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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. 11-10614 (MG)

(Jointly Administered)

**NOTICE OF HEARING FOR ENTRY OF FINAL
ORDERS ON “FIRST DAY” RELIEF AND FIRST OMNIBUS HEARING**

PLEASE TAKE NOTICE that commencing on February 16, 2011 (the “Commencement Date”), Borders Group, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”), each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”).

PLEASE TAKE FURTHER NOTICE that, on the Commencement Date and on February 17, 2011, the Court held hearings on various forms of “first day” relief requested by the Debtors and entered the following interim orders (the “Interim Orders”):

1. **“Taxes”** – Interim Order Pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a)(8), and 541 and Fed. R. Bankr. P. 6003 and 6004 Authorizing Debtors to Pay Prepetition Taxes and Assessments [Docket. No. 58].
2. **“Insurance”** – Interim Order Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 503(b) and Fed. R. Bankr. P. 4001, 6003, and 6004 Authorizing Debtors’ Motion for (I) Authority to (A) Continue the

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.

Debtors' Insurance Programs and (B) Pay All Obligations in Respect Thereof, and (II) to Direct Financial Institutions to Honor and Process Checks and Transfers Related to Such Insurance Obligations [Docket No. 61].

3. **“Distribution Network Vendors”** – Interim Order Pursuant to 11 U.S.C. §§ 105(a) and 363 (I) Authorizing the Debtors to Pay Certain Prepetition Claims of Distribution Network Vendors and Other Lien Claimants, and (II) Directing Banks and Other Financial Institutions to Honor Related Checks and Electronic Payment Requests [Docket No. 62].
4. **“DIP”** – Interim Order 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 [Docket No. 69].
5. **“Cash Management”** – 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 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, and (C) Maintain Existing Bank Accounts and Business Forms; and (II) An Extension of Time to Comply With Section 11 U.S.C. § 345(b) [Docket No. 78].
6. **“Equity Trading”** – Interim Order Pursuant to 11 U.S.C. §§ 105(a) and 362(a)(3) Requesting Approval of (I) Certain Proposed Notification Procedures and (II) Restrictions on Certain Transfers and Conversions of Equity Interests in the Debtors' Estates Effective, *Nunc Pro Tunc* to the Commencement Date [Docket. No. 86].

PLEASE TAKE FURTHER NOTICE that a hearing (the “Hearing”) on entry of final orders for relief on the Interim Orders (the “Final Orders”) and on certain other requested relief has been scheduled for March 15, 2011 at 10:00 a.m. (Prevailing Eastern Time) before the Honorable Martin Glenn, United States Bankruptcy Judge, One Bowling Green, Room 501, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that the following motions (the “Motions”) and applications (the “Applications”) of the Debtors will also be heard at the Hearing:

1. “**Ordinary Course Professionals**” – Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a), 327, and 330 for Authorization to Employ Professionals Utilized in the Ordinary Course of Business *Nunc Pro Tunc* to the Commencement Date [Docket No. 36].
2. “**KBT&F**” – Debtors’ Application Pursuant to 11 U.S.C. § 327(a) and Fed. R. Bankr. P. 2014 for Authorization to Employ and Retain Kasowitz, Benson, Torres & Friedman LLP as Debtors’ General Counsel, *Nunc Pro Tunc* to the Commencement Date [Docket Nos. 37, 195].
3. “**Jefferies**” – Debtors’ Application Pursuant to 11 U.S.C. §§ 327(a), 328(a), and 330, Fed. R. Bankr. P. 2014(a) and 2016, and Local Bankruptcy Rules 2014-1 and 2016-1 for Authorization to Employ and Retain Jefferies & Company, Inc. as Financial Advisors and Investment Banker to the Debtors, *Nunc Pro Tunc* to the Commencement Date [Docket No. 39].
4. “**Utilities**” - Debtors’ Motion Pursuant to 11 U.S.C §§ 105(a) and 366 for Entry of an Order Establishing Adequate Assurance Procedures with Respect to Their Utility Companies [Docket No. 41].
5. “**Unexpired Leases Rejection Procedures**” – Debtors’ Motion Pursuant to 11 U.S.C. §§ 105, 365(a), and 554(a) Requesting Approval of Procedures for the Rejection of Unexpired Leases [Docket No. 44].
6. “**AP Services**” – Application of the Debtors Pursuant to 11 U.S.C. § 363 to Employ and Retain AP Services, LLC and Designate Holly Felder Etlin as Chief Restructuring Officer to the Debtors, *Nunc Pro Tunc* to the Commencement Date [Docket Nos. 46, 206].
7. “**Baker & McKenzie**” – Debtors’ Application Pursuant to 11 U.S.C. § 327(e) and Fed. R. Bankr. P. 2014 for Authorization to Employ and Retain Baker & McKenzie as Debtors’ Special Counsel, *Nunc Pro Tunc* to the Commencement Date [Docket No. 48].
8. “**DJM**” – Debtors’ Application Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014 for Authorization to Employ DJM Realty Services, LLC as Real Estate Consultant to the Debtors, *Nunc Pro Tunc* to the Commencement Date [Docket No. 49].

9. **“Garden City Group – Administrative Agent”** – Application of the Debtors Pursuant to 11 U.S.C. §§ 327(a) and Fed. R. Bankr. P. 2014 for Authorization to Employ and Retain The Garden City Group as Administrative Agent [Docket Nos. 51, 205].
10. **“Interim Compensation”** – Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a) and 331 to Establish Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket No. 53].
11. **“Dickinson Wright”** – Debtors’ Application for Entry of Order Authorizing the Employment and Retention of Dickinson Wright PLLC as Special Counsel to the Debtors, *Nunc Pro Tunc* to the Petition Date [Docket No. 203].
12. **“Assume/Reject Leases”** – Debtors’ Motion for Entry of an Order (I) Extending the Time Within Which the Debtors Must Assume or Reject Unexpired Leases of Nonresidential Real Property and (II) Authorizing the Debtors to Enter Into Stipulations Further Extending the Time to Assume or Reject Unexpired Leases of Nonresidential Real Property. **PLEASE TAKE NOTICE that this motion was filed on March 1, 2011. This motion and its accompanying documents are available immediately at www.bordersreorganization.com and the Bankruptcy Court’s official website, www.nysb.uscourts.gov. Service of hard copies of this motion to parties eligible for such service is in process at the time of the filing of this notice.**

PLEASE TAKE FURTHER NOTICE that **all objections to the entry of the Final Orders, Motions, and Applications** must be: (i) in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Rules of the Bankruptcy Court for the Southern District of New York; and (iii) must be filed on or before **4:00 p.m. (Prevailing Eastern Time) on March 8, 2011** with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User’s Manual for the Electronic Case Filing System may be found at www.nysb.uscourts.gov, the official website for the Bankruptcy Court) by registered users of the Bankruptcy Court’s case filing system, and by all other parties in interest on a 3.5 inch disk, compact disc or flash drive, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers), in accordance with General Order M-182, and be served upon: (i) the chambers of the Honorable Martin Glenn, One Bowling Green, New York, New York 10004, Courtroom 501; (ii) the Office of the United States Trustee for the Southern District of New York (Attn: Tracy Davis, Esq. and Linda Riffkin, Esq.); (iii) the Debtors, c/o Borders Group, Inc., 100 Phoenix Drive, Ann Arbor, Michigan 48108 (Attn: Matthew A. Chosid, Esq.); (iv) Kasowitz, Benson, Torres & Friedman LLP, counsel for the Debtors (Attn: David M. Friedman, Esq., Andrew K. Glenn, Esq. and Jeffrey R. Gleit, Esq.); (v) Lowenstein Sandler PC, counsel for the official committee of unsecured creditors (Attn: Kenneth A. Rosen, Esq., Bruce D. Buechler, Esq., Bruce S. Nathan, Esq., and Paul Kizel, Esq.); (vi) 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; (vii) Kelley Drye & Warren LLP, attorneys for certain landlords (Attn: James S. Carr, Esq., Robert L. LeHane, Esq., and Benjamin D. Feder, Esq.); (viii) the Internal Revenue Service, the Securities and Exchange Commission, and any other federal, state, or local governmental agency to the extent required by the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or order of the Court; and (ix) those persons who have formally appeared and requested service in these cases pursuant to Bankruptcy Rule 2002, so as to be received no later than **4:00 p.m. (Prevailing Eastern Time) on March 8, 2011.**

PLEASE TAKE FURTHER NOTICE that a full set of the pleadings referenced above may be obtained by: (i) accessing the Court's website at www.nysb.uscourts.gov, (ii) contacting the Office of the Clerk of the Court at One Bowling Green, New York, New York 10004, or (iii) from the Debtors' proposed notice and claims agent, The Garden City Group, Inc., at www.bordersreorganization.com or by calling 877.906.7675. Note that a PACER password is needed to access Documents on the Court's website.

Dated: March 1, 2011
New York, New York

KASOWITZ, BENSON, TORRES
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