Bank	0415	Store bank account	PO Box 1082 Schenectady, NY 12301-1082
Two Rivers Bank	2575	Store bank account	1066 S Gear Avenue West Burlington, IA 52655
UMB Bank	3216	Store bank account	PO Box 419226 Kansas, MO 64141-6226

Store Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
UMB Bank	0181	Store bank account	PO Box 419226 Kansas, MO 64141-6226
Umpqua Bank	3253	Store bank account	PO Box 1820 Roseburg, OR 97470-4717
Union Bank	9420	Store bank account	445 South Figueroa Street, G08-070 Los Angeles, CA 90071
Union Bank	9009	Store bank account	445 South Figueroa Street, G08-070 Los Angeles, CA 90071
United Bank	6458	Store bank account	84 Crossroads Mall Mt. Hope, WV 25880
US Bank	2546	Store bank account	MK-IL-RY4D 209 South LaSalle St., Suite 410 Chicago, IL 60604
US Bank	5270	Store bank account	MK-IL-RY4D 209 South LaSalle St., Suite 410 Chicago, IL 60604
Wells Fargo Bank	4075	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	9263	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	6061	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	3902	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	6809	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	2600	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wells Fargo Bank	7071	Store bank account	1753 Pinnacle Drive McLean, VA 22102
Wilber National Bank	8456	Store bank account	245 Main Street PO Box 430 Oneonta, NY 13820-0430

Other Operations Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
Banco Popular	6290	Puerto Rico payroll - check issuance	Popular Center Building 209 Ponce de León Ave., 6th Floor Hato Rey, PR 00918
Bank of America	4060	Waldenbooks concentration account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	5715	Accounts payable/insurance disbursement	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	4126	Accounts receivable/ ZBA account	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	2445	Accounts receivable	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
Bank of America	4126	Lockbox	Global Corp & Comm Banking Large Corporate Service Bld A 1655 Grant St. Concord, CA 94520-2455
BlackRock Investments, LLC	5217	Investment account	100 Bellevue Parkway Wilmington, DE 19809
First Tennessee Bank	8596	Petty cash	P.O. Box 84 Memphis, TN 38101
Fortis Bank	0079	Operating account	5 Aldermanbury Square London EC2V 7HR United Kingdom
PNC Bank	8167	Funds all domestic corporate Accounts Payable and Payroll Accounts	201 East Fifth Street Cincinnati, OH 45202

Other Operations Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
PNC Bank	3572	Accounts Payable controlled disbursement acct	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	3628	Accounts Payable controlled disbursement acct	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	4196	Borders concentration account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	4612	Account opened for tax purposes	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	4639	Account opened for tax purposes	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5263	General Liability controlled disbursement acct (Atlantic Mutual)	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5327	Workers' Compensation controlled disbursement account. (Travelers)	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5405	Outlet concentration account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5413	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	1855	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	1863	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5376	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	5413	Accounts payable controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	9852	Controlled disbursement account (Liberty Mutual)	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6116	Receipt of franchise payments	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	8733	Concentration account	201 East Fifth Street Cincinnati, OH 45202

Other Operations Accounts

Bank Name	Last 4 Digits of Account Number	Account Type	Address
PNC Bank	1101	Concentration account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	8741	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	8768	Accounts payable controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6282	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6303	Payroll controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6952	Accounts payable controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6979	Accounts payable controlled disbursement account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	6574	Store concentration account	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	3625	Accounts payable	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	7WCM	Overnight sweep investment account/Blackrock Temp Fund	201 East Fifth Street Cincinnati, OH 45202
PNC Bank	1098	Lockbox	201 East Fifth Street Cincinnati, OH 45202
Wells Fargo	0339	Petty cash	1753 Pinnacle Drive McLean, VA 22102

EXHIBIT B

CASH MANAGEMENT DIAGRAM

BORDERS

Legend:

- Blue: BORDERS
- Green: BORDERS
- Yellow: BORDERS

Accounts and Flows:

- Top Row (Left to Right):**
 - PNC Bank Investment Account TWCM (Nightly Sweep) Blackrock Temp Fund
 - PNC Bank BGI Concentration Account 8167
 - PNC Bank Borders, Inc Payroll Account 1863
 - PNC Bank Borders, Inc (Walden) Payroll Account 1855
 - PNC Bank Borders, Inc (Walden) Accounts Payable 3572
 - PNC Bank Borders, Inc (Walden) Accounts Payable 3625
 - PNC Bank Borders, Inc Liberty Mutual Account 9552
 - PNC Bank Borders Properties, Inc Account 1001744612
 - PNC Bank Borders Properties, Inc Payroll Account 1019816303
 - Wires / ACH / Misc Receipts
- Middle Row (Left to Right):**
 - PNC Bank Borders Direct LLC Concentration Account 1019908733
 - Credit Card Receipts
 - Corporate Gift Card Receipts
 - PNC Bank Borders Direct LLC Payroll Account 8741
 - PNC Bank Borders Direct LLC Accounts Payable 8768
- Bottom Row (Left to Right):**
 - PNC Bank Borders, Inc Concentration Account 4196
 - Labor / Swing Line Loans
 - Wire Transfers
 - Lock Box Receipts 1098
 - Credit Card Receipts
 - Corporate Gift Card Receipts
 - Garnishments Payroll Tax Sales Tax
 - Blackrock Investments Temp Fund 5217
- Right Side (Top to Bottom):**
 - Bank of America Borders, Inc Corporate Receipts Account 2445
 - Bank of America Liberty Mutual Disbursement Account 5715
 - BNP Paribas Fortis BGP (UK), Ltd Account 0079
 - Bank of America Borders, Inc Concentration Account 4060
 - Credit Card Receipts
 - Store Cash Files
 - Aetna
 - Lock Box Receipts Account 4125
 - Pre-Fund Direct Deposit Payroll Files

Flow Indicators:

- Blue Arrows:** Indicate flow from BORDERS to BORDERS.
- Green Arrows:** Indicate flow from BORDERS to BORDERS.
- Yellow Arrows:** Indicate flow from BORDERS to BORDERS.

Notes:

- All accounts are subject to change without notice. Please refer to the latest version of this chart for the most current information.

EXHIBIT C

PROPOSED INTERIM ORDER

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

BORDERS GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 11-____ (____)

(Joint Administration Pending)

**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 345(b),
363(b), 363(c), AND 364(a) AND FED. R. BANKR. P. 6003 AND 6004
GRANTING (I) AUTHORITY TO (A) CONTINUE TO OPERATE
THE DEBTORS' CASH MANAGEMENT SYSTEM,
(B) HONOR CERTAIN PREPETITION OBLIGATIONS ON
ACCOUNT OF SERVICE CHARGES RELATED THERETO,
(C) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS, (D)
MAINTAIN THE ABILITY TO USE DEBIT, WIRE AND ACH PAYMENTS, AND (E)
HONOR THE CONTINUED USE OF CERTAIN CORPORATE CREDIT CARDS;
AND (II) AN EXTENSION OF TIME TO COMPLY WITH 11 U.S.C. § 345(b)**

Upon the Motion,² dated February 16, 2011, of Borders Group, Inc. ("BGI") and its debtor subsidiaries, including Borders, Inc., as debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, requesting: (i) authority to (a) continue to operate the Cash Management System, in the Debtors' sole discretion, as described in the Motion, including the continued transfers of funds among the Debtors and their affiliates in the ordinary course of business, consistent with their prepetition practices, (b) honor certain prepetition obligations on account of Service Charges related to the Cash Management System, and (c) maintain existing Bank Accounts and business forms; and (ii) an extension of time to comply

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Borders Group, Inc. (4588); Borders International Services, Inc. (5075); Borders, Inc. (4285); Borders Direct, LLC (0084); Borders Properties, Inc. (7978); Borders Online, Inc. (8425); Borders Online, LLC (8996); and BGP (UK) Limited.

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

with section 345(b) of the Bankruptcy Code, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having provided notice of the Motion and Interim Hearing (as defined below) to the Notice Parties; and the Court having held an Interim Hearing to consider the requested relief (the “Interim Hearing”); and upon the record of the Interim Hearing, and all of the proceedings before the Court, the Court finds and determines that the requested relief is in the best interests of the Debtors, their estates, creditors, and all parties in interest; the Debtors have provided due and proper notice of the Motion and Interim Hearing and no further notice is necessary; the legal and factual bases set forth in the Motion establish just and sufficient cause to grant the requested relief herein; IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein on an interim basis.
2. The Debtors are authorized and empowered, pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code, to continue the Cash Management System maintained by the Debtors before the commencement of these chapter 11 cases, and to collect, concentrate, and disburse cash in accordance with the Cash Management System, including transfers by and among their Debtor affiliates non-debtor affiliates.
3. The Debtors are authorized to continue to honor and make payments in respect of prepetition and postpetition intercompany obligations to subsidiaries and affiliates (Debtor and non-Debtor Detroit JV) in accordance with their prepetition practices.

4. Pursuant to section 364(a) of the Bankruptcy Code, the Debtors are authorized, in connection with the ordinary operation of their Cash Management System, to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing, with any such Post-Commencement Date obligations incurred by the Debtors to the Banks to have administrative priority in accordance with section 503 of the Bankruptcy Code, unless and except to the extent such obligations are secured.

5. The Debtors shall have 45 days (or such additional time as the United States Trustee for the Southern District of New York (the “U.S. Trustee”) may agree to) from the entry of this Order (the “Extension Period”) to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee; provided, however, that such extension is without prejudice to the Debtors’ right to request a further extension of the Extension Period or the waiver of the requirements of section 345(b) in these cases; provided, further, to the extent that a Bank Account that currently satisfies the requirements of section 345 of the Bankruptcy Code ceases to satisfy such requirements (with the exception of a Store Depository Account to the extent that the deposits in such Bank Account are transferred into the Primary Concentration Account in connection with the next scheduled transfer), the Debtors shall, with respect to such Bank Account, have 21 days to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee.

6. The Debtors are authorized to: (i) designate, maintain, and continue to use any or all of their existing Bank Accounts, including but not limited to the Bank Accounts with those Banks listed on Exhibit A annexed hereto, in the names and with the account numbers existing immediately prior to the commencement of these chapter 11 cases; (ii) deposit funds into and

withdraw funds from such accounts by all usual means including, without limitation, checks, wire transfers, automated transfers, and other debits; and (iii) treat the prepetition Bank Accounts for all purposes as debtor in possession accounts; provided, however, that nothing contained herein shall authorize any Bank to honor or pay any check issued or dated prior to the Commencement Date, except as otherwise provided by order of this Court; provided, further, that any such Bank may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Commencement Date should be honored pursuant to an Order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein, provided, further, that to the extent not inconsistent with the Bankruptcy Code or other orders of this Court in the Chapter 11 Cases, nothing herein shall alter or limit the rights of Bank of America, N.A. ("Bank of America") to discontinue the service and administration of any Bank Accounts held at Bank of America in accordance with existing account agreements entered by Bank of America and the Debtors at the time of the establishment of such accounts. The continued use of any Bank Accounts with Bank of America is conditioned upon the provision of a certain standby letter of credit naming Bank of America as beneficiary pursuant to the terms described in the DIP Motion.

7. The Debtors are directed to maintain records of each and every transfer within the Cash Management System occurring on or after the Commencement Date to the same extent maintained by the Debtors prior to the Commencement Date, such that all postpetition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, the Debtors' books and records.

8. Nothing contained herein shall prevent the Debtors from closing any Bank Account(s) or opening any additional bank accounts, as they may deem necessary and appropriate, and any relevant bank is authorized to honor the Debtors' requests to close or open such Bank Accounts or additional bank accounts, as the case may be; provided, however, that any new account shall be with a Bank that is an authorized depository or a bank account that insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein; provided further, however, that notice of the opening or closure of any account shall be given to the U.S. Trustee.

9. The Debtors are authorized to use their existing Business Forms, including check stock; provided, however, that as soon as reasonably practicable, the Debtors shall mark "Debtors in Possession" on their existing checks.

10. The Debtors are authorized to conduct transactions by debit, wire or ACH Payments and other similar methods without interruption and in the ordinary course of business.

11. The Debtors are authorized to utilize Purchase Cards without interruption in the ordinary course of business.

12. The Debtors are authorized to: (i) pay undisputed prepetition amounts outstanding, if any, owed to the Banks as Service Charges for the maintenance of the Cash Management System; and (ii) reimburse the Banks for any claims arising, or charge backs of deposits made, before or after the Commencement Date in connection with customer checks or other deposits into the Bank Accounts that have been dishonored or returned for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible prior to the Commencement Date, with any such obligations to have administrative

priority in accordance with section 503 of the Bankruptcy Code, unless and except to the extent such obligations are secured.

13. The final hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be held on [____], 2011 at []:00 []m. (Prevailing Eastern Time) before the Honorable [____], United States Bankruptcy Judge, One Bowling Green, Room [____], New York, New York 10004; and any objections to entry of such order shall be in writing, filed with the Court in accordance with General Order M-242, and served upon counsel to the Debtors, the Notice Parties, and counsel for any official committee of unsecured creditors appointed in these chapter 11 cases, in each case so as to be received no later than [____] []m. on [____], 2011 (Prevailing Eastern Time).

14. Within three (3) business days of the entry of this Order, the Debtors shall serve a copy of this Order on the Banks.

15. Bankruptcy Rule 6003(b) has been satisfied.

16. The requirements of Bankruptcy Rule 6004(a) are waived.

17. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon entry of this Order.

18. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: [____], 2011
New York, New York

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT D

PROPOSED FINAL ORDER

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

BORDERS GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 11-____ (____)

(Joint Administration Pending)

**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 345(b),
363(b), 363(c), AND 364(a) AND FED. R. BANKR. P. 6003 AND 6004
GRANTING (I) AUTHORITY TO (A) CONTINUE TO OPERATE
THE DEBTORS' CASH MANAGEMENT SYSTEM,
(B) HONOR CERTAIN PREPETITION OBLIGATIONS ON
ACCOUNT OF SERVICE CHARGES RELATED THERETO, AND
(C) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS, (D)
MAINTAIN THE ABILITY TO USE DEBIT, WIRE AND ACH PAYMENTS, AND (E)
HONOR THE CONTINUED USE OF CERTAIN CORPORATE CREDIT CARDS;
AND (II) AN EXTENSION OF TIME TO COMPLY WITH 11 U.S.C. § 345(b)**

Upon the Motion,² dated February 16, 2011, of Borders Group, Inc. ("BGI") and its debtor subsidiaries, including Borders, Inc., as debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, requesting: (i) authority to (a) continue to operate the Cash Management System, in the Debtors' sole discretion, as described in the Motion, including the continued transfers of funds among the Debtors and their affiliates in the ordinary course of business, consistent with their prepetition practices, (b) honor certain prepetition obligations on account of Service Charges related to the Cash Management System, and (c) maintain existing Bank Accounts and business forms; and (ii) an extension of time to comply

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² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

with section 345(b) of the Bankruptcy Code, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having held an interim hearing (the “Interim Hearing”) on the Motion and having entered an interim order (the “Interim Order”) thereafter; and the Court having held a final hearing on the Motion (the “Final Hearing”); and due and proper notice of the Motion, the Interim Order, and the Final Hearing having been provided to the Notice Parties and the attorneys for the Statutory Committee of Unsecured Creditors, and it appearing that no further notice need be provided; and upon the record of the Interim Hearing, the Final Hearing, and all of the proceedings had before the Court, the Court finds and determines that the requested relief is in the best interests of the Debtors, their estates, creditors, and all parties in interest; the Debtors have provided due and proper notice of the Motion and Final Hearing and no further notice is necessary; the legal and factual bases set forth in the Motion establish just and sufficient cause to grant the requested relief herein; IT IS HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtors are authorized and empowered, pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code, to continue the Cash Management System maintained by the Debtors before the commencement of these chapter 11 cases, and to collect, concentrate, and disburse cash in accordance with the Cash Management System, including transfers by and among their Debtor affiliates.

3. The Debtors are authorized to continue to honor and make payments in respect of prepetition and postpetition intercompany obligations to subsidiaries and affiliates (Debtor and non-Debtor Detroit JV) in accordance with their prepetition practices.

4. Pursuant to section 364(a) of the Bankruptcy Code, the Debtors are authorized, in connection with the ordinary operation of their Cash Management System, to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing, with any such Post-Commencement Date obligations incurred by the Debtors to the Banks to have administrative priority in accordance with section 503 of the Bankruptcy Code, unless and except to the extent such obligations are secured.

5. The Debtors shall have 45 days (or such additional time as the United States Trustee for the Southern District of New York (the “U.S. Trustee”) may agree to) from the entry of this Order (the “Extension Period”) to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee; provided, however, that such extension is without prejudice to the Debtors’ right to request a further extension of the Extension Period or the waiver of the requirements of section 345(b) in these cases; provided, further, to the extent that a Bank Account that currently satisfies the requirements of section 345 of the Bankruptcy Code ceases to satisfy such requirements (with the exception of a Store Depository Account to the extent that the deposits in such Bank Account are transferred into the Primary Concentration Account in connection with the next scheduled transfer), the Debtors shall, with respect to such Bank Account, have 21 days to either come into compliance with section 345(b) of the Bankruptcy Code or to make such other arrangements as agreed with the U.S. Trustee.

6. The Debtors are authorized to: (i) designate, maintain, and continue to use any or all of their existing Bank Accounts, including but not limited to the Bank Accounts with those Banks listed on Exhibit A annexed hereto, in the names and with the account numbers existing immediately prior to the commencement of these chapter 11 cases; (ii) deposit funds into and withdraw funds from such accounts by all usual means including, without limitation, checks, wire transfers, automated transfers, and other debits; and (iii) treat the prepetition Bank Accounts for all purposes as debtor in possession accounts; *provided, however*, that nothing contained herein shall authorize any Bank to honor or pay any check issued or dated prior to the Commencement Date, except as otherwise provided by order of this Court; *provided, further*, that any such Bank may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Commencement Date should be honored pursuant to an Order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for herein, *provided, further*, that to the extent not inconsistent with the Bankruptcy Code or other orders of this Court in the Chapter 11 Cases, nothing herein shall alter or limit the rights of Bank of America, N.A. (“Bank of America”) to discontinue the service and administration of any Bank Accounts held at Bank of America in accordance with existing account agreements entered by Bank of America and the Debtors at the time of the establishment of such accounts. The continued use of any Bank Accounts with Bank of America is conditioned upon the provision of a certain standby letter of credit naming Bank of America as beneficiary pursuant to the terms described in the DIP Motion.

7. The Debtors are directed to maintain records of each and every transfer within the Cash Management System occurring on or after the Commencement Date to the same extent

maintained by the Debtors prior to the Commencement Date, such that all postpetition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, the Debtors' books and records.

8. Nothing contained herein shall prevent the Debtors from closing any Bank Account(s) or opening any additional bank accounts, as they may deem necessary and appropriate, and any relevant bank is authorized to honor the Debtors' requests to close or open such Bank Accounts or additional bank accounts, as the case may be; *provided, however*, that any new account shall be with a Bank that is an authorized depository or a bank account that is insured with the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and that is organized under the laws of the United States or any State therein; provided further, however, that notice of the opening or closure of any account shall be given to the U.S. Trustee as soon as practicable.

9. The Debtors are authorized to use their existing Business Forms, including check stock; *provided, however*, that as soon as reasonably practicable, the Debtors shall mark "Debtors in Possession" on their existing checks.

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12. The Debtors are authorized to: (i) pay undisputed prepetition amounts outstanding, if any, owed to the Banks as Service Charges for the maintenance of the Cash Management System; and (ii) reimburse the Banks for any claims arising, or charge backs of deposits made, before or after the Commencement Date in connection with customer checks or

other deposits into the Bank Accounts that have been dishonored or returned for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible prior to the Commencement Date, with any such obligations to have administrative priority in accordance with section 503 of the Bankruptcy Code, unless and except to the extent such obligations are secured.

13. Within three (3) business days of the entry of this Order, the Debtors shall serve a copy of this Order on the Banks.

14. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon entry of this Order.

15. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: [____], 2011
New York, New York

UNITED STATES BANKRUPTCY JUDGE