

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

In re

BORDERS GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 11-10614 (MG)

(Jointly Administered)

**ORDER PURSUANT TO 11 U.S.C. §§ 365(a) AND 554(a) AND
FED.R. BANKR. P. 6006, 6007 AND 9014 APPROVING THE REJECTION OF
CERTAIN UNEXPIRED LEASES OF NON-RESIDENTIAL REAL
PROPERTY AND AUTHORIZING THE ABANDONMENT OF CERTAIN
PERSONAL PROPERTY EFFECTIVE AS OF THE COMMENCEMENT DATE**

Upon the Motion,² dated February 16, 2011, of Borders Group, Inc. and its debtor subsidiaries as debtors and debtors in possession (collectively, the “Debtors”), for an order pursuant to sections 365(a) and 554(a) of the Bankruptcy Code and Rules 6006, 6007 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) approving the rejection of certain unexpired leases of nonresidential real property, identified on Exhibit 1 annexed hereto (the “Leases”) and (ii) authorizing the abandonment of certain personal property of the estates located within the premises associated within certain of the Leases (the “Personal Property”), 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 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

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 herein, and not otherwise defined, shall have the meanings ascribed to them in the Motion.

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 Hearing (as defined below) to the Notice Parties; and the Court having held a hearing to consider the requested relief (the “Hearing”); and upon the record of the 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 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 provided herein.
2. Pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rules 6006 and 9014, the Debtors’ rejection of the Leases identified on Exhibit 1 annexed hereto is approved, effective as of the Commencement Date.
3. If the Debtors have deposited funds with a landlord of a Lease identified on Exhibit 1 as a security deposit or other arrangement, such landlord may not setoff or otherwise use such deposit without the prior authority of the Court or agreement of the parties.
4. Pursuant to section 554 of the Bankruptcy Code and Bankruptcy Rule 6007, the Debtors are authorized, in their sole discretion, to abandon their Personal Property located within the premises that are the subject of certain of the Leases, free and clear of any interests, effective as of the Commencement Date. In the event of any such abandonment, all applicable landlords shall be authorized to dispose of such property without any liability to any individual or entity that may claim an interest in such abandoned property, and such abandonment shall be without

prejudice to any landlord's right to assert any claim based on such abandonment and without prejudice to the Debtors or other parties in interest to object thereto.

5. The Debtors have satisfied the requirements of Local Rule 6007-1.

6. The Debtors are authorized to take such actions as are necessary to implement and effectuate the terms of this Order.

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

Dated: March 4, 2011
New York, New York

s/Martin Glenn
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

LEASES TO BE REJECTED

EXHIBIT 1

Leases to be Rejected

| Lessor | Lessor's Notice Details | Store No. | Leased Premises | Approximate Monthly Rental Obligations | Terms of Lease |
|---|--|------------------|--|---|-----------------------|
| Hawkins-Smith, Hawkins-Smith Management, Inc. | 855 W Broad, Suite 300, Boise, ID 83702 | 10-107 | Milwaukee Marketplace, 1123 N. Milwaukee Boise, ID 83704 | \$57,940.57 | 11/3/95– 11/30/15 |
| 1600 Pearl Street, LLC | c/o Pearl Street Mall Properties, 1936 14th Street, Boulder, CO 80302 | 10-407 | 1600 Pearl Street Mall, Boulder, CO 80302 | \$74,291.04 | 12/23/99– 1/31/21 |
| Camelot LLC | c/o Alatus LLC, U.S Bancorp Center, 800 Nicollet Mall, Suite 2850 Minneapolis, MN. 55402 | 10-494 | Block E, 600 Hennepin Ave., Suite 130, Minneapolis, MN 55401 | \$60,918.28 | 9/28/02 – 1/31/23 |
| BDC Grove City Portfolio, LP | c/o H & R REIT 3625 Dufferin Street, Suite 500 Downsview, ON M3K 1N4 | DC #705 | 3900 Gantz Rd. Grove City, OH 43123 | \$50,000.00 | 4/1/2002 to 3/31/2017 |

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