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and Debtors in Possession*

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

**In re**

**BORDERS GROUP, INC., *et al.*,<sup>1</sup>**

**Debtors.**

**Chapter 11**

**Case No. 11-10614 (MG)**

**(Jointly Administered)**

**STATEMENT REGARDING RESOLUTION OF THE UNITED STATES  
TRUSTEE'S OBJECTION TO FIRST MONTHLY FEE STATEMENT OF  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP AS GENERAL  
COUNSEL TO THE DEBTORS AND DEBTORS IN POSSESSION FOR  
THE PERIOD FROM FEBRUARY 16, 2011 THROUGH MARCH 31, 2011**

TO THE HONORABLE MARTIN GLENN,  
UNITED STATES BANKRUPTCY JUDGE:

Kasowitz, Benson, Torres & Friedman LLP (“KBT&F”), general counsel to Borders Group, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”), submits this notice of resolution of the United States Trustee’s (the “U.S. Trustee”) objection [Docket No. 744] (the “Objection”) to the *First Monthly Fee Statement of Kasowitz, Benson, Torres & Friedman LLP as General Counsel to the Debtors and Debtors in Possession*

<sup>1</sup> 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.

for the Period From February 16, 2011 Through March 31, 2011 [Docket No. 675] (the “KBT&F First Fee Statement”). In accordance with the *Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals*, dated March 15, 2011 [Docket No. 385], KBT&F respectfully represents that KBT&F and the U.S. Trustee resolved the Objection as follows:

1. KBT&F agrees to reduce its charge for photocopies to \$.10 per page, for both the KBT&F First Fee Statement and in the future in these cases. For the KBT&F First Fee Statement, this constitutes a document reproduction expense reduction of \$6,154.00.

2. KBT&F agrees to write off two (2) of the four (4) meals questioned by the U.S. Trustee, namely: (i) the meal dated 3/8/11 for \$346.69, and (ii) the meal dated 3/14/11 for \$250.26 (for a total meal expense reduction of \$596.95).

3. KBT&F agrees to write off one-half (1/2) of the cab and car fare objected to by the U.S. Trustee, for a total cab and car fare expense reduction of \$339.71 (together with the meal and document reproduction expense reductions noted above, a total expense reduction of \$7,090.66).

4. After viewing the Debtors’ unredacted time records, the U.S. Trustee is satisfied with the description of 19.4 hours of time which the Debtors redacted. Based on the U.S. Trustee’s “blended rate” calculation, this constitutes \$9,622.40 worth of time (the “Redacted Time”) to which the U.S. Trustee withdraws its Objection.

5. The U.S. Trustee objected to a total (based on the U.S. Trustee’s “blended rate” calculation) of \$110,112.00 of KBT&F’s fees. After subtracting the Redacted Time from that amount, the U.S. Trustee’s objection applies to a total of \$100,489.60 of KBT&F’s fees. KBT&F agrees to write off a total of 10% of this number, for a total fee reduction of \$10,048.96.

6. Together with the expense reduction discussed above, the total reduction to the KBT&F First Fee Statement in resolution of the Objection is \$17,139.62.

7. Moreover, the Debtors have filed their First Operating Report (as defined in the Objection) [Docket No. 752], and have paid their Quarterly Fee (also as defined in the Objection).

8. KBT&F respectfully submits that, based on the foregoing, the Objection is withdrawn.

Dated: May 5, 2011  
New York, New York

KASOWITZ, BENSON, TORRES  
& FRIEDMAN LLP

By: /s/ Andrew K. Glenn  
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