

**Bidding Procedures Hearing Date: August 10, 2011 at 10:00 a.m. (prevailing Eastern Time)**  
**Bidding Procedures Objection Deadline: August 3, 2011 at 4:00 p.m. (prevailing Eastern Time)**

David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors 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)**

**NOTICE OF HEARING ON DEBTORS' MOTION FOR APPROVAL OF  
BIDDING AND AUCTION PROCEDURES FOR SALE OF UNEXPIRED  
NONRESIDENTIAL REAL PROPERTY LEASES**

**PLEASE TAKE NOTICE** that in connection with the above-captioned debtors and debtors in possession's (collectively, the "Debtors") *Motion For Order Pursuant To Sections 105, 363 And 365 Of The Bankruptcy Code And Rules 2002, 6004, 6006 And 9014 Of The Federal Rules Of Bankruptcy Procedure (I) Approving The Bidding And Auction Procedures For Sale Of Unexpired Nonresidential Real Property Leases, (II) Setting Lease Sale Hearing Dates And (III) Authorizing And Approving (A) Sale Of Certain Unexpired Nonresidential Real Property Leases Free And Clear Of All Interests, And (B) Assumption And Assignment Of Certain Unexpired Nonresidential Real Property Leases* (the "Lease Sales Motion"), a hearing (the "Bidding Procedures Hearing") to

---

<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.

approve (i) bidding and auction procedures (the “Bidding Procedures”) for the sale of the Debtors’ unexpired nonresidential real estate leases (the “Leases”) identified on the schedule attached to the Lease Sales Motion as Exhibit B, free and clear of all liens, claims, encumbrances, and interests and (ii) related relief, shall be held before the Honorable Martin Glenn, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 501, One Bowling Green, New York, New York 10004 (the “Bankruptcy Court”) on **August 10, 2011 at 10:00 a.m. (prevailing Eastern Time)** (the “Bidding Procedures Hearing Date”), or as soon thereafter as counsel may be heard.

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to the Bidding Procedures shall be made in writing, shall state with particularity the grounds therefore, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-399 (General Order M-399 and the User’s Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://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 or CD-ROM, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-399 or otherwise so as to be actually received: **not later than August 3, 2011 at 4:00 p.m. (prevailing Eastern Time)** by (i) Kasowitz, Benson, Torres & Friedman LLP, attorneys for the Debtors, 1633 Broadway, New York, New York 10019 (Attn: Andrew K. Glenn, Esq., and Jeffrey R. Gleit, Esq.); (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, New York, New York 10004 (Attn: Paul K. Schwartzberg, Esq.); (iii) Lowenstein Sandler PC, counsel for the official committee of unsecured creditors, 65 Livingston Avenue, Roseland, New Jersey 07068

(Attn: Bruce D. Buechler, Esq. and Paul Kizel, Esq.), and 1251 Avenue of the Americas, New York, New York 10020 (Attn: Bruce S. Nathan, Esq.); (iv) Kelley Drye & Warren LLP, attorneys for certain landlords, 101 Park Avenue, New York, New York 10178 (Attn: James S. Carr, Esq., Robert L. LeHane, Esq., and Benjamin D. Feder, Esq.); and (v) Weil, Gotshal & Manges LLP, 767 5th Avenue, New York, NY 10153 (Attn: Joseph Smolinsky, Esq.).

**PLEASE TAKE FURTHER NOTICE** that copies of the Lease Sales Motion, the Bidding Procedures, the proposed order approving such procedures, and the proposed order approving the Sales, are available at [www.bordersreorganization.com](http://www.bordersreorganization.com). If you do not have computer access, you may obtain copies of these documents by contacting the Debtors' undersigned counsel.

Dated: July 27, 2011  
New York, New York

KASOWITZ, BENSON, TORRES  
& FRIEDMAN LLP

By: /s/ Andrew K. Glenn  
David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors and Debtors in Possession*

**Bidding Procedures Hearing Date: August 10, 2011 at 10:00 a.m. (ET)**  
**Bidding Procedures Objection Deadline: August 3, 2011 at 4:00 p.m. (ET)**  
**Cure Objection Deadline (Requested): August 24, 2011 at 4:00 p.m. (ET)**  
**First Round Lease Sale Hearing Date: September 8, 2011 at 11:00 a.m. (ET)**  
**First Round Lease Sale Objection Deadline(Requested): September 2, 2011 at 4:00 p.m. (ET)**  
**Second Round Lease Sale Hearing Date: September 20, 2011 at 10:00 a.m. (ET)**  
**Second Round Lease Sale Objection Deadline (Requested): September 15, 2011 at 4:00 p.m. (ET)**

David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors  
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)**

**DEBTORS' MOTION FOR ORDER PURSUANT TO SECTIONS 105, 363  
AND 365 OF THE BANKRUPTCY CODE AND RULES 2002, 6004, 6006  
AND 9014 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE  
(I) APPROVING THE BIDDING AND AUCTION PROCEDURES FOR SALE OF  
UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES, (II) SETTING  
LEASE SALE HEARING DATES AND (III) AUTHORIZING AND APPROVING  
(A) SALE OF CERTAIN UNEXPIRED NONRESIDENTIAL REAL PROPERTY  
LEASES FREE AND CLEAR OF ALL INTERESTS, AND (B)  
ASSUMPTION AND ASSIGNMENT OF CERTAIN UNEXPIRED  
NONRESIDENTIAL REAL PROPERTY LEASES**

<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.

TO: THE HONORABLE MARTIN GLENN,  
UNITED STATES BANKRUPTCY JUDGE:

Borders Group, Inc. (“BGI”) and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”), submit this Motion (the “Motion”) for Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (I) Approving the Bidding and Auction Procedures for Sale of Unexpired Nonresidential Real Property Leases, (II) Setting Lease Sale Hearing Dates and (III) Authorizing and Approving (A) Sale of Certain Unexpired Nonresidential Real Property Leases Free and Clear of All Interests, and (B) Assumption and Assignment of Certain Unexpired Nonresidential Real Property Leases. In support of the Motion, the Debtors submit the declaration of Holly Felder Etlin in support of the Motion (the “Etlin Declaration”), attached hereto as Exhibit A and respectfully represent as follows:

### **JURISDICTION**

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief sought herein are sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006 and 9014.

### **BACKGROUND**

2. On February 16, 2011 (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”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). 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. The Debtors' cases are being jointly administered pursuant to Rule Bankruptcy Rule 1015(b).

3. On February 24, 2011, the Office of the United States Trustee appointed the official committee of unsecured creditors (the "Committee").<sup>2</sup>

## **THE LIQUIDATION**

### **A. Store Closing Sales**

4. Before the commencement of these cases, the Debtors, in consultation with their advisors, identified and implemented critical cost-cutting initiatives to stabilize the Debtors' operations and ensure the Debtors' continued viability. Chief among these initiatives was the closure of certain unprofitable stores. Therefore, on the Commencement Date, the Debtors filed an emergency motion<sup>3</sup> with the Court seeking authority to, among other things, enter into an agreement with a liquidating agent (the "Phase I Liquidating Agent") to conduct store closing sales ("SCSs") at no fewer than 200 of the Debtors' stores, and up to an additional 75 of the Debtors' stores if the landlords did not agree to substantial rent concessions (the "Phase I SCSs").

5. Pursuant to the Court's *Order Approving the Agency Agreement, Store Closing Sales and Related Relief* (the "Phase I SCSs Order"), dated February 18, 2011,<sup>4</sup> the Court approved the appointment of the Phase I Liquidating Agent and the commencement of the SCSs. On March 19, 2011, the Debtors designated 26 additional

---

<sup>2</sup> [Docket No. 156].

<sup>3</sup> [Docket No. 7].

<sup>4</sup> [Docket No. 91].

stores to be included in the closing stores.<sup>5</sup> As of the date hereof, the liquidation sales at all 226 locations have ended and the Debtors and the Phase I Liquidating Agent have reconciled all amounts due under the two agency agreements.

**B. The Full Chain Liquidation**

6. On or about June 30, 2011, the Debtors filed a motion, wherein the Debtors proposed to designate (a) that certain Asset Purchase Agreement with BB Brands, LLC (the “BB Brands APA”), which contemplated a going concern transaction, as a stalking horse bid and (b) that certain Agency Agreement (as modified, the “Agency Agreement”) with Hilco Merchant Resources, LLC, SB Capital Group, LLC, Tiger Capital Group, LLC, Gordon Brothers Retail Partners, LLC and Great American Group, LLC (collectively, the “Agent”), which contemplated a full chain liquidation, as a backup bid.

7. On or about July 13, 2011, the Debtors filed modified proposed sale procedures and announced that the Debtors had terminated the BB Brands APA and that the Agency Agreement would serve as a stalking horse bid. At the July 14, 2011 hearing on sale procedures, the Court approved the Debtors’ modified sale procedures, including the Debtors’ selection of the Agency Agreement as a stalking horse bid. The Sale Procedures required bids to be received by the Debtors by July 17, 2011. On July 18, 2011, the Debtors filed a notice cancelling the auction and announcing that the Debtors would proceed to seek approval of the Agency Agreement.

8. On July 21, 2011, the Court approved the Agency Agreement and authorized the Agent to commence liquidation sales (“GOB Sales”) at all of the Debtors’

---

<sup>5</sup> [Docket No. 421].

locations.<sup>6</sup> On July 22, 2011, the Agent commenced GOB Sales at all of the Debtors' locations, which sales pursuant to the Agency Agreement are expected to end by no later than November 13, 2011. Upon conclusion of the GOB Sales, the Debtors will no longer operate at their store locations and, therefore, must either reject, or assume and assign, their real property leases.

### **RELIEF REQUESTED**

9. By this Motion, the Debtors seek approval for the sales (the "Sales") of the Debtors' unexpired nonresidential real estate leases identified on **Exhibit B** (the "Leases") either through assumption and assignment or by entry into termination agreements with the respective landlords.

10. In connection with the omnibus hearing scheduled for August 10, 2011, (the "Bidding Procedures Hearing"), the Debtors seek entry of an order substantially in the form attached hereto as **Exhibit C** (the "Bidding Procedures Order") approving the bidding and auction procedures attached hereto as **Exhibit D** (the "Bidding Procedures"). Pursuant to the Bidding Procedures, the Debtors will solicit bids through two rounds. The first round will be comprised of bidding on Leases where either the Debtors' time to assume or reject pursuant to section 365(d)(4) of the Bankruptcy Code is September 30, 2011 or earlier, or where "holiday protections" are triggered on or prior to September 30, 2011 (collectively, the "First Round Leases" and each, a "First Round Lease"). The second round will be comprised of bidding on all other Leases (collectively, the "Second Round Leases" and each, a "Second Round Lease"). Moreover, the Debtors request that the Court schedule a hearing on or about September 8, 2011 for approval of Sales of the

---

<sup>6</sup> [Docket No 1377]



First Round Leases and a hearing on or about September 20, 2011 for approval of Sales of the Second Round Leases (each, a “Lease Sale Hearing” and collectively, the “Lease Sale Hearings”).

11. The Debtors propose the following dates and deadlines in connection with the Sales:

- Cure Objection Deadline: August 24, 2011 at 4:00 p.m.
- First Round Lease Sales:
  - Bid Deadline: August 26, 2011 at 3:00 p.m.
  - Auction: August 31, 2011 at 10:00 a.m.
  - Objection Deadline: September 2, 2011 at 4:00 p.m.
  - Lease Sale Hearing: September 8, 2011 at 11:00 a.m.
- Second Round Lease Sales:
  - Bid Deadline: September 7, 2011 at 3:00 p.m.
  - Auction: September 13, 2011 at 10:00 a.m.
  - Objection Deadline: September 15, 2011 at 4:00 p.m.
  - Lease Sale Hearing: September 20, 2011 at 10:00 a.m.

12. The Debtors further request entry of orders (the “Lease Sale Orders”) substantially in the form attached hereto as **Exhibit E** authorizing and approving each Sales of Leases to the highest or best bidder free and clear of all interests, liens, claims and encumbrances (collectively, “Interests”) and the assumption and assignment or termination of such Leases.

## I.

### **THE COURT SHOULD APPROVE THE PROPOSED BIDDING PROCEDURES**

#### **A. SUMMARY OF THE BIDDING PROCEDURES.**

13. The Debtors believe that the Bidding Procedures set forth herein will allow the Debtors to maximize the value of the Debtors' Leases. The following is a summary of the proposed Bidding Procedures and is qualified in its entirety by the proposed Bidding Procedures (attached hereto as Exhibit D):

- (a). **Bid Deadline:** Bids on the First Round Leases must be received not later than **3:00 p.m. (ET) on August 26, 2011** (the "First Round Bid Deadline"). Bids on the Second Round Leases must be received not later than **3:00 p.m. (ET) on September 7, 2011** (the "Second Round Bid Deadline") and, together with the First Round Bid Deadline, the "Bid Deadlines"). The Debtors may extend the Bid Deadlines, in consultation with the Committee, once or successively, but are not obligated to do so.<sup>7</sup>
- (b). **Due Diligence:** All bidders shall be afforded an opportunity to participate in the diligence process and shall acknowledge in their bids that they had sufficient opportunity to conduct diligence.
- (c). **Bid Requirements:** All bids shall be required to include the following documents: (i) a letter identifying the full name and identity of the proposed assignee (and any beneficial owner thereof if the assignee is not a publicly traded entity) of each individual Lease subject to the bid, and the amount of the bid (which if more than one Lease is included, shall be set forth in the form of an allocation schedule) (ii) adequate assurance of future performance information, including, but not limited to: (a) federal tax returns for two years, a current audited financial statement and/or bank account statements ; (b) the intended use of each premises covered by a Lease in Bidder's bid; and (c) any other information that the Debtors may reasonably request ("Adequate Assurance Information"), (iii) a good faith deposit equal to the greater of 10% of the bid amount or \$15,000 for each Lease on which the bidder submits a bid, and (iv) the bidder's agreement to execute, as applicable, an assumption and assignment agreement substantially in the form annexed to the Bidding Procedures as Exhibit 3 or a termination agreement substantially in the form annexed to the Bidding Procedures as Exhibit 4. All bids shall be deemed to be irrevocable until the

---

<sup>7</sup> Moreover, the Debtors reserve the right, in consultation with the Committee, to auction and sell Leases that are listed as Second Round Leases in the auction for the First Round Leases if necessary to permit the sale(s) of more than one (1) Lease to a single bidder.

earlier to occur of (i) the Closing (as defined herein) or (ii) forty-five (45) days following the applicable Auction (as defined herein).

- (d). **Qualified Bids:** To be a “Qualified Bid”, a bid must (i) propose, for each Lease that is the subject of such bid, consideration equal to or greater than the sum of (x) the Cure Amount (as defined below) plus (y) \$10,000, which sum shall be paid in cash, subject to the rights of Lessor bidders to ‘credit bid’ Cure Amount portion pursuant to the Bidding Procedures, (ii) be unconditional, subject only to the Debtors obtaining any necessary approval or authorization from the Court, (iii) include a commitment to consummate the Sale within two business days following the applicable Lease Sale Hearing, (iv) be received by the applicable Bid Deadline, (v) agree to waive any right to assert a claim for reimbursement of any fees and/or expenses of such bidder as an administrative expense, or otherwise, including, without limitation, as a substantial contribution and (vi) proposes a transaction only for either (a) one or more First Round Lease(s) or (b) one or more Second Round Lease(s). In addition, to be a Qualified Bid, each bidder must be prepared to demonstrate adequately to the Debtors (i) its ability to consummate the purchase of the Lease(s), (ii) adequate assurance of future performance under the Lease(s) and (iii) its ability to otherwise fulfill its obligations under the Lease(s).
- (e). **Auctions:** If the Debtors receive more than one Qualified Bid for a First Round Lease or Leases, the Debtors will conduct an auction for such Leases(s) at **10:00 a.m. (ET) on August 31, 2011** (the “First Round Lease Auction”). If the Debtors receive more than one Qualified Bid for a Second Round Lease or Leases, the Debtors will conduct an auction for such Leases(s) at **10:00 a.m. (ET) on September 13, 2011**, (the “Second Round Lease Auction” and, together with the First Round Lease Auction, the “Auctions”).
- (f). **Successful Bids:** After the First Round Lease Auction and Second Round Lease Auction, the Debtors will, after consultation with the Committee, announce for each Lease for which the Debtors received a Qualified Bid which bid is the highest or otherwise best bid (the “Successful Bid” or “Winning Bidder”) and which bid is the second highest and/or best bid, if any (the “Back-Up Bid”). Within one business day of the Debtors’ announcement of a Successful Bidder, such bidder shall supplement its Good Faith Deposit in an amount equal to the difference between (x) 10% of the Successful Bid and (y) the Good Faith Deposit previously provided by the bidder with respect to its applicable Bid. Moreover, within one business day of selecting the Successful Bidder for any Lease, the Debtors will deliver the Adequate Assurance Information for such Lease to the applicable lessor. Moreover, two business days following each Auction, the Debtors shall file on the docket of these cases, make available on their case administration website (<http://www.bordersreorganization.com>) and serve on each affected Lease counterparty, a list of the applicable Leases the Debtors will seek to assume and assign at the corresponding Lease Sale Hearing and the proposed assignees.

- (g). **Lease Sale Hearing:** The Debtors will sell the Lease or Leases to the applicable Successful Bidder(s) upon the approval of such Successful Bid(s) by the Bankruptcy Court at the next Lease Sale Hearing following the Auction, or at such subsequent Lease Sale Hearing as the Debtors, in consultation with the Committee, deem appropriate.
- (h). **Bids on Lease Packages:** The Debtors, in consultation with the Committee, shall have discretion to accept bids for individual Leases or for packages of Leases.
- (i). **Closing:** The Debtors request that, absent agreement by the Debtors to the contrary, the closing (the “Closing”) of the Sale of a Lease shall take place on or within two (2) business days following the later of (i) the applicable Lease Sale Hearing or (ii) the Sale Termination Date (as defined in the Agency Agreement) with respect to such Lease.

## II.

### **THE COURT SHOULD APPROVE THE RELIEF REQUESTED AS A SOUND EXERCISE OF THE DEBTORS’ BUSINESS JUDGMENT**

14. There are ample reasons and extensive authority for the Court to authorize the sale of the Debtors’ Leases as proposed herein. In accordance with Bankruptcy Rule 6004(f)(1), sales of property outside the ordinary course may be consummated by private sale or public auction. The Debtors have determined that the sale of the Leases in accordance with the procedures described herein and in the Bidding Procedures maximized recoveries for their creditors, and therefore, is in the best interests of the Debtors, their estates and creditors.

15. Section 363(b)(1) of the Bankruptcy Code provides, in pertinent part, that “[t]he trustee, 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). To sell property under section 363(b), the Debtors must demonstrate to the Court a legitimate business justification for the proposed action. *See Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983). “Where 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." *In re Integrated Res., Inc.*, 147 B.R. at 656 (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

16. By establishing the procedures outlined in this Motion, the Debtors seek to conduct an orderly process to sell or otherwise dispose of their Leases. The Debtors are in the midst of liquidating their assets and closing their stores. Unless the procedures outlined herein are approved by this Court, the Debtors will be forced to continue to carry and perform under their Leases, to the detriment of the Debtors and their estates.

17. The Debtors believe that the Bidding Procedures will allow the Debtors to maximize the value of the Leases by proving an orderly process by which the Debtors will sell or otherwise dispose of the Leases.

18. Moreover, prior to the Commencement Date and throughout these cases, DJM Realty Services, LLC ("DJM"), the Debtors' real estate consultant, has reviewed, analyzed and marketed the Debtors' portfolio of leases. Currently, DJM is spearheading the marketing process for the Leases and has commenced discussions with several interested parties. DJM's resources, capabilities and experience will assist the Debtors in their efforts to maximize and derive value from the Leases.

**A. SALE FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS AND DISTRIBUTION OF PROCEEDS**

19. The Debtors seek to sell their Leases free and clear of liens, claims, encumbrances and interests. Section 363(f) of the Bankruptcy Code permits a debtor to sell property free and clear of another party's interest in the property if: (a) applicable nonbankruptcy law permits such a "free and clear" sale; (b) the holder of the interest consents; (c) the interest is a lien and the sale price of the property exceeds the value of all liens on the property; (d) the interest is in bona fide dispute; or (e) the holder of the interest could be compelled in a legal or equitable proceeding to accept a monetary satisfaction of its interest. *See* 11 U.S.C. § 363(f). Courts have interpreted the requirements of Section 363(f) to be disjunctive. *In Re Elliot*, 94 B.R. 343 (Bankr. E.D. Pa. 1988). Accordingly, if any of the five conditions set forth in section 363(f) are met, then a debtor is empowered to sell property free and clear of liens. *Id.*

20. The Sales of the Leases satisfy the requirements of section 363(f). All relevant parties, including all known parties with an interest in the Leases will have sufficient notice and the ability to object to the transaction. If a party with an interest in the subject property does not timely object to the transaction in accordance with the proposed procedures, the Debtors submit that such party has consented to the Sale within the meaning of section 363(f)(2) of the Bankruptcy Code. *See Hargrave v. Township of Pemberton (In re Tabone, Inc.)*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (failure to object to sale free and clear of liens, claims and encumbrances satisfies section 363(f)(2)).

21. Moreover, the Debtors believe that the only party with an interest in the Leases or their proceeds is the Agent, which received liens on proceeds of the Leases to

secure the Debtors' payment obligations under the Agency Agreement.<sup>8</sup> To the extent required, the Debtors expect to obtain the Agent's consent to the Sales prior to the Lease Sale Hearings.

**B. ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

**1. Standards For Assumption.**

22. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, "subject to the Court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). Similar to section 363(b)(1), the standard to be applied by a court in determining whether an executory contract or unexpired lease should be assumed or rejected is the "business judgment" test, which is premised on the debtor's business judgment that assumption would be beneficial to the estate. *See Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098-99 (2d Cir. 1993); *see also In re Child World, Inc.*, 142 B.R. 87, 89 (Bankr. S.D.N.Y. 1992) (debtor may assume or reject an unexpired lease under § 365(a) in the exercise of its "business judgment"); *Hunts Point Tomato Co. v. Roman Crest Fruit, Inc. (In re Roman Crest Fruit, Inc.)*, 35 B.R. 939, 949 (Bankr. S.D.N.Y. 1983); *Control Data Corp. v. Zelman (In re Minges)*, 602 F.2d 38, 42 (2d Cir. 1979). "More exacting scrutiny would slow the administration of the debtor's estate and increase its cost, interfere with the Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially." *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1311 (5th Cir. 1985).

---

<sup>8</sup> *See Order Approving Agency Agreement, Store Closing Sales and Related Relief* at ¶ 33 [Docket No. 1377].

23. Section 365(b) of the Bankruptcy Code requires that a debtor in possession satisfy certain additional requirements to assume an unexpired lease:

If there has been a default in an unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee—

- (A) cures, or provides adequate assurance that the trustee will promptly cure, such default . . .;
- (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
- (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b).<sup>9</sup>

24. Pursuant to section 365(f)(2) of the Bankruptcy Code, a debtor in possession may assign an unexpired lease of nonresidential real property if

- the trustee assumes such contract or lease in accordance with the provisions of this section; and

---

<sup>9</sup> This section does not apply to a default that is a breach of a provision relating to:

- (A) the insolvency or financial condition of the debtor at any time before the closing of the case;
- (B) the commencement of a case under this title;
- (C) the appointment of or taking possession by a trustee in a case under this title or a custodian before such commencement; or
- (D) the satisfaction of any penalty rate or penalty provision relating to a default arising from any failure by the debtor to perform nonmonetary obligations under the unexpired lease.

11 U.S.C. § 365(b)(2).



- adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

*Id.* at § 365(f)(2).

## 2. **Cure Amount And Adequate Assurance Of Future Performance**

25. The Debtors will serve, on or before August 1, 2011, a customized notice (a “Notice of Assumption and Assignment”) to each Lease’s non-debtor counterparty (a “Non-Debtor Counterparty”) identifying the relevant Lease(s), indicating that such Lease(s) may be assumed and assigned, identifying the applicable hearing dates and objection deadlines and setting forth the proposed cure amount (the “Proposed Cure Amount”) calculated by the Debtors based on the Debtors’ books and records. A form of the Notice of Assumption and Assignment is attached hereto as **Exhibit F**. In addition, on or about August 1, 2011, the Debtors will file on the docket a chart listing each Lease, the Non-Debtor Counterparty and the Proposed Cure Amount.

26. The Debtors request that unless a Non-Debtor Counterparty files, on or before August 24, 2011 at 4:00 p.m. (prevailing Eastern Time) (the “Cure Objection Deadline”), an objection to the Motion asserting a claim due and owing under a Lease in an amount exceeding the Proposed Cure Amount (a “Cure Objection”), that such party should be forever barred from claiming a cure amount different than the Proposed Cure Amount and from asserting any additional cure or other amounts with respect to its Leases relating the period prior to assignment (except that the Debtors acknowledge that rent accruing from the Commencement Date through the date of assignment also must be paid in connection with an assignment, absent waiver by the respective landlord). Furthermore, the Debtors request that any cure amounts deemed by the Court or otherwise agreed by the Debtors to be due and owing be held to include any other losses

under the Leases including, but not limited to, real estate taxes, common area maintenance charge, deferred maintenance charge and other charges due up to, and including, the date of assignment regardless of when billed. Consequently, payment of any cure amounts, as determined by the Court or otherwise agreed to by the Debtors will compensate the appropriate party for any such other loss under the Lease.

27. To the extent that a Lease party timely files a Cure Objection and such Cure Objection has not been resolved prior to or at the applicable Lease Sale Hearing, the Court will conduct a scheduling conference at the applicable Lease Sale Hearing and such unresolved Cure Objection will be resolved at a date determined by the Court.

28. The Debtors acknowledge that any assumption and assignment of a Lease will be subject to all of the provisions of the Lease to the extent required by applicable law, and will be subject to all applicable provisions of the Bankruptcy Code. The proposed terms and conditions of the Auctions are designed to ensure that any assignees are financially able and prepared to undertake all of the obligations of the Leases.

29. Indeed, the Bidding Procedures require each bidder to submit “adequate assurance of future performance information, including, but not limited to: (a) federal tax returns for two years, a current audited financial statement and/or bank account statements and (b) any other information that the Debtors may reasonably request” and “express authorization to provide [such information] to the applicable lessor(s) . . . on a confidential basis.” (§ 10.) Moreover, the Bidding Procedures specify that “within one business day of selecting the Successful Bidder for any Lease, the Debtors will deliver the Adequate Assurance Information for such Lease to the applicable Lessor.” (§19). Finally as set forth in the form Notice of Assumption and Assignment, two business days

following each Auction, the Debtors shall file on the docket of these case, make available on their case administration website (<http://www.bordersreorganization.com>) and serve on each affected Non-Debtor Counterparty a list of the applicable Leases the Debtors seek to assume and assign at the corresponding Lease Sale Hearing and the proposed assignees.

30. The Lease Sale Hearings (at which the sale of a Lease to a particular assignee will be considered) give the other parties in interest an opportunity to consider any assignment issues that may be resolved only after identification of a particular assignee and to file objections, if any, to such matters. Under these circumstances, the Debtors submit that they have established, or will establish at the Auctions and/or Lease Sale Hearings, the requisite adequate assurance of future performance pursuant to section 365 of the Bankruptcy Code with respect to the potential assumption and assignment of the Leases.

31. The Debtors submit that the foregoing procedures adequately balance the needs of the Debtors, potential bidders and Lease Non-Debtor Counterparties, and provide adequate notice and a right to be heard. Furthermore, these procedures satisfy Bankruptcy Rule 6006(f). Bankruptcy Rule 6006(f) requires, *inter alia*, that a motion to assume or assigning multiple executory contracts or unexpired leases that are not between the same parties:

- (1) state in a conspicuous place that parties receiving the omnibus motion should locate their names and their contracts or leases listed in the motion;
- (2) list parties alphabetically and identify the corresponding contract or lease;
- (3) specify the terms, including the curing of defaults, for each requested assumption or assignment;

- (4) specify the terms, including the identity of each assignee and the adequate assurance of future performance by each assignee, for each requested assignment;
- (5) be numbered consecutively with other omnibus motions to assume, assign, or reject executory contracts or unexpired leases; and
- (6) be limited to no more than 100 executory contracts or unexpired leases.

Bankruptcy Rule 6006(f).

32. As discussed above, separate Notices of Assumption and Assignment will be served on the Non-Debtor Counterparties. Each notice will be sent to a single Non-Debtor Counterparty, and list, in an exhibit, the corresponding Lease(s) with that party. The form of the Notice of the Assumption and Assignment specifically references the exhibit, which identifies the Lease(s) and each Proposed Cure Amount, and makes clear the procedures governing objections discussed in this Motion. Accordingly, requirements one through three above are satisfied, and requirement number five is rendered irrelevant. Requirement number six is satisfied because, in no case, shall a Notice of Assumption and Assignment include more than one hundred executory contracts or unexpired leases. In addition, the Debtors will file a notice of the proposed assignee for each Lease and make information sufficient to assess adequate assurance of future performance available to the applicable Lease parties, which notice and information will satisfy requirement four.

33. To the extent that this Court rules that Bankruptcy Rule 6006(f) is not satisfied, the Debtors request that this Court modify the requirements of Bankruptcy Rule 6006(f), given the exigencies of the case. Fed. R. Bankr. P. 6006, Advisory Committee Notes, 2007 Amendments (“An omnibus motion to assume, assign, or reject multiple executory contracts and unexpired leases must comply with the procedural requirements

set forth in subdivision (f) of the rule, unless the court orders otherwise.”) (emphasis added).

**3. Other Related Relief**

34. To facilitate the assumption and assignment of the Leases, the Debtors request that the Court find all anti-assignment provisions of the Leases be held unenforceable under section 365(f) of the Bankruptcy Code to the extent such parties do not consent to the assignment of such Leases. Notwithstanding any anti-assignment language in a Lease, the Debtors seek permission to assign and sell such Lease upon assuming the Lease and providing adequate assurance of future performance by the Successful Bidder.

35. Also, pursuant to section 365(k) of the Bankruptcy Code, the Debtors and their estates shall be relieved from any liability for any breach of any Lease after such assignment to and assumption by the Successful Bidder on the applicable date of the Closing (the “Closing Date”).

36. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property ... is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Similarly, Bankruptcy Rule 6006(d) provides that an “order authorizing the trustee to assign an executory contract or lease ... is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Due to the facts of these cases and the Debtors’ need to proceed in an expedited manner to monetize the Leases and avoid incurring unnecessary administrative obligations, the Debtors request that any order approving the Sales be effective immediately by providing that the 14-day stay under Bankruptcy Rules 6004(h) and 6006(d) are waived.

### **NOTICE**

37. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been given in accordance with this Court's order,<sup>10</sup> dated February 16, 2011. Further, the Debtors intend on fulfilling the other notice requirements requested herein. The Debtors submit that no other or further notice need be provided.

### **NO PRIOR REQUEST**

38. 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 entry of (i) the Bidding Procedures Order, (ii) the Sale Orders; and (iii) such other and further relief as the Court deems just and proper.

Dated: July 27, 2011  
New York, New York

KASOWITZ, BENSON, TORRES  
& FRIEDMAN LLP

By: /s/ Andrew K. Glenn  
David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors  
and Debtors in Possession*

---

<sup>10</sup> [Docket No. 64].

**EXHIBIT A**  
**ETLIN DECLARATION**

David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors  
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)**

**DECLARATION OF HOLLY FELDER ETLIN IN SUPPORT OF  
DEBTORS' MOTION TO SELL UNEXPIRED NONRESIDENTIAL REAL PROPERTY  
LEASES AND FOR APPROVAL OF RELATED BIDDING PROCEDURES**

Pursuant to 28 U.S.C. § 1746, I, Holly Felder Etlin, hereby declare as follows:

1. I am a managing director of AlixPartners, LLP ("AlixPartners"). My business address is 40 West 57th Street, 29th Fl., New York, New York 10019. On February 18, 2011, I was appointed Senior Vice President – Restructuring ("SVPR") of Borders Group, Inc., as documented in an addendum dated as of February 23, 2011, to the engagement letter between AP Services, LLC ("APS") and Borders Group, Inc. dated as of February 9, 2011. On March 16,

---

<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.



2011, the Court entered an order authorizing the Debtors to designate me as SVPR for the Debtors [Docket No. 397].

2. I submit this declaration (this “Declaration”) in support of *Debtors’ Motion For Order Pursuant To Sections 105, 363 And 365 Of The Bankruptcy Code And Rules 2002, 6004, 6006 And 9014 Of The Federal Rules Of Bankruptcy Procedure (I) Approving The Bidding And Auction Procedures For Sale Of Unexpired Nonresidential Real Property Leases, (II) Setting Lease Sale Hearing Dates And (III) Authorizing And Approving (A) Sale Of Certain Unexpired Nonresidential Real Property Leases Free And Clear Of All Interests, And (B) Assumption And Assignment Of Certain Unexpired Nonresidential Real Property Leases* (the “Lease Sales Motion”).<sup>2</sup>

3. The facts set forth in this Declaration are based upon my personal knowledge, upon information and belief (where indicated), or upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of APS under my supervision and direction. If called and sworn as a witness, I could and would testify competently to the matters set forth herein.

#### **THE LEASE SALES**

4. The Debtors are in the process of liquidating all of their inventory, furniture, fixtures and equipment via a consortium of liquidators. The Debtors’ Leases are among their substantial remaining assets. However, because the Debtors will soon have no ongoing business, the Debtors no longer need their Leases.

5. In connection with the omnibus hearing scheduled for August 10, 2011, (the “Bidding Procedures Hearing”) the Debtors seek entry of an order (the “Bidding Procedures

---

<sup>2</sup> Capitalized terms used but not defined herein are as defined in the Lease Sales Motion.

Order”) approving the bidding and auction procedures (the “Bidding Procedures”) for the sale of the Debtors unexpired nonresidential real estate leases (the “Leases”). Pursuant to the Bidding Procedures, the Debtors will solicit bids through two rounds. The first round will be comprised of bidding on Leases where either the Debtors’ time to assume or reject pursuant to section 365(d)(4) of the Bankruptcy Code is September 30, 2011 or earlier, or where “holiday protections” are triggered on or prior to September 30, 2011 (collectively, the “First Round Leases” and each, a “First Round Lease”). The second round will be comprised of bidding on all other Leases (collectively, the “Second Round Leases” and each, a “Second Round Lease”). Moreover, the Debtors request that the Court schedule a hearing on or about September 8, 2011, for approval of sales of the First Round Leases and a hearing on or about September 20, 2011, for approval of sales of the Second Round Leases (each, a “Lease Sale Hearing”).

6. There are ample reasons for the Court to authorize the sale of the Debtors’ Leases as proposed in the Lease Sales Motion. By establishing the procedures outlined in the Lease Sales Motion, the Debtors seek to conduct an orderly process to sell or otherwise dispose of their Leases. The Debtors are in the midst of liquidating their assets and closing their stores. Unless the procedures outlined in the Lease Sales Motion are approved by this Court, the Debtors will be forced to continue to carry and perform the financial and other obligations under their Leases, to the detriment of the Debtors’ and their estates. The Debtors believe that the Bidding Procedures will allow the Debtors to maximize the value of the Leases by proving an orderly process by which the Debtors will sale or otherwise dispose of the Leases.

7. Moreover, prior to the Commencement Date and throughout these cases, DJM Realty Services, LLC (“DJM”), the Debtors’ real estate consultant, has reviewed, analyzed and marketed the Debtors’ portfolio of leases. Currently, DJM is spearheading the marketing process

for the Leases, and has commenced discussions with several interested parties. DJM's resources, capabilities and experience will assist the Debtors in their efforts to maximize and derive value from the Leases through the Bidding Procedures.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: July 27, 2011

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Holly Felder Etlin', written over a horizontal line.

Holly Felder Etlin  
Senior Vice President - Restructuring

**EXHIBIT B**  
**SCHEDULE OF RELEVANT LEASES**

## The Leases

Store	Center Name	City	State	Store Format
1	Ann Arbor Downtown	Ann Arbor	MI	Superstore
14	The Corners Center	Beverly Hills	MI	Superstore
16	Castleton Square	Indianapolis	IN	Superstore
19	Novi Town Center	Novi	MI	Superstore
20	Oak Brook Court	Oak Brook	IL	Superstore
22	Jay Scutti Plaza	Henrietta/ Rochester	NY	Superstore
28	La Place Fashion Centre	Beachwood	OH	Superstore
30	Rosemont SC	Bryn Mawr	PA	Superstore
39	Garden City Center	Cranston	RI	Superstore
40	Sunrise Highway	Bohemia	NY	Superstore
41	Park City Mall	Lancaster	PA	Superstore
43	Lutherville Station SC	Timonium	MD	Superstore
44	Airport Plaza SC	Farmingdale	NY	Superstore
45	Crossroads Center	Bailey's Crossroads	VA	Superstore
46	Springfield Square	Springfield	PA	Superstore
47	South Dixie Highway	Pinecrest	FL	Superstore
55	West Farms SC	Farmington	CT	Superstore
61	Woodfield Village Green	Schaumburg	IL	Superstore
62	Promenade of Crocker Park	Westlake	OH	Superstore
64	ABQ Uptown	Albuquerque	NM	Superstore
66	Century Square	Seattle	WA	Superstore
72	Mission Viejo Freeway Center	Mission Viejo	CA	Superstore
73	Westridge Court SC	Naperville	IL	Superstore
74	Northway Mall	Pittsburgh /Ross Township	PA	Superstore
76	Meyerland Plaza Shopping Ctr	Houston	TX	Superstore
78	Old Town SC	Dallas	TX	Superstore
79	Neconset Highway	Stony Brook	NY	Superstore
80*	Geoffrey Drive	Wilmington	DE	Superstore
85	Pentagon City	Pentagon City	VA	Superstore
86	Torrance Boulevard	Torrance	CA	Superstore
89	Columbia Crossing	Columbia	MD	Superstore
94	Commons Way	Bridgewater	NJ	Superstore
96	Ward Center	Honolulu	HI	Superstore
98	Varsity Theatre	Palo Alto	CA	Superstore
100	Cheektowaga, NY	Buffalo	NY	Superstore
107	Boise Towne Square	Boise	ID	Superstore
108	Norman Center Court	Norman	OK	Superstore
110	The Plaza at Sunset Hills	St. Louis	MO	Superstore
112	Kamp Washington S/C	Fairfax	VA	Superstore
113	Olive Blvd.	Creve Coeur	MO	Superstore
114	Kirby Woods SC	Germantown	TN	Superstore
119	Brea Plaza	Brea	CA	Superstore
120	School Street (Downtown Crossing)	Boston	MA	Superstore

## The Leases

Store	Center Name	City	State	Store Format
123	Birch Street	Omaha	NE	Superstore
125	Bangor Mall	Bangor	ME	Superstore
126	Park Place SC	Tukwila	WA	Superstore
130	Rocky Ridge TC	Roseville	CA	Superstore
133	Maine Mall	South Portland	ME	Superstore
136	The Strip	Canton	OH	Superstore
137	Concord Square	Wilmington	DE	Superstore
138	Oak Point Plaza	Eau Claire	WI	Superstore
145	Huebner Oaks Center	San Antonio	TX	Superstore
147	Crossroads at Sunset	Henderson	NV	Superstore
152	Beaverton Mall North	Beaverton	OR	Superstore
155	Meriden Square	Meriden	CT	Superstore
162	Quaker Crossing	Orchard Park	NY	Superstore
163	Park Meadows	Littleton	CO	Superstore
164	Two Ledgewood Square	Strongsville	OH	Superstore
166	Dodge Street	Omaha	NE	Superstore
167	Bridgeport Village SC	Tualatin	OR	Superstore
168	Grand Traverse Crossing	Traverse City	MI	Superstore
169	Ravinia Plaza	Orland Park	IL	Superstore
170	Arrowhead Shopping Center	Glendale	AZ	Superstore
173	Rice Lake Square	Wheaton	IL	Superstore
176	Highland Grove Shopping Center	Highland	IN	Superstore
177	Meadowbrook Village	York	PA	Superstore
178	Miller Road	Flint	MI	Superstore
180	Woodward Avenue	Birmingham	MI	Superstore
182	Town Center Shopping Center	Champaign	IL	Superstore
183	Best in the West Shopping Center	Las Vegas	NV	Superstore
184	Fair Oaks Blvd	Sacramento	CA	Superstore
185	Edgewater SC	Sand City	CA	Superstore
186	Alamo Quarry Market	San Antonio	TX	Superstore
188	Village East Center	Salem	OR	Superstore
190	Laguna Crossroads	Elk Grove	CA	Superstore
191	Redmond Town Center	Redmond	WA	Superstore
193	Wrangleboro Road	Mays Landing	NJ	Superstore
194	Winchester Center	Rochester Hills	MI	Superstore
197	Randall Road	Geneva	IL	Superstore
199	Centre @ Deane Hill	Knoxville	TN	Superstore
201	Carl D. Silver Parkway	Fredericksburg	VA	Superstore
202	South Washington Street	North Attleboro	MA	Superstore
208	Presidential Market Center	Snellville	GA	Superstore
210	East Town Plaza Shopping Center	Madison	WI	Superstore
211	Davis Commons	Davis	CA	Superstore
212	The Shops at River Park	Fresno	CA	Superstore

## The Leases

Store	Center Name	City	State	Store Format
215	Chapel Hills Mall	Colorado Springs	CO	Superstore
217	Brentwood Square	Brentwood	MO	Superstore
218	Crain Highway	Waldorf	MD	Superstore
219	Main Street	Mt. Kisco	NY	Superstore
220	Airport Square	N. Wales	PA	Superstore
225	Mission Valley Center	San Diego	CA	Superstore
226	Howe Avenue	Cuyahoga Falls	OH	Superstore
229	Springfield Commons	Springfield	VA	Superstore
230	Winward Mall	Kaneohe	HI	Superstore
231	Village of Merrick Park	Coral Gables	FL	Superstore
232	Grand Central Mall	Vienna	VA	Superstore
236	Canton Township	Canton	MI	Superstore
237	The Shops at Valley Square	Warrington	PA	Superstore
246	Allen	Allen	TX	Superstore
249	Arlington Highlands	Arlington	TX	Superstore
250	The Shops at Riverwoods	Provo	UT	Superstore
252	Tamarack Bay	Woodbury	MN	Superstore
253	Riverview Plaza	Frederick	MD	Superstore
257	North Illinois	Fairview Heights	IL	Superstore
258	Stonestown Galleria	San Francisco	CA	Superstore
262	Smoketown Stations	Woodbridge	VA	Superstore
270	Jericho Turnpike	Syosset	NY	Superstore
271	Deane Drive	Rockford	IL	Superstore
276	Church Street	Burlington	VT	Superstore
277	Eastgate Mall	Cincinnati	OH	Superstore
281	Wynnewood SC	Wynnewood	PA	Superstore
286	Uptown Solon SC	Solon	OH	Superstore
287	Oakway Center	Eugene	OR	Superstore
289	Parkridge Center	Manassas	VA	Superstore
290	The Avenue East Cobb	Marietta	GA	Superstore
291	Tyrone Square	St. Petersburg	FL	Superstore
292	Northridge Shopping Center	Davenport	IA	Superstore
293	Six Forks Road	Raleigh	NC	Superstore
294	Northridge	Northridge	CA	Superstore
295	Tampa Avenue	Augusta	GA	Superstore
296	Redfield Promenade SC	Reno	NV	Superstore
299	Canoga Park	Canoga Park	CA	Superstore
300	Winter Park Center	Winter Park	FL	Superstore
327	Merrymeeting Plaza	Brunswick	ME	Superstore
334	Edwardsville Crossing	Edwardsville	IL	Superstore
335	Sequoia Mall	Visalia	CA	Superstore
337	Great Lakes Crossing	Auburn Hills	MI	Superstore
338	Thruway Shopping Center	Salem	NC	Superstore



## The Leases

Store	Center Name	City	State	Store Format
340	Fort Eddy Plaza	Concord	NH	Superstore
344	Appalachee Pkwy	Tallahassee	FL	Superstore
346	Santa Rosa Town Center	Santa Rosa	CA	Superstore
348	Oakland Plaza Mall	Troy	MI	Superstore
349	Borders Plaza	Sterling	VA	Superstore
356	Plaza Las Americas	Puerto Rico	PR	Superstore
361	Marketplace @ Northglenn	Northglenn	CO	Superstore
364	Square Drive	Victor	NY	Superstore
368	Howland Commons	Niles	OH	Superstore
369	Haines Avenue	Rapid City	SD	Superstore
370	Huntington	Barboursville	WV	Superstore
371	Southport Plaza	Greenwood (Marion County)	IN	Superstore
372	Center at Hagerstown Shopping Center	Hagerstown	MD	Superstore
373	Northridge Plaza	Olathe	KS	Superstore
376	Arbor Place	Atlanta	GA	Superstore
380	Paxton Town Centre	Harrisburg	PA	Superstore
381	The Centre at River Oaks	Houston	TX	Superstore
382	Providence Place	Providence	RI	Superstore
383	Midtown Place	Atlanta	GA	Superstore
384	Milestone Commercial Center	Germanstown	MD	Superstore
388	South Coast Plaza	Costa Mesa	CA	Superstore
390	Lake Street	Oak Park	IL	Superstore
391	Brentwood Shopping Center	Brentwood	TN	Superstore
392	Park Place	Tucson	AZ	Superstore
394	Valley Square Center	West Lebanon	NH	Superstore
397	Gurnee Super Crown	Gurnee	IL	Superstore
401	Broadstone Plaza	Folsom	CA	Superstore
405	North State Street Block 36	Chicago	IL	Superstore
414	Chapel Hill Shopping Center	Fort Worth	TX	Superstore
415	Flatiron Crossing	Broomfield	CO	Superstore
417	Willows Shopping Center	Puyallup	WA	Superstore
421	Water's Place Shopping Center	Pittsfield Township	MI	Superstore
434	Sandusky Mall	Sandusky	OH	Superstore
436	Gresham Station	Gresham	OR	Superstore
439	Cambridge Galleria	Cambridge	MA	Superstore
440	Marketplace @ Hilltop	Virginia Beach	VA	Superstore
441	St. Vrain Retail Centre	Longmont	CO	Superstore
442	Viewmont Mall	Scranton	PA	Superstore
444	Southland Mall	Taylor	MI	Superstore
445	Independence Mall	Kingston	MA	Superstore
446	Shoppes @ Brinton Lake	Concord Township	PA	Superstore
448	The Loop	Methuen	MA	Superstore
449	Houston Galleria	Houston	TX	Superstore

## The Leases

Store	Center Name	City	State	Store Format
451	Annapolis Mall	Annapolis	MD	Superstore
452	Downtown Silver Spring	Silver Spring	MD	Superstore
453	Cannery Mall	Corvallis	OR	Superstore
454	Colonial Promenade Beechwood	Athens	GA	Superstore
461	The Village @ Cambridge Crossing	Mount Laurel	NJ	Superstore
463	The River at Rancho Mirage	Rancho Mirage	CA	Superstore
464	Summitwoods Crossing	Lee Summit	MO	Superstore
466	Riverdale Crossing Shopping Center	Riverdale	NJ	Superstore
471	Crossgates Mall	Albany	NY	Superstore
472	Dogwood Festival	Flowood	MS	Superstore
473	El Camino Real	Sunnyvale	CA	Superstore
476	Forum at Olympia Parkway	San Antonio	TX	Superstore
479	Interstate Shopping Center	Ramsey	NJ	Superstore
484	Dolphin Mall	Miami	FL	Superstore
486	New Market Square	Wichita	KS	Superstore
489	Monmouth Plaza	Eatontown	NJ	Superstore
495	LaGrange Crossing	LaGrange	IL	Superstore
496	Stonecrest Mall	Lithonia	GA	Superstore
500	Broadmoor Towne Center	Colorado Springs	CO	Superstore
513	Valley Mall	Union Gap	WA	Superstore
514	Champlain Centre North	Plattsburgh	NY	Superstore
515	Salmon Run	Watertown	NY	Superstore
521	Plaza El Paseo	Rancho Santa Margarita	CA	Superstore
522	Colorado Mills	Lakewood	CO	Superstore
524	Waterford Commons	Waterford	CT	Superstore
531	Riverdale Village	Coon Rapids	MN	Superstore
532	Northpointe Plaza	Spokane	WA	Superstore
534	Canyon Point @ Summerlin Centre	Las Vegas	NV	Superstore
537	Madonna Plaza	San Luis Obispo	CA	Superstore
539	Governors Square	Clarksville	TN	Superstore
544	Plaza Santa Fe	Santa Fe	NM	Superstore
547	Shops at Grand Prairie	Peoria	IL	Superstore
551	Monte Vista Crossings	Turlock	CA	Superstore
555	Coeur D'Alene	Ceur D'Alene	ID	Superstore
557	Brighton Towne Square	Brighton	MI	Superstore
558	Stonecrest Piper Glen	Charlotte	NC	Superstore
560	Market Place West	Billings	MT	Superstore
567	Bayshore Mall	Eureka	CA	Superstore
568	Rockaway Townsquare Outparcel	Rockaway Township	NJ	Superstore
570	Mountain View Plaza	Kalispell	MT	Superstore
572	Cedarwood	Ames	IA	Superstore
573	Flemington Mall	Flemington	NJ	Superstore
580	Market Street	The Woodlands	TX	Superstore

## The Leases

Store	Center Name	City	State	Store Format
581	Carson Valley Plaza	Carson City	NV	Superstore
582	2 Penn Plaza	New York	NY	Superstore
583	Southside Plaza	Clifton Park	NY	Superstore
585	North Towne Plaza	Albuquerque	NM	Superstore
586	Santa Anita	Arcadia	CA	Superstore
589	El Paseo Simi	Simi Valley	CA	Superstore
590	Shops at the Pond	Marlborough	MA	Superstore
591	Monadnock Marketplace	Keene	NH	Superstore
592	Columbus Circle	New York	NY	Superstore
594	Riverhead Centre	Riverhead	NY	Superstore
597	The Shoppes at Atlas Park	Glendale	NY	Superstore
598	The Pinnacle at Turkey Creek	Knoxville	TN	Superstore
599	Plaza El Segundo	El Segundo	CA	Superstore
603	Town Square	Las Vegas	NV	Superstore
606	Rosedale	Roseville	MN	Superstore
608	Ocean County Mall	Toms River	NJ	Small Format
615	Louisville	Louisville	KY	Superstore
616	Shelbyville Road Plaza	St. Matthews	KY	Superstore
620	South County Center	St. Louis	MO	Superstore
622	Plymouth Meeting Mall	Plymouth Meeting	PA	Small Format
623	Del Monte Shopping Center	Monterey	CA	Small Format
625	Kennedy Mall	Dubuque	IA	Superstore
629	Mill Plain Plaza	Vancouver	WA	Superstore
631	Algonquin Commons	Algonquin	IL	Superstore
640	Montgomery Mall	Bethesda	MD	Small Format
645	Victoria Gardens	Rancho Cucamonga	CA	Superstore
647	Galleria at Crystal Run	Middletown	NY	Superstore
649	Beaver Valley Mall	Monaca	PA	Small Format
653	Franklin Park	Toledo	OH	Superstore
654	Galleria at Pittsburgh Mills	Frazier	PA	Superstore
656	Riverside Plaza	Riverside	CA	Superstore
657	Crestview Hills Town Center	Crestview Hills	KY	Superstore
661	Pearlridge Center	Aiea	HI	Superstore
662	Warrenton Center	Warrenton	VA	Superstore
667	Northlake Mall	Charlotte	NC	Superstore
676	Superstition Springs Center	Mesa	AZ	Superstore
683	Everett	Everett	WA	Superstore
686	Baybrook Passage	Webster	TX	Superstore
688	Stonewood Mall	Downey	CA	Small Format
689	Chautauqua Mall	Lakewood	NY	Small Format
692	Nut Tree Village	Vacaville	CA	Superstore
694	Lycoming Mall	Pennsdale	PA	Superstore
695	Capital Mall	Olympia	WA	Superstore

## The Leases

Store	Center Name	City	State	Store Format
698	Woodbridge Center	Woodbridge	NJ	Small Format
699	Memorial Mall	Sheboygan	WI	Small Format
702	Harrisburg Distribution Facility	Middletown	PA	Other
709	Tennessee Distribution Center	Laverne	TN	Other
717	Mira Loma Warehouse	Mira Loma	CA	Other
719	Empire Mall	Sioux Falls	SD	Small Format
720	Swansea Mall	Swansea	MA	Small Format
721	Lima Mall	Lima	OH	Small Format
723	Northlake Mall	Atlanta	GA	Small Format
724	Cross County Mall	Mattoon	IL	Small Format
725	Westfield Shoppingtown	Trumbull	CT	Small Format
726	Westwood Mall	Jackson	MI	Small Format
727	Carolina Mall	Concord	NC	Small Format
728	Forest Mall	Fond Du Lac	WI	Small Format
729	Oxford Valley Mall	Langhorne	PA	Small Format
730	Staten Island Mall	Staten Island	NY	Small Format
731	Janesville Shopping Center	Janesville	WI	Small Format
732	South Park Mall	Moline	IL	Small Format
733	Lakewood Center Mall	Lakewood	CA	Small Format
734	Shenango Valley Mall	Hermitage	PA	Small Format
735	Peru Mall	Peru	IL	Small Format
737	Lebanon Valley Mall	Lebanon	PA	Small Format
738	Westmoreland Mall	Greensburg	PA	Small Format
739	Royal Hawaiian Shopping Center	Honolulu Oahu	HI	Small Format
740	Lakeside Mall	Sterling Heights	MI	Small Format
741	Jefferson Mall	Louisville	KY	Small Format
742	Ohio Valley Mall	St. Clairsville	OH	Small Format
743	Temple Mall	Temple	TX	Small Format
750	Washington National Airport	Washington	DC	Airport
751	Dulles Airport (Concourse B)	Chantilly	VA	Airport
752	Dulles Airport (Concourse C/D)	Chantilly	VA	Airport
753	Orlando International Airport	Orlando	FL	Airport
754	McCarran International Airport	Las Vegas	NV	Airport
755	Houston International Airport - Term E	Houston	TX	Airport
756	Sea-Tac International Airport	Seattle	WA	Airport
757	Indianapolis International Airport	Indianapolis	IN	Airport
758	Logan International Airport - Term E	Boston	MA	Airport
759	PHL B/C Connect	Philadelphia	PA	Airport
760	Cincinnati International Airport	Covington	KY	Airport
761	Dulles Airport (Concourse C)	Chantilly	VA	Airport
762	Boston-Logan International Airport	East Boston	MA	Airport
763	BWI Airport	Baltimore	MD	Airport
764	BWI Airport	Baltimore	MD	Airport

## The Leases

Store	Center Name	City	State	Store Format
765	Miami International Airport	Miami	FL	Airport
766	Phoenix Sky Harbor International Airport	Phoenix	AZ	Airport
767	PHL D/E Connect	Philadelphia	PA	Airport
768	LaGuardia Airport	New York	NY	Airport
770	Detroit International Airport	Romulus	MI	Airport
771	Detroit International Airport	Romulus	MI	Airport
772	T.F. Green State Airport	Providence	RI	Airport
773	Dallas Fort Worth International A/P	Dallas	TX	Airport
774	Detroit Metro Airport	Romulus	MI	Airport
775	Detroit Metro Airport	Romulus	MI	Airport
776	JFK International A/P, Terminal 5	New York	NY	Airport
777	Raleigh - Durham A/P Terminal 2	Morrisville	NC	Airport
790	Hickory Point Mall	Forsyth	IL	Small Format
791	Quincy Mall	Quincy	IL	Small Format
792	Central Mall	Lawton	OK	Small Format
793	Shops At Mission Viejo	Mission Viejo	CA	Small Format
794	Roseburg Valley Mall	Roseburg	OR	Small Format
795	Sumter Mall	Sumter	SC	Small Format
797	Country Club Mall	Cumberland	MD	Small Format
798	Settler's Crossing	North Conway	NH	Small Format
801	Shoppes at Stroud	Stroud Township	PA	Superstore
802	Mansfield Crossing	Mansfield	MA	Superstore
804	Shadow Lake Towne Center	Papillion	NE	Superstore
806	North Hanover Mall	Hanover	PA	Small Format
826	Dulles Town Center	Dulles, VA	VA	Small Format
828	Pine Ridge Mall	Chubbuck	ID	Small Format
830	Mall of Louisiana	Baton Rouge	LA	Superstore
831	Plaza Bonita	National City	CA	Superstore
832	Panama City Beach	Panama City Beach	FL	Superstore
834	Legacy Place	Dedham	MA	Superstore
835	Noblesville	Noblesville	IN	Superstore
841	White Marsh Mall	Baltimore	MD	Small Format
842	Susquehanna Valley Mall	Selinsgrove	PA	Small Format
843	Colony Square	Zanesville	OH	Small Format
844	Clearview Mall	Butler	PA	Small Format
845	Du Bois Mall	Du Bois, PA	PA	Small Format
846	Durango Mall	Durango	CO	Small Format
847	The Mall at Columbia	Columbia	MD	Small Format
849	Eastridge Mall	Casper	WY	Small Format
858	Dover Mall	Dover	DE	Small Format
869	Meadowbrook Mall	Bridgeport	WV	Small Format
870	Rio West	Gallup	NM	Small Format
888	Valle Vista Mall	Harlingen	TX	Small Format

## The Leases

Store	Center Name	City	State	Store Format
889	Southside Mall	Oneonta	NY	Small Format
891	Blue Ridge Mall	Hendersonville	NC	Small Format
892	Greenacres Mall	Valley Stream	NY	Small Format
894	Green Tree Mall	Clarksville,	IN	Small Format
897	Charleston Town Center	Charleston	WV	Small Format
898	Oxmoor Center	Louisville	KY	Small Format
904	Washington Park Mall	Bartlesville	OK	Small Format
906	Crystal Mall	Waterford	CT	Small Format
907	Westland Center	Westland	MI	Small Format
908	Wasilla Shopping Center	Wasilla	AK	Small Format
911	Coddington Regional Shopping Ctr	Santa Rosa	CA	Small Format
912	Auburn Mall	Auburn	ME	Small Format
913	Gratiot Avenue	Roseville	MI	Small Format
914	Town Center At Cobb	Kennesaw	GA	Small Format
915	Western Hills	Cincinnati	OH	Small Format
917	Kaahumanu Mall	Kahului Maui	HI	Small Format
918	Jefferson Square	Klamath Falls	OR	Small Format
919	Townmall Of Westminster	Westminster	MD	Small Format
921	Central Mall	Salina	KA	Small Format
922	Three Rivers Mall	Kelso, WA	WA	Small Format
923	Hanover Commons	Hanover	MA	Small Format
924	Sunrise Mall	Brownsville	TX	Small Format
925	River Valley Mall	Lancaster	OH	Small Format
926	Manhattan Town Center	Manhattan	KS	Small Format
927	Pinecrest Plaza	Southern Pines	NC	Small Format
928	Southgate Center	Southgate	MI	Small Format
931	Mall Of Monroe	Monroe	MI	Small Format
932	The Town Center Of Mililani	Mililani	HI	Small Format
933	Chicago Ridge Mall	Chicago Ridge	IL	Small Format
934	University Mall	South Burlington	VT	Small Format
935	Westbroke Village (Wb & More)	Shawnee	KS	Small Format
937	Fountain Square S/C (Wb& More)	Phoenix	AZ	Small Format
938	Shawnee Mall	Shawnee	OK	Small Format
939	Exton Square Mall	Exton	PA	Small Format
944	Cascade Mall	Burlington	WA	Small Format
945	Roosevelt Boulevard	Key West	FL	Small Format
947	Fair Oaks Mall	Columbus	IN	Small Format
949	Mall At Tuttle Crossing	Columbus	OH	Small Format
954	The Shops At Charleston Place	Charleston	SC	Small Format
955	Twelve Oaks Mall	Novi	MI	Small Format
956	Citrus Park Town Center	Tampa	FL	Small Format
957	Great Lakes Crossing	Auburn Hills	MI	Small Format
958	Westfarms	Farmington	CT	Small Format
959	Citicorp Center	Chicago	IL	Small Format

## The Leases

Store	Center Name	City	State	Store Format
960	Capitola Mall	Capitola	CA	Small Format
961	Honey Creek Mall	Terre Haute	IN	Small Format
962	Silver City Galleria	Taunton	MA	Small Format
963	Eastbrook Mall	Willimantic	CT	Small Format
964	Mall At Rockingham Park	Salem	NH	Small Format
966	St. Lawrence Centre	Massena	NY	Small Format
968	Tower City Center	Cleveland	OH	Small Format
970	Swampscott Mall	Swampscott	MA	Small Format
971	Mall @ Wellington Green	Wellington	FL	Small Format
972	Hanford Mall	Hanford	CA	Small Format
973	Laurel Park Place	Livonia	MI	Small Format
974	Fair Oaks Mall	Fairfax	VA	Small Format
975	Salem Center	Salem	OR	Small Format
977	Springfield Mall	Springfield	PA	Small Format
978	Mill Creek Mall	Erie	PA	Small Format
981	Meadowood Mall	Reno	NV	Small Format
983	Gulfview Square Mall	Port Richey	FL	Small Format
984	New Towne Mall	New Philadelphia	OH	Small Format
986	Ashland Town Center	Ashland	KY	Small Format
987	Rye Ridge Shopping Center	Rye Brook	NY	Small Format
702R	Logisticcenter	Carlisle	PA	Other
9559*	Phoenix Drive	Ann Arbor	MI	Other
	* Subject to a sublease agreement			

**EXHIBIT C**  
**PROPOSED BIDDING PROCEDURES ORDER**



**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)**

**ORDER UNDER BANKRUPTCY CODE SECTIONS 105, 363, AND 365  
(I) APPROVING BIDDING AND AUCTION PROCEDURES FOR SALE OF  
UNEXPIRED NONRESIDENTIAL REAL PROPERTY LEASES,  
AND (II) SETTING SALE HEARING DATES AND OBJECTION DEADLINES**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for an order pursuant to sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”): (i) approving the bidding and auction procedures attached hereto as **Exhibit A** (the “Bidding Procedures”) for the sale of the Debtors’ nonresidential real property leases and, (ii) setting dates for sale hearings (the “Sale Hearings”), and (iii) authorizing and approving (a) the sale (the “Sales”) of certain unexpired nonresidential real property leases (the “Leases,” comprising the First Round Leases and the Second Round Leases, each as defined in the Bidding Procedures), free and clear of all interests, including liens, claims, and encumbrances, (b) the assumption and assignment of Leases, and (c) granting related relief; and it appearing that the relief requested is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and it appearing that this Court has jurisdiction over this matter

<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.

<sup>2</sup> All terms not otherwise defined herein shall have the meanings assigned to them in the Motion.

pursuant to 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 it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion having been given and it appearing that no other of further notice need be given; and upon the arguments made at the hearing held on August [ ], 2011 (the "Hearing"), and having heard the objections made to the relief sought in the Motion; and after due deliberation and sufficient cause therefore,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

- A. The relief granted herein is in the best interests of the Debtors, their estates, their creditors and other parties in interest.
- B. The notice of the Motion and the Hearing given by the Debtors constitutes due and sufficient notice thereof.
- C. The Debtors have provided good and sufficient reasons and have demonstrated a compelling and sound business justification for the Court to: (1) approve the Bidding Procedures in the form annexed hereto as Exhibit A and (2) set the dates for Lease Sale Hearings and corresponding objection deadlines.
- D. The Bid Procedures are reasonable and appropriate, and represent the best method of maximizing the realizable value of the Debtors' Leases.

**THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED THAT:**

- 1. The Motion is granted to the extent provided herein.
- 2. All objections filed in response to the relief granted herein, to the extent not resolved as set forth herein or at the Hearing, are hereby overruled.

3. The Bidding Procedures are hereby approved and the Debtors are authorized to solicit bids for the Leases and to conduct the Auctions in the manner set forth in the Bidding Procedures.

4. The hearing to consider approval of the Sales of the First Round Leases shall be held on **September 8, 2011 at 11:00 a.m. (prevailing Eastern Time)**. The hearing to consider approval of the Sales of the Second Round Leases shall be held on **September 20, 2011 at 10:00 a.m. (prevailing Eastern Time)**.

5. Objections, if any, to the Sales shall be made in writing, shall state with particularity the grounds therefore, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-399 (General Order M-399 and the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://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 or CD-ROM, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-399 or otherwise so as to be actually received:

(1) with respect to objections to the Proposed Cure Amount for any Lease (i.e., First Round Lease or Second Round Leases), which objections shall include appropriate documentation in support thereof, **August 24, 2011 at 4:00 p.m. (prevailing Eastern Time)** (the "Cure Objection Deadline");

(2) with respect to objections to the Sales of the First Round Leases, including objections to assumption and assignment (other than to Proposed Cure Amounts), no later

than **September 2, 2011 at 4:00 p.m. (prevailing Eastern Time)** (the “First Round Objection Deadline”); or

(3) with respect to objections to the Sales of the Second Round Leases, including objections to assumption and assignment (other than to Proposed Cure Amounts), no later than **September 15, 2011 at 4:00 p.m. (prevailing Eastern Time)** (the “Second Round Objection Deadline” and collectively with the Cure Objection Deadline and the First Round Objection Deadline, the “Objection Deadline”)

by: (i) Kasowitz, Benson, Torres & Friedman LLP, attorneys for the Debtors, 1633 Broadway, New York, New York 10019 (Attn: Andrew K. Glenn, Esq. and Jeffrey R. Gleit, Esq.); (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, New York, New York 10004 (Attn: Paul K. Schwartzberg, Esq.); (iii) Lowenstein Sandler PC, counsel for the official committee of unsecured creditors, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce D. Buechler, Esq. and Paul Kizel, Esq.), and 1251 Avenue of the Americas, New York, New York 10020 (Attn: Bruce S. Nathan, Esq.); (iv) counsel for the DIP Agents: (a) Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178-0060 (Attn: Wendy Walker, Esq.), and 225 Franklin Street, 16th Floor, Boston, Massachusetts 02110-4104 (Attn: Sandra Vrejan, Esq.), counsel for the Working Capital Agent, and (b) Choate Hall & Stewart LLP, Two International Place, Boston, Massachusetts 02110 (Attn: Kevin Simard, Esq.), counsel for GA Capital LLC; (v) Kelley Drye & Warren LLP, attorneys for certain landlords, 101 Park Avenue, New York, New York 10178 (Attn: James S. Carr, Esq., Robert L. LeHane, Esq., and Benjamin D. Feder, Esq.); and (vi) Weil, Gotshal & Manges LLP, 767 5th Avenue, New York, NY 10153 (Attn: Joseph Smolinsky, Esq.).

6. Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), this Order shall not be stayed for fourteen (14) days after the entry hereof and this Order shall be immediately effective and enforceable upon its entry.

7. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: August \_\_, 2011  
New York, New York

---

UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT D**  
**BIDDING PROCEDURES**

David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors 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)**

**LEASE SALE BIDDING PROCEDURES**

Set forth below are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed sales (the “Sales”) of the interests held by Borders, Inc. (“Borders”) or certain of its affiliates, including certain affiliated chapter 11 debtors and debtors in possession (together with Borders, the “Debtors”) in certain unexpired nonresidential real property leases.

1. On July 27, 2011, the Debtors filed their *Motion for Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Approving the Bidding and Auction Procedures for Sale of Unexpired Nonresidential Real Property Leases, (II) Setting Sale Hearing Dates and (III) Autho-*

---

<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.

*rizing and Approving (A) Sale of Certain Unexpired Nonresidential Real Property Leases Free and Clear of All Interests, and (B) Assumption and Assignment of Certain Unexpired Nonresidential Real Property Leases (the “Lease Sale Motion”).*

2. On August \_\_ 2011, the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered an Order approving these Bidding Procedures and approving auction procedures for the Sales (the “Bidding Procedures Order”). The Bidding Procedures Order scheduled September 8, 2011 and September 20, 2011 (or in each case, such later dates as may be determined by the Bankruptcy Court), as the dates when the Bankruptcy Court will conduct hearings (each, a “Lease Sale Hearing”) to authorize the Debtors to conduct the Sales.

3. The Bidding Procedures set forth herein describe, among other things, the assets available for the Sales, the manner in which bids become Qualified Bids (as defined herein), the receipt and negotiation of bids received, the conduct of any subsequent Auctions (as defined herein), the ultimate selection of the Successful Bidder(s) (as defined herein), and the Bankruptcy Court’s approval thereof. In the event that the Debtors and any party disagree as to the interpretation or application of these Bidding Procedures, the Bankruptcy Court will have jurisdiction to hear and resolve such dispute.

#### **Assets To Be Sold**

4. The assets proposed to be sold in the Sales are the Debtors’ interests in the unexpired nonresidential real property leases identified in **Exhibit 1** hereto (each of which is either subject to an assumption/rejection deadline under section 365(d)(4) of the Bankruptcy Code that is on or prior to September 30, 2011 or is subject to “holiday protections” triggered on or prior to September 30, 2011) (each, a “First Round Lease” and collectively, the “First Round Leases”) and the remaining Leases of the Debtors set forth on **Exhibit 2** hereto (each, a “Second Round



Lease” and collectively, the “Second Round Leases”).<sup>2</sup> Each First Round Lease and Second Round Lease is referred to herein as a “Lease” and, collectively, all the First Round Leases and the Second Round Leases are referred to herein as the “Leases”.

**“As Is, Where Is”**

5. Any sale, assignment, or other disposition of each of the Leases will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents, or their estates.

**Free Of Any And All Interests**

6. The Debtors shall request language in any Order approving the Sales providing that all of the Debtors’ rights, title and interest in and to the Leases shall be assigned and sold pursuant to sections 365(f) and 363(f) of title 11 of the United States Code (the “Bankruptcy Code”) free and clear of all interests, including, without limitation, liens, claims, encumbrances, mortgages, and security interests, which shall attach to the net proceeds received by the Debtors as a result of the Sales with the same force and effect that they now have, subject to the Debtors’ claims and defenses and any further Order of the Bankruptcy Court.

**Due Diligence**

7. Each Qualified Bidder (as defined herein) shall be deemed to acknowledge: (a) that it had an opportunity to inspect and examine the leased premises and to review the Lease(s) and all other pertinent documents with respect to the Lease(s) prior to making its offer and that each such Qualified Bidder relied solely on that review and upon its own investigation and inspection of the leased premises in making its offer, (b) that it is not relying upon any written or

---

<sup>2</sup> Debtors reserve the right, in consultation with the Committee, to auction and sell Leases that are listed as Second Round Leases in the auction for the First Round Leases if necessary to permit the sale(s) of more than one (1) Lease to a single bidder.

oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise of the Debtors, their agents or representatives; and (c) that the occupancy of the premises set forth in the Leases may not be available until the completion of any going out of business sale at the premises.

### **Bid Deadline**

8. A bidder (the “Bidder” and collectively, the “Bidders”) who desires to make a bid for one or more Lease(s) must deliver the Required Bid Documents (as defined herein) to:

Bids must be delivered to (which may include email or facsimile):

Kasowitz, Benson, Torres & Friedman LLP  
1633 Broadway  
New York, New York 10019  
Attn: Andrew K. Glenn, Esq. (aglenn@kasowitz.com)  
Jeffrey R. Gleit, Esq. (jgleit@kasowitz.com)  
Facsimile: (212) 506-1800

with a copy to:

DJM Realty  
445 Broad Hollow Road, Suite 225  
Melville, NY 11747  
Attn: James Avallone (javallone@djmrealty.com)  
Emilio Amendola (eamendola@djmrealty.com)  
Facsimile: (631) 752-1231

Bids on the First Round Leases must be sent to the above parties so as to be received not later than **3:00 p.m. (ET) on August 26, 2011** (the “First Round Bid Deadline”). Bids on the Second Round Lease must be sent to the above parties so as to be received not later than **3:00 p.m. (ET) on September 7, 2011** (the “Second Round Bid Deadline” and, together with the First Round Bid Deadline, the “Bid Deadlines”). Counsel for the Debtors will provide copies of Bids to counsel for the Committee. The Debtors, in consultation with the Committee, may extend the Bid Deadlines once or successively, but are not obligated to do so.

## **Bid Requirements**

9. All bids must include the following documents (the “Required Bid Documents”):
- a. A written offer on Bidder’s corporate letterhead (or, if on behalf of Bidder by Bidder’s legal counsel, then on Bidder’s legal counsel’s letterhead) for the purchase of one or more of the Leases must include: (i) the full name and identity of the proposed assignee (and any beneficial owner thereof if the assignee is not a publicly traded entity) of each individual Lease, (ii) the amount being offered for each individual Lease (if more than one Lease, then set forth in the form of an allocation schedule), (iii) the intended use of each premises covered by a Lease in Bidder’s offer, (iv) adequate assurance of future performance information, including, but not limited to: (a) federal tax returns for two years, a current audited financial statement and/or bank account statements and (b) any other information that the Debtors may reasonably request (“Adequate Assurance Information”) and (v) express authorization to provide the Adequate Assurance Information to the applicable lessor(s) (each, a “Lessor”) on a confidential basis. Such written offer must also expressly state that if Bidder is the successful Bidder, it is ready, willing, and able to execute an individual Agreement of Assumption and Assignment of Lease(s) substantially in the form attached hereto as **Exhibit 3**.
  - b. In the case of a real estate broker bidding on a Lease(s) as agent for a Bidder, the broker must submit the Required Bid Documents together with a letter of authorization on Bidder’s corporate letterhead, executed by an authorized officer of the Bidder, stating that (i) Bidder exclusively authorizes broker to submit such offer on behalf of Bidder and that, unless otherwise agreed to in writing by Debtors, any commission or fee of any type due and payable to such broker as a result of an assignment of Lease(s) shall be paid solely by Bidder and Bidder shall indemnify the Debtors and their estates in this regard and (ii) Bidder acknowledges that it will comply with these Bid Procedures.
  - c. In the case of a Lessor bidding on a Lease(s) for which it is the lessor, a written offer on Lessor’s corporate letterhead (or, if on behalf of Lessor by Lessor’s legal counsel, then on Lessor’s legal counsel’s letterhead) for the purchase of one or more of the Leases that must include the gross amount offered for each individual Lease (if more than one Lease) including a breakdown identifying that portion which is payable in cash to the Debtors and that portion, if any, which is “credit bid” against the Cure Amount component of the minimum consideration set forth in Section 10.a. hereof. In the event a Lessor submits an offer that contemplates a credit bid, such Lessor may credit bid not less than the full Cure Amount (as defined in the Bidding Procedures Order) and/or any rejection damages claim; provided, that the Lessor must include as part of its bid adequate supporting information/documentation to substantiate (i) the difference between the Pro-

posed Cure Amount (as defined in the Bidding Procedures Order) and the Cure Amount (the “Cure Difference”) and/or (ii) such rejection damages claim; provided, further, that the Debtors shall have the right to contest the Cure Difference and/or any rejection damages claim on any grounds at the Auction and, in the Debtors’ discretion, in consultation with the Committee, ascribe no value to any rejection damages claim and limit the amount of the credit bid to the Proposed Cure Amount; provided, further, that failure to contest the Cure Difference at the Auction shall not constitute a waiver of the Debtors’ right to contest the Cure Difference in accordance with the Bidding Procedures Order or such other orders as may be entered by the Bankruptcy Court. Such written offer must expressly state that if the Lessor is the Successful Bidder, it is ready, willing, and able to execute a reasonable short form of Lease Termination Agreement(s), substantially in the form attached hereto as **Exhibit 4**, and the extent to which, if any, it agrees to waive and release any and all claims it may have against the Debtors, including claims pursuant to section 502(b)(6) of the Bankruptcy Code. In the event a Lessor is the Successful Bidder and the Bankruptcy Court determines or the Debtors and each such Lessor agree that all or a portion of the Cure Difference on which the Lessor relied for its ‘credit bid’ is not a valid obligation of the Debtors, each such Lessor shall, unless otherwise agreed to by the Debtors and such Lessor, within three (3) business days of such determination or agreement, remit payment to the Debtors in the amount so determined or agreed not to be a valid obligation of the Debtors. Notwithstanding anything to the contrary herein, should the Debtors contest any portion of the Cure Amount or ascribe no value to the rejection damages claims, such acts shall not affect either whether a bid is a Qualified Bid or the status of a bid as a Qualified Bid.

- d. A good faith deposit equal to the greater of 10% of the bid amount or \$15,000 per Lease that is the subject of such bid (the “Good Faith Deposit”) in the form of a certified bank check from a U.S. bank payable to the order of Borders, Inc. (or such other party as the Debtors may determine); provided, however, that a Lessor bidding on its own Lease is exempt from this requirement.
- e. All written offers must expressly state that the Bidder’s offer is (and all offers will be considered to be) irrevocable until the earlier to occur of (i) the Closing (as defined herein) or (ii) forty-five (45) days following the applicable Auction (unless such bid is sooner expressly rejected in writing by the Debtors).

### Qualified Bids

10. A Bid will be considered only if the Bid:

- a. proposes, for each Lease that is the subject of such Bid, consideration equal to or greater than the sum of (x) the Cure Amount plus (y) \$10,000, which sum shall be paid in cash;
- b. is unconditional, subject only to the Debtors obtaining any necessary approval or authorization from the Bankruptcy Court;
- c. includes a commitment to consummate the purchase of the Lease or Leases on or within two business days following the later of (i) the applicable Sale Hearing or (ii) the Sale Termination Date (as defined in the Sale Motion) with respect to such Lease;
- d. is received by the First Round Bid Deadline, for the First Round Leases, or the Second Round Bid Deadline, for the Second Round Leases;<sup>3</sup>
- e. agrees to waive any right to assert a claim for reimbursement of any fees and/or expenses of such bidder as an administrative expense, or otherwise, including, without limitation, as a substantial contribution; and
- f. proposes a transaction only for either (i) one or more First Round Lease(s) or (ii) one or more Second Round Lease(s).<sup>4</sup>

11. In addition, to be a Qualified Bid, each Bidder must be prepared to demonstrate to the Debtors (i) its ability to consummate the purchase of the Lease(s), (ii) adequate assurance of future performance under the Lease(s) and (iii) its ability to otherwise fulfill its obligations under the Lease(s).

12. A Bid will constitute a Qualified Bid only if it includes all of the Required Bid Documents and meets all of the above requirements, including those in Paragraphs 10 and 11 (a “Qualified Bid”); provided, however, the Debtors will have the right, in consultation with the Committee, to entertain bids for a Lease that do not conform to one or more of the requirements

---

<sup>3</sup> See Note 2, *supra*.

<sup>4</sup> See Note 2, *supra*.

specified herein and may deem such bids to be Qualified Bids. A bidder from whom the Debtors receive a Qualified Bid will be designated a “Qualified Bidder”.

13. The First Round Lease(s) and other pertinent documents will be available for inspection prior to the First Round Bid Deadline and the Second Round Lease(s) and other pertinent documents will be available for inspection prior to the Second Round Bid Deadline, in each case during regular business hours or pursuant to arrangements made with counsel to the Debtors prior to the applicable Bid Deadline for copies to be made available to Bidder for inspection.

#### **Joint Bids**

14. The Debtors will be authorized to approve joint bids in the Debtors’ discretion, after consulting with the Committee, on a case-by-case basis.

#### **Auctions**

15. If the Debtors receive more than one Qualified Bid for one or more First Round Lease(s), the Debtors will conduct an auction (the “First Auction”) for such Lease(s) at **10:00 a.m. (ET) on August 31, 2011** at the offices of Kasowitz, Benson Torres & Friedman LLP, New York, New York, 10019 or such later time or other place as the Debtors may notify all Qualified Bidders who have submitted Qualified Bids.

16. If the Debtors receive more than one Qualified Bid for one or more Second Round Lease(s), the Debtors will conduct auction for such Lease(s) at **10:00 a.m. (ET) on September 13, 2011** (the “Second Auction” and, together with the First Auction, the “Auctions”)<sup>5</sup> at the offices of Kasowitz, Benson Torres & Friedman LLP, New York, New York, 10019 or such later time or other place as the Debtors may notify all Qualified Bidders who have submitted Qualified Bids.

---

<sup>5</sup> The Debtors reserve the right, in consultation with the Committee, to conduct a private sale for any Lease(s) or withdraw any Lease(s) from the auction process.

17. Each Auction will be conducted in accordance with the following procedures:

- a. Only the Debtors, members of the statutory committee of unsecured creditors (the “Committee”), those Lessors whose Leases are subject to the Auction (and their legal and financial advisers) and any Qualified Bidders who have timely submitted Qualified Bids for Leases which are subject to the Auction will be entitled to attend the Auction. A Qualified Bidder may request to attend the Auction telephonically, provided, however, that the decision to honor such a request will be at the Debtors’ discretion, after consulting with the Committee. Only Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction.
- b. Immediately prior to the commencement of the Auction for each Lease, with respect to the Qualified Bid or combination of Qualified Bids which the Debtors determine to be the highest or otherwise best offer for a Lease or Leases subject to that Auction, the Debtors will provide information as to the identity of such Qualified Bidder(s) and the purchase price associated with such Qualified Bid(s) to all Qualified Bidders for that Lease who have informed the Debtors of their intent to participate in the Auction. Notwithstanding such determination, the Debtors reserve the right, in consultation with the Committee, to determine which bid, or subsequent bid, is the Successful Bid (as defined herein), following the conclusion of the Auction based upon a number of factors and other considerations.
- c. In the event the Debtors receive only a single Qualified Bid for a particular Lease(s), such Lease(s) will not be subject to bidding at the Auctions, and the Debtors, in consultation with the Committee, may seek to assume and assign such Lease(s) or to enter into a termination agreement at the Lease Sale Hearing following the applicable Auction, if such Qualified Bid is otherwise acceptable to the Debtors. In the event the Debtors receive multiple Qualified Bids for a particular Lease, such Lease, unless previously sold, otherwise disposed of or withdrawn, will be offered for sale at the applicable Auction, either in bulk or separately.
- d. All bidding shall be in increments determined by the Debtors and their advisors.
- e. All Qualified Bidders who have timely submitted Qualified Bids will be entitled to be present for all subsequent bids with the understanding that the identity of each bidder and the purchase price of each subsequent bid will be fully disclosed to all other applicable bidders throughout the entire Auction and put on the record.
- f. The Debtors, in consultation with the Committee, may employ and announce at each Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction (e.g., the amount of time allotted to make subsequent bids), provided that such rules are not incon-

sistent with these Bidding Procedures, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the local rules issued by the United States Bankruptcy Court for the Southern District of New York (the “Local Bankruptcy Rules”) or any order of the Bankruptcy Court entered in connection herewith.

- g. The Debtors intend to sell their interest to the Bidder making the highest or otherwise best Qualified Bid at or prior to the applicable Auction for each Lease. Formal acceptance of a bid will not occur unless and until the Court enters an order approving and authorizing the Debtors to consummate the Sales of the Lease(s) to such Bidder or its designated assignee and, as applicable, the assumption and assignment or entry into termination agreements for such Lease(s).

### **Jurisdiction**

18. Each Bidder, by submitting a bid, is deemed to have submitted itself to the jurisdiction of the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction over any disputes arising out of or related to the Bidding Procedures, and each Bidder, by submitting the bid, has acknowledged and consented to such jurisdiction and has waived any right to trial by jury in connection with any disputes related to Debtors’ qualification of Bids, the Auction and the construction and enforcement of these Bidding Procedures.

### **Selection Of Successful Bid**

19. At the conclusion of the foregoing steps in the Auctions, or as soon thereafter as practicable, the Debtors, after consultation with their advisors and the Committee, will announce for each Lease which bid is the highest or otherwise best bid (the “Successful Bid(s)” and the bidder(s) making such bid, the “Successful Bidder(s)”) and which bid is the second highest or otherwise best bid, if any (the “Back-Up Bid(s)” and such bidder(s), the “Back-Up Bidder(s)”). Within one business day of the Debtors’ announcement of a Successful Bidder, such bidder shall supplement its Good Faith Deposit in an amount equal to the difference between (x) 10% of the Successful Bid and (y) the Good Faith Deposit previously provided by the bidder with respect to it applicable Bid. Moreover, within one business day of selecting the Successful Bidder for any



Lease, the Debtors will deliver the Adequate Assurance Information for such Lease to the applicable Lease counterparties.

20. The Debtors, in consultation with the Committee, reserve the right (i) to determine which Qualified Bid, if any, for any or all of the Leases is the highest or otherwise best bid and (ii) to reject, at any time prior to entry of an order of the Bankruptcy Court approving the bid, any bid which the Debtors, deem to be (x) inadequate or insufficient, (y) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules or these Bidding Procedures, or (z) contrary to the best interests of the Debtors, their estates and creditors. The Debtors will have no obligation to accept or submit for Court approval any offer presented at the Auctions except such written offers as may have been accepted by the Debtors, in consultation with the Committee.

21. The Debtors will sell the Lease(s) to the Successful Bidder(s) upon the approval of such Successful Bid(s) by the Bankruptcy Court at the applicable Lease Sale Hearing. The Debtors' presentation of a particular Successful Bid to the Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court at a Lease Sale Hearing.

#### **Consultation**

22. The Debtors will consult with the Committee on an ongoing basis throughout the sale and auction process.

#### **The Lease Sale Hearings**

23. The Lease Sale Hearings will be held before the Honorable Martin Glenn **on September 8, 2011 at 11:00 a.m. (ET)** with respect to the First Round Leases and **September 20, 2011 at 10:00 a.m. (ET)** with respect to the Second Round Leases in the United States Bankruptcy Court for the Southern District of New York, Courtroom 501, One Bowling Green, New

York, New York 10004, but may be adjourned or rescheduled by Debtors, in consultation with the Committee, subject to Bankruptcy Court approval, as necessary, without further notice by an announcement of the adjourned date at the Lease Sale Hearing.

24. If the Debtors do not receive any Qualified Bids for a First Round Lease or Leases by the First Round Bid Deadline, the Debtors will report the same to the Bankruptcy Court at the Lease Sale Hearing on September 8, 2011, and may proceed with the rejection of such First Round Leases as set forth in the Court's order (the "Rejection Procedures Order"), dated March 16, 2011, approving expedited rejection procedures of the Debtors Leases.<sup>6</sup> If the Debtors do not receive any Qualified Bids for a Second Round Lease or Leases by the Second Round Bid Deadline, the Debtors will report the same to the Bankruptcy Court at the Lease Sale Hearing on September 20, 2011, and may proceed in accordance with the Rejection Procedures Order.

25. If the Debtors receive one or more Qualified Bid for one or more First Round Lease(s), then, at the Lease Sale Hearing on September 8, 2011, the Debtors will seek approval of the Successful Bid for such Lease(s), and, at the Debtors' election, the Back-Up Bid, as well as the Sales and, as applicable, assumption and assignment of such Lease(s) or entry into termination agreements for such Lease(s).

26. If the Debtors receive one or more Qualified Bid for one or more Second Round Lease(s), then, at the Lease Sale Hearing on September 20, 2011, the Debtors will seek approval of the Successful Bid for such Lease(s), and, at the Debtors' election, the Back-Up Bid, as well as the Sales and, as applicable, assumption and assignment of such Lease(s) or entry into termination agreements for such Lease(s).

---

<sup>6</sup> [Docket No. 399].

### **The Closing**

27. Except as otherwise provided in a written offer that has been accepted by the Debtors, upon approval of the Sales and, as applicable, assumption and assignment of the Lease(s) to, or entry into termination agreement for such Lease(s) with, the Successful Bidder by the Bankruptcy Court, the closing (the “Closing”) of the Sales of Lease(s) shall take place on or within two (2) business days following the later of (i) the applicable Lease Sale Hearing or (ii) the Sale Termination Date (as defined in the Agency Agreement) with respect to such Lease(s). With respect to the Closing, time of performance by the Successful Bidder is of the essence.

28. Following approval of the Sales to the Successful Bidder(s), if the Successful Bidder(s) fail(s) to timely consummate the Sales because of a breach or failure to perform on the part of such Successful Bidder(s), except for a failure of a condition precedent beyond the control of either the Debtors or the Successful Bidder, then the Debtors shall retain the Good Faith Deposit as liquidated damages and the Back-Up Bid(s) will be deemed to be the Successful Bid(s) and the Debtors, in consultation with the Committee, will be authorized, but not directed, to effectuate a Sale to the Back-Up Bidder(s) subject to the terms of such Back-Up Bid without further order of the Bankruptcy Court.

29. At the Closing, the balance of the purchase price shall be paid by the Successful Bidder (or, as applicable, the Back-Up Bidder) by wire transfer or an endorsed bank or certified check.

### **Return Of Good Faith Deposits**

30. The Good Faith Deposits of all Qualified Bidders (except for the Successful Bidder and, at the Debtors’ election, the Back-Up Bidder) for Leases will be held by the Debtors and all Qualified Bids will remain open (notwithstanding Bankruptcy Court approval of a Sale pursuant to the terms of one or more Successful Bids by one or more Qualified Bidders), until the

earlier of (i) two (2) business days following the Closing of the Sale and (ii) forty-five (45) days following the applicable Auction (the “Return Date”). Notwithstanding the foregoing, the Good Faith Deposit, if any, submitted by the Successful Bidder(s), will be applied against the payment of the purchase price upon Closing of the Sale to the Successful Bidder(s). If a Successful Bidder breaches its obligations under the Bidding Procedures Order or any agreement entered into with respect to its Successful Bid or fails to timely consummate an approved Sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors will not have any obligation to return the Good Faith Deposit, and such Good Faith Deposit will irrevocably become property of the Debtors’ estates. On the Return Date, the Debtors will return the Good Faith Deposits of all other Qualified Bidders for Leases, together with the accrued interest thereon.

### **Reservations Of Rights**

31. The Debtors, in consultation with the Committee: (i) may determine which Qualified Bid, if any, is the highest or otherwise best bid and (ii) may reject at any time any bid that is: (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules or these Bidding Procedures, or (c) contrary to the best interests of the Debtors, their estates and creditors as determined by the Debtors in their sole discretion.

### **Miscellaneous Terms of Sale**

32. Unless otherwise indicated by the Debtors at the Auction, Sales of the Leases shall not include personal property, inventory, fixtures, trade fixtures, or other furnishings or equipment located in the premises whether or not owned by the Debtors. Subject to the Agency Agreement (as defined in the Lease Sale Motion), the Debtors reserve the right, in consultation with the Committee, either to sell such personal property to the Successful Bidder or to any other

party, to abandon any or all of the personal property located at each of the locations, or to make such other arrangements as may be appropriate.

33. All sales, transfer and recording taxes, stamp taxes or similar taxes, if any, relating to the assignment of the Leases or the sale of personal property of the Debtors in connection therewith shall be the sole responsibility of the Successful Bidder and shall be paid to the Debtors at the Closing of each transaction.

34. The Debtors, in consultation with the Committee, at or before each Auction, may impose or modify the terms and conditions herein as they determine to be in the best interests of the Debtors, their estates, creditors and other parties in interest. The Debtors, in consultation with the Committee, may revise the procedures herein without Court approval to enable Qualified Bidders to submit Qualified Bids for smaller subsets of Leases of a greater package submitted by such Qualified Bidders, provided no new Leases are included in such package.

\* \* \*

**EXHIBIT 1**  
**ROUND ONE LEASES**

## Round One Leases

Store	Center Name	City	State	Store Format
19	Novi Town Center	Novi	MI	Superstore
45	Crossroads Center	Bailey's Crossroads	VA	Superstore
62	Promenade of Crocker Park	Westlake	OH	Superstore
78	Old Town SC	Dallas	TX	Superstore
136	The Strip	Canton	OH	Superstore
163	Park Meadows	Littleton	CO	Superstore
180	Woodward Avenue	Birmingham	MI	Superstore
190	Laguna Crossroads	Elk Grove	CA	Superstore
191	Redmond Town Center	Redmond	WA	Superstore
208	Presidential Market Center	Snellville	GA	Superstore
229	Springfield Commons	Springfield	VA	Superstore
249	Arlington Highlands	Arlington	TX	Superstore
290	The Avenue East Cobb	Marietta	GA	Superstore
294	Northridge	Northridge	CA	Superstore
348	Oakland Plaza Mall	Troy	MI	Superstore
370	Huntington	Barboursville	WV	Superstore
383	Midtown Place	Atlanta	GA	Superstore
394	Valley Square Center	West Lebanon	NH	Superstore
415	Flatiron Crossing	Broomfield	CO	Superstore
434	Sandusky Mall	Sandusky	OH	Superstore
452	Downtown Silver Spring	Silver Spring	MD	Superstore
463	The River at Rancho Mirage	Rancho Mirage	CA	Superstore
472	Dogwood Festival	Flowood	MS	Superstore
521	Plaza El Paseo	Rancho Santa Margarita	CA	Superstore
551	Monte Vista Crossings	Turlock	CA	Superstore
558	Stonecrest Piper Glen	Charlotte	NC	Superstore
560	Market Place West	Billings	MT	Superstore
592	Columbus Circle	New York	NY	Superstore
594	Riverhead Centre	Riverhead	NY	Superstore
597	The Shoppes at Atlas Park	Glendale	NY	Superstore
599	Plaza El Segundo	El Segundo	CA	Superstore
603	Town Square	Las Vegas	NV	Superstore
615	Louisville	Louisville	KY	Superstore
625	Kennedy Mall	Dubuque	IA	Superstore
656	Riverside Plaza	Riverside	CA	Superstore
661	Pearlridge Center	Aiea	HI	Superstore
676	Superstition Springs Center	Mesa	AZ	Superstore
688	Stonewood Mall	Downey	CA	Small Format
702	Harrisburg Distribution Facility	Middletown	PA	Other
719	Empire Mall	Sioux Falls	SD	Small Format
727	Carolina Mall	Concord	NC	Small Format
733	Lakewood Center Mall	Lakewood	CA	Small Format
742	Ohio Valley Mall	St. Clairsville	OH	Small Format

Store	Center Name	City	State	Store Format
754	McCarran International Airport	Las Vegas	NV	Airport
757	Indianapolis International Airport	Indianapolis	IN	Airport
766	Phoenix Sky Harbor International Airport	Phoenix	AZ	Airport
773	Dallas Fort Worth International A/P	Dallas	TX	Airport
776	JFK International A/P, Terminal 5	New York	NY	Airport
795	Sumter Mall	Sumter	SC	Small Format
869	Meadowbrook Mall	Bridgeport	WV	Small Format
889	Southside Mall	Oneonta	NY	Small Format
891	Blue Ridge Mall	Hendersonville	NC	Small Format
894	Green Tree Mall	Clarksville,	IN	Small Format
907	Westland Center	Westland	MI	Small Format
926	Manhattan Town Center	Manhattan	KS	Small Format
931	Mall Of Monroe	Monroe	MI	Small Format
932	The Town Center Of Mililani	Mililani	HI	Small Format
938	Shawnee Mall	Shawnee	OK	Small Format
944	Cascade Mall	Burlington	WA	Small Format
954	The Shops At Charleston Place	Charleston	SC	Small Format
955	Twelve Oaks Mall	Novi	MI	Small Format
957	Great Lakes Crossing	Auburn Hills	MI	Small Format
958	Westfarms	Farmington	CT	Small Format
960	Capitola Mall	Capitola	CA	Small Format
971	Mall @ Wellington Green	Wellington	FL	Small Format
972	Hanford Mall	Hanford	CA	Small Format
974	Fair Oaks Mall	Fairfax	VA	Small Format
978	Mill Creek Mall	Erie	PA	Small Format
9559*	Phoenix Drive	Ann Arbor	MI	Other
702R	Logisticenter	Carlisle	PA	Other
	* Subject to a sublease agreement			



**EXHIBIT 2**  
**ROUND TWO LEASES**

## Round Two Leases

Store	Center Name	City	State	Store Format
1	Ann Arbor Downtown	Ann Arbor	MI	Superstore
14	The Corners Center	Beverly Hills	MI	Superstore
16	Castleton Square	Indianapolis	IN	Superstore
20	Oak Brook Court	Oak Brook	IL	Superstore
22	Jay Scutti Plaza	Henrietta/ Rochester	NY	Superstore
28	La Place Fashion Centre	Beachwood	OH	Superstore
30	Rosemont SC	Bryn Mawr	PA	Superstore
39	Garden City Center	Cranston	RI	Superstore
40	Sunrise Highway	Bohemia	NY	Superstore
41	Park City Mall	Lancaster	PA	Superstore
43	Lutherville Station SC	Timonium	MD	Superstore
44	Airport Plaza SC	Farmingdale	NY	Superstore
46	Springfield Square	Springfield	PA	Superstore
47	South Dixie Highway	Pinecrest	FL	Superstore
55	West Farms SC	Farmington	CT	Superstore
61	Woodfield Village Green	Schaumburg	IL	Superstore
64	ABQ Uptown	Albuquerque	NM	Superstore
66	Century Square	Seattle	WA	Superstore
72	Mission Viejo Freeway Center	Mission Viejo	CA	Superstore
73	Westridge Court SC	Naperville	IL	Superstore
74	Northway Mall	Pittsburgh /Ross Township	PA	Superstore
76	Meyerland Plaza Shopping Ctr	Houston	TX	Superstore
79	Neconset Highway	Stony Brook	NY	Superstore
80*	Geoffrey Drive	Wilmington	DE	Superstore
85	Pentagon City	Pentagon City	VA	Superstore
86	Torrance Boulevard	Torrance	CA	Superstore
89	Columbia Crossing	Columbia	MD	Superstore
94	Commons Way	Bridgewater	NJ	Superstore
96	Ward Center	Honolulu	HI	Superstore
98	Varsity Theatre	Palo Alto	CA	Superstore
100	Cheektowaga, NY	Buffalo	NY	Superstore
107	Boise Towne Square	Boise	ID	Superstore
108	Norman Center Court	Norman	OK	Superstore
110	The Plaza at Sunset Hills	St. Louis	MO	Superstore
112	Kamp Washington S/C	Fairfax	VA	Superstore
113	Olive Blvd.	Creve Coeur	MO	Superstore
114	Kirby Woods SC	Germantown	TN	Superstore
119	Brea Plaza	Brea	CA	Superstore
120	School Street (Downtown Crossing)	Boston	MA	Superstore
123	Birch Street	Omaha	NE	Superstore
125	Bangor Mall	Bangor	ME	Superstore
126	Park Place SC	Tukwila	WA	Superstore
130	Rocky Ridge TC	Roseville	CA	Superstore

## Round Two Leases

Store	Center Name	City	State	Store Format
133	Maine Mall	South Portland	ME	Superstore
137	Concord Square	Wilmington	DE	Superstore
138	Oak Point Plaza	Eau Claire	WI	Superstore
145	Huebner Oaks Center	San Antonio	TX	Superstore
147	Crossroads at Sunset	Henderson	NV	Superstore
152	Beaverton Mall North	Beaverton	OR	Superstore
155	Meriden Square	Meriden	CT	Superstore
162	Quaker Crossing	Orchard Park	NY	Superstore
164	Two Ledgewood Square	Strongsville	OH	Superstore
166	Dodge Street	Omaha	NE	Superstore
167	Bridgeport Village SC	Tualatin	OR	Superstore
168	Grand Traverse Crossing	Traverse City	MI	Superstore
169	Ravinia Plaza	Orland Park	IL	Superstore
170	Arrowhead Shopping Center	Glendale	AZ	Superstore
173	Rice Lake Square	Wheaton	IL	Superstore
176	Highland Grove Shopping Center	Highland	IN	Superstore
177	Meadowbrook Village	York	PA	Superstore
178	Miller Road	Flint	MI	Superstore
182	Town Center Shopping Center	Champaign	IL	Superstore
183	Best in the West Shopping Center	Las Vegas	NV	Superstore
184	Fair Oaks Blvd	Sacramento	CA	Superstore
185	Edgewater SC	Sand City	CA	Superstore
186	Alamo Quarry Market	San Antonio	TX	Superstore
188	Village East Center	Salem	OR	Superstore
193	Wrangleboro Road	Mays Landing	NJ	Superstore
194	Winchester Center	Rochester Hills	MI	Superstore
197	Randall Road	Geneva	IL	Superstore
199	Centre @ Deane Hill	Knoxville	TN	Superstore
201	Carl D. Silver Parkway	Fredericksburg	VA	Superstore
202	South Washington Street	North Attleboro	MA	Superstore
210	East Town Plaza Shopping Center	Madison	WI	Superstore
211	Davis Commons	Davis	CA	Superstore
212	The Shops at River Park	Fresno	CA	Superstore
215	Chapel Hills Mall	Colorado Springs	CO	Superstore
217	Brentwood Square	Brentwood	MO	Superstore
218	Crain Highway	Waldorf	MD	Superstore
219	Main Street	Mt. Kisco	NY	Superstore
220	Airport Square	N. Wales	PA	Superstore
225	Mission Valley Center	San Diego	CA	Superstore
226	Howe Avenue	Cuyahoga Falls	OH	Superstore
230	Winward Mall	Kaneohe	HI	Superstore
231	Village of Merrick Park	Coral Gables	FL	Superstore
232	Grand Central Mall	Vienna	VA	Superstore

## Round Two Leases

Store	Center Name	City	State	Store Format
236	Canton Township	Canton	MI	Superstore
237	The Shops at Valley Square	Warrington	PA	Superstore
246	Allen	Allen	TX	Superstore
250	The Shops at Riverwoods	Provo	UT	Superstore
252	Tamarack Bay	Woodbury	MN	Superstore
253	Riverview Plaza	Frederick	MD	Superstore
257	North Illinois	Fairview Heights	IL	Superstore
258	Stonestown Galleria	San Francisco	CA	Superstore
262	Smoketown Stations	Woodbridge	VA	Superstore
270	Jericho Turnpike	Syosset	NY	Superstore
271	Deane Drive	Rockford	IL	Superstore
276	Church Street	Burlington	VT	Superstore
277	Eastgate Mall	Cincinnati	OH	Superstore
281	Wynnewood SC	Wynnewood	PA	Superstore
286	Uptown Solon SC	Solon	OH	Superstore
287	Oakway Center	Eugene	OR	Superstore
289	Parkridge Center	Manassas	VA	Superstore
291	Tyrone Square	St. Petersburg	FL	Superstore
292	Northridge Shopping Center	Davenport	IA	Superstore
293	Six Forks Road	Raleigh	NC	Superstore
295	Tampa Avenue	Augusta	GA	Superstore
296	Redfield Promenade SC	Reno	NV	Superstore
299	Canoga Park	Canoga Park	CA	Superstore
300	Winter Park Center	Winter Park	FL	Superstore
327	Merrymeeting Plaza	Brunswick	ME	Superstore
334	Edwardsville Crossing	Edwardsville	IL	Superstore
335	Sequoia Mall	Visalia	CA	Superstore
337	Great Lakes Crossing	Auburn Hills	MI	Superstore
338	Thruway Shopping Center	Salem	NC	Superstore
340	Fort Eddy Plaza	Concord	NH	Superstore
344	Appalachee Pkwy	Tallahassee	FL	Superstore
346	Santa Rosa Town Center	Santa Rosa	CA	Superstore
349	Borders Plaza	Sterling	VA	Superstore
356	Plaza Las Americas	Puerto Rico	PR	Superstore
361	Marketplace @ Northglenn	Northglenn	CO	Superstore
364	Square Drive	Victor	NY	Superstore
368	Howland Commons	Niles	OH	Superstore
369	Haines Avenue	Rapid City	SD	Superstore
371	Southport Plaza	Greenwood (Marion County)	IN	Superstore
372	Center at Hagerstown Shopping Center	Hagerstown	MD	Superstore
373	Northridge Plaza	Olathe	KS	Superstore
376	Arbor Place	Atlanta	GA	Superstore
380	Paxton Town Centre	Harrisburg	PA	Superstore

## Round Two Leases

Store	Center Name	City	State	Store Format
381	The Centre at River Oaks	Houston	TX	Superstore
382	Providence Place	Providence	RI	Superstore
384	Milestone Commercial Center	Germanstown	MD	Superstore
388	South Coast Plaza	Costa Mesa	CA	Superstore
390	Lake Street	Oak Park	IL	Superstore
391	Brentwood Shopping Center	Brentwood	TN	Superstore
392	Park Place	Tucson	AZ	Superstore
397	Gurnee Super Crown	Gurnee	IL	Superstore
401	Broadstone Plaza	Folsom	CA	Superstore
405	North State Street Block 36	Chicago	IL	Superstore
414	Chapel Hill Shopping Center	Fort Worth	TX	Superstore
417	Willows Shopping Center	Puyallup	WA	Superstore
421	Water's Place Shopping Center	Pittsfield Township	MI	Superstore
436	Gresham Station	Gresham	OR	Superstore
439	Cambridge Galleria	Cambridge	MA	Superstore
440	Marketplace @ Hilltop	Virginia Beach	VA	Superstore
441	St. Vrain Retail Centre	Longmont	CO	Superstore
442	Viewmont Mall	Scranton	PA	Superstore
444	Southland Mall	Taylor	MI	Superstore
445	Independence Mall	Kingston	MA	Superstore
446	Shoppes @ Brinton Lake	Concord Township	PA	Superstore
448	The Loop	Methuen	MA	Superstore
449	Houston Galleria	Houston	TX	Superstore
451	Annapolis Mall	Annapolis	MD	Superstore
453	Cannery Mall	Corvallis	OR	Superstore
454	Colonial Promenade Beechwood	Athens	GA	Superstore
461	The Village @ Cambridge Crossing	Mount Laurel	NJ	Superstore
464	Summitwoods Crossing	Lee Summit	MO	Superstore
466	Riverdale Crossing Shopping Center	Riverdale	NJ	Superstore
471	Crossgates Mall	Albany	NY	Superstore
473	El Camino Real	Sunnyvale	CA	Superstore
476	Forum at Olympia Parkway	San Antonio	TX	Superstore
479	Interstate Shopping Center	Ramsey	NJ	Superstore
484	Dolphin Mall	Miami	FL	Superstore
486	New Market Square	Wichita	KS	Superstore
489	Monmouth Plaza	Eatontown	NJ	Superstore
495	LaGrange Crossing	LaGrange	IL	Superstore
496	Stonecrest Mall	Lithonia	GA	Superstore
500	Broadmoor Towne Center	Colorado Springs	CO	Superstore
513	Valley Mall	Union Gap	WA	Superstore
514	Champlain Centre North	Plattsburgh	NY	Superstore
515	Salmon Run	Watertown	NY	Superstore
522	Colorado Mills	Lakewood	CO	Superstore

## Round Two Leases

Store	Center Name	City	State	Store Format
524	Waterford Commons	Waterford	CT	Superstore
531	Riverdale Village	Coon Rapids	MN	Superstore
532	Northpointe Plaza	Spokane	WA	Superstore
534	Canyon Point @ Summerlin Centre	Las Vegas	NV	Superstore
537	Madonna Plaza	San Luis Obispo	CA	Superstore
539	Governors Square	Clarksville	TN	Superstore
544	Plaza Santa Fe	Santa Fe	NM	Superstore
547	Shops at Grand Prarie	Peoria	IL	Superstore
555	Coeur D'Alene	Ceur D'Alene	ID	Superstore
557	Brighton Towne Square	Brighton	MI	Superstore
567	Bayshore Mall	Eureka	CA	Superstore
568	Rockaway Townsquare Outparcel	Rockaway Township	NJ	Superstore
570	Mountain View Plaza	Kalispell	MT	Superstore
572	Cedarwood	Ames	IA	Superstore
573	Flemington Mall	Flemington	NJ	Superstore
580	Market Street	The Woodlands	TX	Superstore
581	Carson Valley Plaza	Carson City	NV	Superstore
582	2 Penn Plaza	New York	NY	Superstore
583	Southside Plaza	Clifton Park	NY	Superstore
585	North Towne Plaza	Albuquerque	NM	Superstore
586	Santa Anita	Arcadia	CA	Superstore
589	El Paseo Simi	Simi Valley	CA	Superstore
590	Shops at the Pond	Marlborough	MA	Superstore
591	Monadnock Marketplace	Keene	NH	Superstore
598	The Pinnacle at Turkey Creek	Knoxville	TN	Superstore
606	Rosedale	Roseville	MN	Superstore
608	Ocean County Mall	Toms River	NJ	Small Format
616	Shelbyville Road Plaza	St. Matthews	KY	Superstore
620	South County Center	St. Louis	MO	Superstore
622	Plymouth Meeting Mall	Plymouth Meeting	PA	Small Format
623	Del Monte Shopping Center	Monterey	CA	Small Format
629	Mill Plain Plaza	Vancouver	WA	Superstore
631	Algonquin Commons	Algonquin	IL	Superstore
640	Montgomery Mall	Bethesda	MD	Small Format
645	Victoria Gardens	Rancho Cucamonga	CA	Superstore
647	Galleria at Crystal Run	Middletown	NY	Superstore
649	Beaver Valley Mall	Monaca	PA	Small Format
653	Franklin Park	Toledo	OH	Superstore
654	Galleria at Pittsburgh Mills	Frazier	PA	Superstore
657	Crestview Hills Town Center	Crestview Hills	KY	Superstore
662	Warrenton Center	Warrenton	VA	Superstore
667	Northlake Mall	Charlotte	NC	Superstore
683	Everett	Everett	WA	Superstore

## Round Two Leases

Store	Center Name	City	State	Store Format
686	Baybrook Passage	Webster	TX	Superstore
689	Chautauqua Mall	Lakewood	NY	Small Format
692	Nut Tree Village	Vacaville	CA	Superstore
694	Lycoming Mall	Pennsdale	PA	Superstore
695	Capital Mall	Olympia	WA	Superstore
698	Woodbridge Center	Woodbridge	NJ	Small Format
699	Memorial Mall	Sheboygan	WI	Small Format
709	Tennessee Distribution Center	Lavergne	TN	Other
717	Mira Loma Warehouse	Mira Loma	CA	Other
720	Swansea Mall	Swansea	MA	Small Format
721	Lima Mall	Lima	OH	Small Format
723	Northlake Mall	Atlanta	GA	Small Format
724	Cross County Mall	Mattoon	IL	Small Format
725	Westfield Shoppingtown	Trumbull	CT	Small Format
726	Westwood Mall	Jackson	MI	Small Format
728	Forest Mall	Fond Du Lac	WI	Small Format
729	Oxford Valley Mall	Langhorne	PA	Small Format
730	Staten Island Mall	Staten Island	NY	Small Format
731	Janesville Shopping Center	Janesville	WI	Small Format
732	South Park Mall	Moline	IL	Small Format
734	Shenango Valley Mall	Hermitage	PA	Small Format
735	Peru Mall	Peru	IL	Small Format
737	Lebanon Valley Mall	Lebanon	PA	Small Format
738	Westmoreland Mall	Greensburg	PA	Small Format
739	Royal Hawaiian Shopping Center	Honolulu Oahu	HI	Small Format
740	Lakeside Mall	Sterling Heights	MI	Small Format
741	Jefferson Mall	Louisville	KY	Small Format
743	Temple Mall	Temple	TX	Small Format
750	Washington National Airport	Washington	DC	Airport
751	Dulles Airport (Concourse B)	Chantilly	VA	Airport
752	Dulles Airport (Concourse C/D)	Chantilly	VA	Airport
753	Orlando International Airport	Orlando	FL	Airport
755	Houston International Airport - Term E	Houston	TX	Airport
756	Sea-Tac International Airport	Seattle	WA	Airport
758	Logan International Airport - Term E	Boston	MA	Airport
759	PHL B/C Connect	Philadelphia	PA	Airport
760	Cincinnati International Airport	Covington	KY	Airport
761	Dulles Airport (Concourse C)	Chantilly	VA	Airport
762	Boston-Logan International Airport	East Boston	MA	Airport
763	BWI Airport	Baltimore	MD	Airport
764	BWI Airport	Baltimore	MD	Airport
765	Miami International Airport	Miami	FL	Airport
767	PHL D/E Connect	Philadelphia	PA	Airport

## Round Two Leases

Store	Center Name	City	State	Store Format
768	LaGuardia Airport	New York	NY	Airport
770	Detroit International Airport	Romulus	MI	Airport
771	Detroit International Airport	Romulus	MI	Airport
772	T.F. Green State Airport	Providence	RI	Airport
774	Detroit Metro Airport	Romulus	MI	Airport
775	Detroit Metro Airport	Romulus	MI	Airport
777	Raleigh - Durham A/P Terminal 2	Morrisville	NC	Airport
790	Hickory Point Mall	Forsyth	IL	Small Format
791	Quincy Mall	Quincy	IL	Small Format
792	Central Mall	Lawton	OK	Small Format
793	Shops At Mission Viejo	Mission Viejo	CA	Small Format
794	Roseburg Valley Mall	Roseburg	OR	Small Format
797	Country Club Mall	Cumberland	MD	Small Format
798	Settler's Crossing	North Conway	NH	Small Format
801	Shoppes at Stroud	Stroud Township	PA	Superstore
802	Mansfield Crossing	Mansfield	MA	Superstore
804	Shadow Lake Towne Center	Papillion	NE	Superstore
806	North Hanover Mall	Hanover	PA	Small Format
826	Dulles Town Center	Dulles, VA	VA	Small Format
828	Pine Ridge Mall	Chubbuck	ID	Small Format
830	Mall of Louisiana	Baton Rouge	LA	Superstore
831	Plaza Bonita	National City	CA	Superstore
832	Panama City Beach	Panama City Beach	FL	Superstore
834	Legacy Place	Dedham	MA	Superstore
835	Noblesville	Noblesville	IN	Superstore
841	White Marsh Mall	Baltimore	MD	Small Format
842	Susquehanna Valley Mall	Selinsgrove	PA	Small Format
843	Colony Square	Zanesville	OH	Small Format
844	Clearview Mall	Butler	PA	Small Format
845	Du Bois Mall	Du Bois, PA	PA	Small Format
846	Durango Mall	Durango	CO	Small Format
847	The Mall at Columbia	Columbia	MD	Small Format
849	Eastridge Mall	Casper	WY	Small Format
858	Dover Mall	Dover	DE	Small Format
870	Rio West	Gallup	NM	Small Format
888	Valle Vista Mall	Harlingen	TX	Small Format
892	Greenacres Mall	Valley Stream	NY	Small Format
897	Charleston Town Center	Charleston	WV	Small Format
898	Oxmoor Center	Louisville	KY	Small Format
904	Washington Park Mall	Bartlesville	OK	Small Format
906	Crystal Mall	Waterford	CT	Small Format
908	Wasilla Shopping Center	Wasilla	AK	Small Format
911	Coddington Regional Shopping Ctr	Santa Rosa	CA	Small Format



## Round Two Leases

Store	Center Name	City	State	Store Format
912	Auburn Mall	Auburn	ME	Small Format
913	Gratiot Avenue	Roseville	MI	Small Format
914	Town Center At Cobb	Kennesaw	GA	Small Format
915	Western Hills	Cincinnati	OH	Small Format
917	Kaahumanu Mall	Kahului Maui	HI	Small Format
918	Jefferson Square	Klamath Falls	OR	Small Format
919	Townmall Of Westminster	Westminster	MD	Small Format
921	Central Mall	Salina	KA	Small Format
922	Three Rivers Mall	Kelso, WA	WA	Small Format
923	Hanover Commons	Hanover	MA	Small Format
924	Sunrise Mall	Brownsville	TX	Small Format
925	River Valley Mall	Lancaster	OH	Small Format
927	Pinecrest Plaza	Southern Pines	NC	Small Format
928	Southgate Center	Southgate	MI	Small Format
933	Chicago Ridge Mall	Chicago Ridge	IL	Small Format
934	University Mall	South Burlington	VT	Small Format
935	Westbroke Village (Wb & More)	Shawnee	KS	Small Format
937	Fountain Square S/C (Wb& More)	Phoenix	AZ	Small Format
939	Exton Square Mall	Exton	PA	Small Format
945	Roosevelt Boulevard	Key West	FL	Small Format
947	Fair Oaks Mall	Columbus	IN	Small Format
949	Mall At Tuttle Crossing	Columbus	OH	Small Format
956	Citrus Park Town Center	Tampa	FL	Small Format
959	Citicorp Center	Chicago	IL	Small Format
961	Honey Creek Mall	Terre Haute	IN	Small Format
962	Silver City Galleria	Taunton	MA	Small Format
963	Eastbrook Mall	Willimantic	CT	Small Format
964	Mall At Rockingham Park	Salem	NH	Small Format
966	St. Lawrence Centre	Massena	NY	Small Format
968	Tower City Center	Cleveland	OH	Small Format
970	Swampscott Mall	Swampscott	MA	Small Format
973	Laurel Park Place	Livonia	MI	Small Format
975	Salem Center	Salem	OR	Small Format
977	Springfield Mall	Springfield	PA	Small Format
981	Meadowood Mall	Reno	NV	Small Format
983	Gulfview Square Mall	Port Richey	FL	Small Format
984	New Towne Mall	New Philadelphia	OH	Small Format
986	Ashland Town Center	Ashland	KY	Small Format
987	Rye Ridge Shopping Center	Rye Brook	NY	Small Format
	* Subject to a sublease agreement			

**EXHIBIT 3**  
**FORM ASSUMPTION AND ASSIGNMENT AGREEMENT**

## ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this "Assignment and Assumption"), is entered into as of \_\_\_\_\_, 2011, by and between Borders, Inc., a Colorado corporation, Debtor in Possession ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

### RECITALS:

- A. \_\_\_\_\_ ("Landlord") and Assignor, as Tenant, entered into that certain Lease Agreement dated \_\_\_\_\_ (as amended, the "Lease"), relating to \_\_\_\_\_ (the "Demised Premises") located at \_\_\_\_\_.
- B. Assignor desires to assign all of its right, title, interest and obligation in, to, and under the Lease to Assignee, and Assignee desires to assume, observe and perform all of the Assignor's right, title, interest and obligations in, to, and under the Lease, in accordance with the terms, covenants, and conditions described in this Assignment and Assumption.
- C. Assignor and its debtor affiliates (collectively, "Debtors") are currently debtors in administratively consolidated cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), which are currently pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), styled and numbered *In re Borders Group, Inc., et al.* (11-10614) (MG).
- D. Subject to the satisfaction of the "Conditions" (as defined in Paragraph 7), effective as of the "Delivery Date" (as defined in Paragraph 8), Assignor desires to assign all of its right, title, interest and obligation in, to, and under the Lease to Assignee, and Assignee desires to assume, observe and perform all of the Assignor's right, title, interest and obligations in, to, and under the Lease, in accordance with the terms, covenants, and conditions described below.

NOW, THEREFORE, in consideration of the "Consideration" (as defined in Paragraph 6), the mutual covenants of the parties herein set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- 1. Incorporation of Recitals. The Recitals set forth above are hereby incorporated by reference as if fully set forth herein.
- 2. Lease. A true and correct copy of the Lease, as it may have been amended, is attached hereto as Exhibit A.
- 3. Assignment. Subject to the satisfaction of the Conditions, effective as of the Delivery Date, (a) Assignor hereby assigns to Assignee all of Assignor's right, title, and interest in the Lease, (b) Assignee hereby accepts such assignment, and (c) Assignor shall deliver possession of the Demised Premises to Assignee in accordance with the terms of Paragraph 8. Any rent and other charges (including, without limitation, annual or base rent, additional rent, Tenant's proportionate share of ad valorem real estate taxes and assessments, utility charges, and Tenant's proportionate share of the costs of maintaining the common areas, in each case which accrue under the Lease for the period from the date of the filing of the Chapter 11 Cases to the Delivery Date), shall be prorated between Assignor and Assignee as of the Delivery Date (with all such rent and charges attributable to the Delivery Date being payable by Assignee), and Assignor's payment of such rent and other charges under the Lease for the month in which the Delivery Date occurs

shall be adjusted accordingly. If actual amounts of any variable or additional rent or charges are not determinable as of the Delivery Date, then the parties shall prorate such charges based on the most recent prior charges available. Assignee shall be responsible for any reconciliations of such charges that may be payable to the Landlord, whether such reconciliations apply to periods before or after the Delivery Date.

4. Assumption. Subject to the satisfaction of the Conditions, effective as of the Delivery Date, Assignee hereby assumes all of the terms, covenants, and conditions of the Lease to be satisfied or performed by the Tenant under the Lease, including all such terms, covenants, and conditions to pay the Annual Rent and Additional Rent until the expiration or earlier termination of the Lease, in each case that first arise or accrue and first become due and payable under the Lease from and after the Delivery Date, all with full force and effect as if the Assignee had signed the Lease originally as the Tenant named therein and as a party thereto. Assignee covenants and agrees that it will recognize Landlord as the Landlord under the Lease in the same manner and to the same extent as if Assignee were the original Tenant thereunder.
5. Assignor Released. Notwithstanding anything contained in the Lease to the contrary, pursuant to Section 365 of the Bankruptcy Code, including, without limitation subsection (k) thereof, this Assignment and Assumption shall operate to release Assignor as of the Delivery Date from any and all obligations arising under or in connection with the Lease, with respect to the period from and after the Delivery Date.
6. Consideration. In consideration for Assignor's assignment of the Lease to Assignee on the date on which all of the "Conditions" set forth in Paragraphs 7(b) and 7(c) are satisfied, Assignee shall pay to Assignor by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit B and by this reference made a part hereof, the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Consideration"), which shall be comprised of (i) the amounts necessary to pay the cure costs described in Paragraph 10 hereof to Landlord and (ii) any additional consideration agreed to amongst Assignor and Assignee.
7. Conditions. This Assignment and Assumption is conditioned upon, and shall only take effect upon, the satisfaction of the following conditions precedent (each a "Condition" and, collectively, the "Conditions"):
  - (a) Assignee has paid the Consideration to Assignor;
  - (b) This Assignment and Assumption has been fully executed by Assignor and Assignee; and
  - (c) The Bankruptcy Court enters an Order authorizing the Debtors to assume and assign the Lease to the Assignee and approving the Consideration.
8. Possession; Delivery Date. Subject to the satisfaction of the Conditions, Assignor shall deliver possession of the Demised Premises (together with all master keys, alarm codes, all permits, licenses, warranties, guarantees that have not yet expired, plans and specifications, all to the extent in Tenant's possession), to Assignee on the Delivery Date on an "as is, where is" basis and without any representation or warranty from Assignor whatsoever, and Assignee hereby releases Assignor from and against all claims, liability, cost, loss, damage, or expense arising out of the condition of the Demised Premises on the Delivery Date. As used herein, the phrase "Delivery Date" shall mean the first business date immediately following the date on which all of the Conditions have been satisfied. Any property of Assignor remaining in the Demised Premises after the Delivery Date shall be deemed abandoned by Tenant pursuant to the procedures, rights and remedies set forth in the Bankruptcy Court order dated July 21, 2011 [Docket No. 1377], which, among other things, authorized the Debtors to engage liquidators to conduct going out of business sales.
9. Condemnation and Casualty.

- (a) **Condemnation.** If after the full execution and delivery of this Assignment and Assumption and prior to the Delivery Date, any entity having the power of condemnation initiates proceedings to acquire by eminent domain or condemnation any material portion of or interest in the Demised Premises (a "Taking"), Assignor shall promptly notify Assignee and Assignee shall have the right to terminate this Assignment and Assumption by notice to Assignor and Landlord given prior to the earlier of (a) twenty (20) days from the date Assignee receives the foregoing notice from Assignor and (b) the Delivery Date. If Assignee does not elect to so terminate this Assignment and Assumption, then this Assignment and Assumption shall not terminate, and provided that the Delivery Date occurs, Assignee shall be entitled to receive any award payable to Tenant as the result of the Taking, subject to the terms of the Lease.
- (b) **Casualty.** If after the full execution and delivery of this Assignment and Assumption and prior to the Delivery Date, all or a material portion of the Demised Premises is materially damaged or destroyed by any cause ("Casualty"), Assignor shall promptly notify Assignee and Assignee shall have the right to terminate this Assignment and Assumption by notice to Assignor given prior to the earlier of (a) twenty (20) days from the date Assignee receives the foregoing notice from Assignor and (b) the Delivery Date. If Assignee does not elect to terminate this Assignment and Assumption, then this Assignment and Assumption shall not terminate, and provided that the Delivery Date occurs, Assignor shall pay to Assignee all insurance proceeds payable to Assignor with respect to the Casualty, subject to the terms of the Lease.
10. **Cure Costs.** In addition to performing its obligations under Paragraph 3 of this Assignment and Assumption, Assignor shall cure any defaults that would or might otherwise have to be cured pursuant to section 365(b)(1) of the Bankruptcy Code in connection with the assumption of the Lease.
11. **Notices.** All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (a) established express delivery service, such as Federal Express, which maintains delivery records, or (b) certified mail with signed return receipt, or (c) hand delivery to the parties at the following addresses, or to such other or additional persons or at such other address as the parties may designate by notice in the above manner:
- To Assignor:                                Borders, Inc.  
    100 Phoenix Drive  
    Ann Arbor, MI 48108  
    Attn: Legal Department *and* Chief Restructuring Officer
- To Assignee:
12. **Brokers.** Each party represents and warrants that, except for DJM Realty, LLC (whose fee or commission shall be paid by Assignor pursuant to separate agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Assignment and Assumption. Each party shall, and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the Assignment and Assumption and the Delivery Date.

13. Authority. Each of the parties hereto represents and warrants to the other the following: (a) it has the authority to enter into this Assignment and Assumption; and (b) the person(s) executing this Assignment and Assumption on its behalf are duly authorized to do so and this Assignment and Assumption is a legally binding obligation.
14. Entire Understanding. Except as set forth in the Order of the Bankruptcy Court authorizing the Debtors to enter into this Assignment and Assumption, this Assignment and Assumption sets forth the entire understanding of the parties in connection with the subject matter hereof. None of the parties hereto has made any statement, representation, or warranty in connection herewith which has been relied upon by any other party hereto or which has been an inducement for any party to enter into this Assignment and Assumption, except as expressly set forth herein. It is expressly understood and agreed that this Assignment and Assumption may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of the parties hereto. The parties agree that all agreements are merged into this Assignment and Assumption which alone sets forth the understanding of the parties, and that they will make no claim at any time that this Assignment and Assumption has been altered or modified or otherwise changed by oral communication of any kind or character.
15. Binding Effect. The terms and conditions of this Assignment and Assumption shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, successors and assigns.
16. Headings. This section and paragraph heading contained in this Assignment and Assumption are for reference purposes only and shall not affect in any way the meaning or interpretation of this Assignment and Assumption.
17. Counterparts. This Assignment and Assumption may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall together constitute one and the same instrument. The parties shall be bound by their signatures transmitted by facsimile or electronic mail (in .pdf format) as if such signatures were original "ink" signatures. They further agree to forward original "ink" signatures promptly following the transmission of facsimile or electronic signatures. This Assignment and Assumption shall be enforceable with facsimile or electronic signatures if one or more parties does not deliver an original signature.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be made this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ASSIGNOR:

BORDERS, INC., a Colorado corporation,  
Debtor in Possession

By: \_\_\_\_\_

Its: \_\_\_\_\_

ASSIGNEE:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT A

TRUE AND CORRECT COPY OF  
LEASE AND ALL AMENDMENTS



EXHIBIT B

TENANT'S WIRE INSTRUCTIONS

**EXHIBIT 4**  
**FORM TERMINATION AGREEMENT**

## LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (this "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Landlord"), and BORDERS, INC., a Colorado corporation, Debtor in Possession ("Tenant"), with reference to the following facts:

### RECITALS:

- A. Landlord and Tenant entered into that certain Lease Agreement dated \_\_\_\_\_ (as amended, the "Lease"), relating to \_\_\_\_\_ (the "Premises") located at \_\_\_\_\_.
- B. Tenant and affiliated entities (collectively "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on February 16, 2011 ("Petition Date"), in jointly administered cases entitled In re Borders Group, Inc., et al., Case No. 11-10832 (the "Bankruptcy Case") pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Debtors have continued to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.
- C. Landlord and Tenant have agreed to terminate the Lease, subject to and upon the terms as more particularly provided in this Agreement.

NOW, THEREFORE, for and in consideration of and the mutual promises, covenants, and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

1. Termination of Lease. Subject to the satisfaction of the conditions set forth in Paragraph 3 below, Tenant shall permanently and irrevocably surrender to Landlord all of its right, title and interest in and to the Premises on or before \_\_\_\_\_, 2011 (the "Termination Date"), and the Lease shall be deemed terminated as of the Termination Date as if that were the date provided for the expiration of the term of the Lease. On or before the Termination Date, Debtors, on behalf of Tenant, shall deliver to Landlord (i) any keys or keypad access codes to the Premises, and (ii) contact information and/or instructions with respect to any alarm and energy management system serving the Premises. Tenant agrees that Landlord shall have the right to enter upon the Premises from and after the Termination Date as fully as it would or could have done if that were the date provided for the expiration of the term of the Lease. If Tenant fails to timely vacate and surrender possession of the Premises as of the Termination Date in the manner set forth in this Agreement, then notwithstanding anything to the contrary contained herein, Tenant shall be deemed to be holding over in the Premises and Landlord shall be entitled to any available remedies under the Bankruptcy Code and applicable state law.

2. Termination Consideration. Landlord shall pay to Tenant the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Termination Payment"), on the date that Tenant delivers receives notice of entry of the Bankruptcy Court Order to Landlord in accordance with Paragraph 3 below. Landlord shall pay the Termination Payments to Tenant by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit A.

3. Approval By Bankruptcy Court. This Agreement is conditioned on, and shall only take effect upon, (a) execution and delivery of this Agreement by Landlord and Tenant, and (b) the entry of an

Order in the Bankruptcy Case on or prior to the Termination Date authorizing the Debtors to enter into a termination agreement for the Lease and approving the Termination Payment (the "Bankruptcy Court Order").

4. Condition of Premises.

- (a) The Premises shall be in the condition otherwise prescribed in the Bankruptcy Court order dated March 16, 2011 [Docket No. 399], concerning condition of premises upon lease rejection by the Debtors (including Tenant) (the "Premises Condition").
- (b) Any furniture, fixtures, equipment or other personal property that remains in or on the Premises following the Termination Date ("Abandoned Personal Property") shall be deemed abandoned by Tenant pursuant to the procedures, rights and remedies set forth in the Bankruptcy Court order dated July 21, 2011 [Docket No. 1377], which, among other things, authorizes the Debtors to engage liquidators to conduct going out of business sales.
- (c) Except as otherwise provided in this Paragraph 4, Landlord accepts the Premises in its "as is" condition as of the Termination Date.

5. Release by Landlord.

- (a) Conditioned upon (i) the entry of the Bankruptcy Court Order, and (ii) Tenant's return of possession of the Premises to Landlord on or prior to the Termination Date, Landlord ("Releasing Landlord Party"), does hereby release and forever discharge Tenant and all other Debtors, and their respective bankruptcy estates, legal predecessors, successors and assigns, their officers, directors, shareholders, affiliates, heirs, beneficiaries, executors, representatives, agents, servants, employees, attorneys, and insurers, and each of them (collectively the "Released Tenant Parties"), of and from any and all claims (including, but not limited to, all pre and post-Petition Date claims held by Releasing Landlord Party against Released Tenant Parties arising under or relating to the Lease), demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which any Releasing Landlord Party ever had, now has, or may hereafter have, against the Released Tenant Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease, or the Premises, save and except for (A) the rights created or reserved by this Agreement; and (B) any indemnifications obligations arising from third party claims asserted with respect to or arising from Tenant's use and occupancy of the Premises prior to the Termination Date for which Tenant had a duty to indemnify Landlord pursuant to the Lease, with respect to which Tenant was required to maintain insurance coverage pursuant to the Lease and which expressly survive the expiration or termination of the Lease.
- (b) Subject to the exclusions contained in clauses (A) and (B) of Section 5(a) above, Landlord's release under this Paragraph 5 expressly includes any claim for unpaid rent (including but not limited to annual or base rent, percentage rent (if applicable), and additional rent) and charges under the Lease accrued or billed prior to the Petition Date, any claims for unpaid post-petition rent (including but not limited to base or annual rent and additional rent (including, without limitation, real estate taxes, common area maintenance or deferred maintenance charges, and any other charges due up to and including the Termination Date regardless of when billed)) and charges not previously

paid for any time after the Petition Date (i.e., February 16, 2011), and any claim by Landlord for lease termination and rejection damages under Bankruptcy Code section 502(b)(6).

6. Release by Tenant. Conditioned upon (i) the entry of the Bankruptcy Court Order, (ii) the execution and delivery of this Agreement by Landlord and Tenant and (iii) the receipt by Tenant of the Termination Payment as provided herein, Tenant ("Releasing Tenant Party") does hereby release and forever discharge Landlord and its legal successors and assigns (collectively the "Released Landlord Parties"), of and from any and all claims, demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which Releasing Tenant Parties ever had, now has, or may hereafter have, against the Released Landlord Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease or the Premises, including, but not limited to, any obligations of Landlord to refund to Tenant or credit against any base or annual rent, percentage rent (if applicable), or additional rent and charges due under the Lease or any overpayment by Tenant for any common area charges or ad valorem taxes and assessments in accordance with the annual reconciliations of such charges as set forth in the Lease, save and except for (a) the rights created or reserved by this Agreement and (b) any indemnifications obligations arising from third party claims asserted with respect to or arising from Landlord's obligations prior to the Termination Date for which Landlord had a duty to indemnify Tenant pursuant to the Lease and which expressly survive the expiration or termination of the Lease.

7. Discovery of Additional Facts or Law. Each party acknowledges that it is aware that it may hereafter discover facts or law different from or in addition to those which it now knows or believes to be true in respect to the claims, demands, damages, debts, liabilities, actions or causes of action herein released, each of the parties hereto agrees that these releases shall be and remain in effect as complete, general, and mutual releases as to the matters released, notwithstanding any such additional facts or law.

8. No Assignment. Each party represents and warrants that it has not heretofore assigned or transferred or purported to transfer or assign to any person, firm, or corporation, any claim, demand, damages, debt, liability, action, or cause of action herein released. Each party hereto agrees to indemnify and hold harmless the other parties against any claim, demand, damages, debt, liability, action, cause of action, cost or expense including, but not limited to, attorneys' fees and disbursements actually paid or incurred, arising out of or in connection with any such transfer or assignment or purported or claimed transfer or assignment.

9. Advice of Counsel. Each party represents and warrants that it has had the opportunity to consult with counsel in connection with this Agreement and all matters covered by it, and that he, she or it has been fully advised by counsel with respect to its releases, rights and obligations under this Agreement.

10. Capitalized Terms. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Agreement.

11. Conflict With Lease. In the event of a conflict between the terms of the Lease and the terms of this Agreement, the terms of this Agreement shall control.

12. Further Assurances. Landlord and Tenant hereby agree to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement. In addition, Tenant shall cause any guarantor of Tenant's obligations under the Lease to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement.

13. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their respective legal successors, heirs, administrators and assigns, and each of them.

14. Headings. This section and paragraph heading contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. Governing Law; Jurisdiction. This Agreement shall be construed under and shall be governed by the laws of the state in which the Premises is located. Except as otherwise provided in Paragraph 1 herein, all controversies arising under or related to this Agreement shall be resolved in the Bankruptcy Case. Landlord and Tenant, and each of them, consent to personal jurisdiction before the United States Bankruptcy Court for the Southern District of New York for such purpose.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original, and all of which shall constitute an agreement.

17. Entire Understanding. This Agreement sets forth the entire understanding of the parties in connection with the subject matter hereof. None of the parties hereto has made any statement, representation, or warranty in connection herewith which has been relied upon by any other party hereto or which has been an inducement for any party to enter into this Agreement, except as expressly set forth herein. It is expressly understood and agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of the parties hereto. The parties agree that all agreements are merged into this Agreement which alone sets forth the understanding of the parties, and that they will make no claim at any time that this Agreement has been altered or modified or otherwise changed by oral communication of any kind or character.

18. Authority.

(a) Landlord warrants and represents to Tenant that: (i) Landlord is the current holder of the Landlord's interest under the Lease; (ii) each individual executing, attesting and/or delivering this Agreement on behalf of Landlord is duly authorized to do so on behalf of Landlord; (iii) this Agreement is binding upon and enforceable against Landlord and its successors and assigns; and (iv) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

(b) Tenant warrants and represents to Landlord that: (i) each individual executing, attesting and/or delivering this Agreement on behalf of Tenant is duly authorized to do so on behalf of Tenant; (ii) this Agreement is binding upon and enforceable against Tenant and its successors and assigns; and (iii) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

19. Ambiguity. Each of Landlord and Tenant expressly declares that it participated in the negotiation of this Agreement, and that therefore no ambiguities in this Agreement may be resolved in favor of one party because the other party is the drafter of this Agreement.

20. Brokers. Each party represents and warrants that, except for DJM Realty, LLC (whose fee or commission shall be paid by Tenant pursuant to separate Agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Agreement. Each party shall,

and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the termination of this Agreement.

21. Facsimile Signatures. The parties shall be bound by their signatures transmitted by facsimile or electronic mail (in .pdf format) as if such signatures were original "ink" signatures. They further agree to forward original "ink" signatures promptly following the transmission of facsimile or electronic signatures. This Agreement shall be enforceable with facsimile or electronic signatures if one or more parties does not deliver an original signature.

*[Remainder of Page Intentionally Left Blank; Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto set their hands below:

LANDLORD

\_\_\_\_\_

TENANT

BORDERS, INC.,  
a Colorado corporation, debtor-in-possession

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_



EXHIBIT A

TENANT'S WIRE INSTRUCTIONS

**EXHIBIT E**  
**PROPOSED LEASE SALE ORDER**

**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)**

**ORDER AUTHORIZING DEBTORS TO ENTER INTO SALE TRANSACTION AND  
TO [ASSUME AND ASSIGN] [*TERMINATE*] UNEXPIRED  
LEASES OF NON-RESIDENTIAL REAL PROPERTY**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for an order pursuant to sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) seeking (i) approval of the bidding and auction procedures for the sales of nonresidential real property leases, (ii) authority to conduct the sales (the “Sales”) of such leases free and clear of all interests, including liens, claims, and encumbrances (collectively, the “Interests”) and to assume and assign or to terminate leases and (iii) related relief; and upon the record of the hearing for approval of bidding procedures conducted on [August 10], 2011 and the Court’s Order dated [August \_\_], 2011 approving bidding and auction procedures (the “Bidding Procedures”) in connection with the Debtors’ efforts to identify the highest and best bidder in the Sales; and upon the results of the bidding process including the auction conducted on [\_\_\_\_], 2011 reported by the Debtors on or about [\_\_\_\_], 2011 [Docket No. \_\_\_\_] (the “Bidding Results”); and upon the record of the hearing held on September [8] [20], 2011,

<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.

<sup>2</sup> All terms not otherwise defined herein shall have the meanings assigned to them in the Motion.

(the "Lease Sale Hearing"); and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 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 it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion having been given and it appearing that no other notice need be given; heard the objections made to the relief sought in the Motion; and after due deliberation and sufficient cause therefore,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. The relief granted herein is in the best interests of the Debtors, their estates, their creditors and other parties in interest.

B. The notice of the Motion and the Lease Sale Hearing given by the Debtors constitutes due and sufficient notice thereof.

C. The Debtors have provided good and sufficient reasons and have demonstrated a compelling and sound business justification for the Court (1) to approve the Sale of the nonresidential real property lease identified in Exhibit 1 hereto (the "Lease") to the party (the "Successful Bidder" or the ["Assignee"] ["Landlord"]) on the terms set forth in Exhibit 1 and [(2) to authorize the Debtors to assume and assign the Lease by entering into an assumption and assignment agreement substantially in the form annexed to the Bidding Procedures as Exhibit 3 (the "Assignment Agreement") and paying the cure amounts set forth in Exhibit 1 (the "Cure Amount")] [(2) to authorize the Debtors to terminate the Lease by entering into a termination agreement substantially in the form annexed to the Bidding Procedures as Exhibit 4 (the "Termination Agreement")].

D. The Debtors and their professionals marketed the Leases and conducted a sale process as set forth in and in accordance with the Motion. Based upon the record of these proceedings, all creditors and other parties in interest and all prospective purchasers have been afforded a reasonable and fair opportunity to bid for the Leases.

E. As set forth in the Bidding Results, the consideration provided by the Successful Bidder is the highest and best offer received by the Debtors for the Lease.

F. The Debtors have demonstrated good, sufficient, and sound business purpose and justification for the Sale of the Lease and [for assumption and assignment of the Lease] *[for termination of the Lease]*, each of which is in the best interests of the Debtors, their estates, and their creditors.

G. [Pursuant to sections 365(b)(1)(C), 365(f)(2)(B) and, if applicable, 365(b)(3), the Debtors and the Assignee have demonstrated adequate assurance of future performance by the Assignee under the Lease].

H. [The Cure Amount is deemed the entire cure obligation due and owing under the Lease under section 365 of the Bankruptcy Code].

I. [Upon the payment of each Cure Amount, there shall be no outstanding defaults of the Debtors and their estates under the Lease].

J. [Upon the assignment of the Lease to the Assignee, the Lease shall be deemed valid and binding, in full force and effect in accordance with its terms, subject to the provisions of this Order and, pursuant to section 365(k) of the Bankruptcy Code, and the Debtors and their estates shall be relieved from any further liability thereunder, including for any breach of the Lease].

K. Based on the foregoing findings of fact and conclusions of law,

**IT IS ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is granted as set forth herein.
2. All objections with regard to the relief sought in the Motion as it pertains to the Lease, that have not been withdrawn, waived, or settled, are overruled on the merits.
3. [Pursuant to section 365 of the Bankruptcy Code, the Debtors are authorized (a) to assume the Lease and to assign the Lease to the Assignee, which assignment shall take place on and be effective as of the Effective Date (as defined herein) and (b) to enter into the Assignment Agreement with the Assignee].
4. *[Pursuant to section 363 of the Bankruptcy Code, the Debtors are authorized (a) to terminate the Lease, which termination shall be effective as of the Effective Date (as defined herein) and (b) to enter into the Termination Agreement with the Landlord].*
5. The consummation of the transaction with respect to the Lease contemplated hereunder shall take place on or before the later of (i) the date that is two (2) business days after the date of entry of this Order or (ii) such other date as agreed upon between the Debtors and the Successful Bidder, in consultation with the Committee (the "Effective Date").
6. [By no later than the Effective Date, the Assignee shall pay to the Debtors, in cash or otherwise immediately available funds, the consideration amount set forth in **Exhibit 1** less any amounts that the Assignee deposited with the Debtors pursuant to the Bidding Procedures.]
7. [Upon the occurrence of the Effective Date, subject to the provisions of this Order, (a) the Assignee shall succeed to and assume the entirety of the Debtors' rights, title and obligations in the Lease due, accruing, arising or attributable to the time period occurring on

or after the Effective Date and shall have the rights of the tenant thereunder, (b) the Debtors and their estates shall have no further liability under the Lease and to the extent that any of the Debtors acts as a guarantor of such Lease, such Debtor shall have no obligations with respect to such Lease or its guaranty, (c) none of the Assignee, the Debtors, or the Debtors' estates shall have liability for cure claims of, from, or related to the Lease for any defaults or monetary obligations thereunder, except that within five (5) business days after the Effective Date, the Debtors shall pay to the applicable lessor the Cure Amount.]

8. [Upon the entry of this Order and payment of the Cure Amount, (a) all defaults under the Lease through the Effective Date shall be deemed cured, (b) no other amounts will be owed by Debtors or their estates with respect to the Lease, (c) no amounts will be owed by the Assignee with respect to the Lease for obligations relating or attributable to the period prior to the Effective Date, (d) any and all persons or entities shall be forever barred and estopped from asserting a claim against the Debtors or their estates that any additional amounts are due or defaults exist under the Lease and (e) any and all persons or entities shall be forever barred and estopped from asserting a claim against the Debtors, their estates, or the Assignee that any additional amounts are due or defaults exist under such the that arose or accrued, relate to or are attributable to the period prior to the Effective Date.]

9. [Pursuant to section 365(f) of the Bankruptcy Code, notwithstanding any provision to the contrary in the Lease, or in applicable nonbankruptcy law, that prohibits, restricts, or conditions the assignment of the Lease, the Debtors may assign the Lease to the Assignee].

10. The Successful Bidder shall take the applicable premises [and the Lease] "as is, where is."

11. *[By no later than the Effective Date, the Landlord shall pay to the Debtors, in cash or otherwise immediately available funds, the consideration amount set forth in Exhibit 1].*

12. *[Upon the Effective Date, (a) the Debtors are released from any and all claims that the Landlord now holds or may hold arising in any manner out of or in connection with the Lease, the premises or the termination of the Lease, (b) the Landlord is released from any and all claims the Debtors and their respective estates may hold arising in any manner out of or in connection with the Lease, the premises or the termination of the Lease and (c) the Landlord and the Debtors are granted all necessary and appropriate relief under the Bankruptcy Code (subject to section 362 of the Bankruptcy Code) to implement the transactions contemplated by the Termination Agreement.]*

13. Pursuant to section 363(f) of the Bankruptcy Code, the Sale authorized hereunder shall be free and clear of all Interests, with all such Interests attaching only to the proceeds thereof, in the same order and priority, and with the same validity and enforceability, as existing prior to the Sale, subject to any and all available defenses.

14. [All parties, including each Assignee and any governmental agency, shall accept and honor the assignment of the Lease in accordance with the Assignment Agreement and this Order.]

15. [The Lease's lessor shall cooperate and expeditiously execute and deliver, upon the reasonable requests of the Assignee, and shall not charge the Assignee for, any instruments, applications, consents, or other documents which may be required by any public or quasi-public authority or other party or entity, for the purpose of obtaining any permits,



approvals or other necessary documents required for the alteration, installation of signage, opening and operating of the premises associated with the Lease].

16. This Order shall be effective and enforceable immediately upon entry and shall not be stayed pursuant to Rules 6004(h) and/or 6006(d).

17. To the extent that any provisions in the [Assignment Agreement] *[Termination Agreement]* conflict with this Order, the Order shall govern.

18. [The Debtors and their estates are authorized to take all actions and execute all documents necessary or appropriate to effectuate the assumption and assignment of the Lease consistent with this Order, including, without limitation, to assign to the Assignee the Debtors' rights, if any, under any contract or agreement between the Debtors and a party having an interest in the applicable premises superior to the Debtors' current lessor].

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order. The Successful Bidder has acknowledged and consented to such jurisdiction, has waived any right to trial by jury in connection with any disputes related to the Sales and is deemed to have submitted itself to the jurisdiction of the Bankruptcy Court.

Dated: \_\_\_\_\_, 2011  
New York, New York

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT F**  
**FORM OF NOTICE OF ASSUMPTION AND ASSIGNMENT**

Cure Objection Deadline: August 24, 2011 at 4:00 p.m. (prevailing Eastern Time)  
First Round Lease Sale Hearing Date: September 8, 2011 at 11:00 a.m. (prevailing Eastern Time)  
First Round Lease Sale Objection Deadline: September 2, 2011 at 4:00 p.m. (prevailing Eastern Time)  
Second Round Lease Sale Hearing Date: September 20, 2011 at 10:00 a.m. (prevailing Eastern Time)  
Second Round Lease Sale Objection Deadline: September 15, 2011 at 4:00 p.m. (prevailing Eastern Time)

David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
KASOWITZ, BENSON, TORRES & FRIEDMAN LLP  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors 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)**

**NOTICE OF ASSUMPTION AND ASSIGNMENT OF UNEXPIRED LEASE**

**PLEASE TAKE NOTICE** that in connection with the above captioned debtors and debtors-in-possession's (collectively, the "Debtors") *Motion* (the "Motion") *For Order Pursuant To Sections 105, 363 And 365 Of The Bankruptcy Code And Rules 2002, 6004, 6006 And 9014 Of The Federal Rules Of Bankruptcy Procedure (I) Approving The Bidding And Auction Procedures For Sale Of Unexpired Nonresidential Real Property Leases, (II) Setting Lease Sale Hearing Dates And (III) Authorizing And Approving (A) Sale Of Certain Unexpired Nonresidential Real Property Leases Free And Clear Of All Interests, And (B) Assumption And*

<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.

*Assignment Of Certain Unexpired Nonresidential Real Property Leases* (the “Bidding Procedures Hearing”) a hearing to consider approval of bidding and auction procedures (the “Bidding Procedures”) and related relief shall be held before the Honorable Martin Glenn, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 501, One Bowling Green, New York, New York 10004 (the “Bankruptcy Court”) on **August 10, 2011 at 10:00 a.m. (prevailing Eastern Time)** (the “Bidding Procedures Hearing Date”), or as soon thereafter as counsel may be heard.

**PLEASE TAKE FURTHER NOTICE** that the Motion seeks, among other things, authority for the Debtors to assume and assign their unexpired nonresidential real property leases, including, without limitation, the lease(s) identified in Exhibit 1 hereto (the “Assumed Lease(s)”) to which you are or may be a counterparty or an agent for a counterparty (the “Non-Debtor Counterparty”). Exhibit 1 also designates the Assumed Lease(s) as either “First Round Leases” or “Second Round Leases,” which determines the timing for bidding on the Assumed Lease(s), as well as objection deadlines and dates for hearings (as discussed below).

**PLEASE TAKE FURTHER NOTICE** that a hearing shall be held to approve the Sales of the First Round Leases before the Honorable Martin Glenn, United States Bankruptcy Judge, at the Bankruptcy Court on **September 8, 2011 at 11:00 a.m. (prevailing Eastern Time)**, or as soon thereafter as counsel may be heard.

**PLEASE TAKE FURTHER NOTICE** that a hearing shall be held to approve the Sales of the Second Round Leases before the Honorable Martin Glenn, United States Bankruptcy Judge, at the Bankruptcy Court on **September 20, 2011 at 10:00 a.m. (prevailing Eastern Time)**, or as soon thereafter as counsel may be heard.

**PLEASE TAKE FURTHER NOTICE** that **Exhibit 1** also lists the “Cure Amount(s)” for the Assumed Lease(s). The Cure Amount(s) is the amount, based on the Debtors’ books and records, which the Debtors assert is necessary to cure any defaults existing under such Assumed Lease(s).

**PLEASE TAKE FURTHER NOTICE** that objections, if any, by a Non-Debtor Counterparty to (a) the assumption and assignment of its respective Assumed Lease(s) and/or (b) the Cure Amount shall be made in writing, shall set forth, with specificity, the legal and factual bases of the objection, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-399 (General Order M-399 and the User’s Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://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 or CD-ROM, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-399 or otherwise so as to be actually received:

with respect to objections to the Cure Amount for any Assumed Lease (*i.e.*, First Round Lease or Second Round Leases), which objections shall include appropriate documentation in support thereof, not later than **August 24, 2011 at 4:00 p.m. (prevailing Eastern Time)**;

with respect to objections to the Sale any Assumed Lease which is a “First Round Lease,” including objections to assumption and assignment (other than to Cure Amounts), not later than **September 2, 2011 at 4:00 p.m. (prevailing Eastern Time)**; or

with respect to objections to the Sale of any Assumed Lease which is a “Second Round Lease,” including objections to assumption and assignment (other than to Cure Amounts), not later than **September 15, 2011 at 4:00 p.m. (prevailing Eastern Time)**. by: (i) Kasowitz, Benson, Torres & Friedman LLP, attorneys for the Debtors, 1633 Broadway, New York, New York 10019 (Attn: Andrew K. Glenn, Esq. and Jeffrey R. Gleit, Esq.); (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, New York, New York 10004 (Attn: Paul K. Schwartzberg, Esq.); (iii) Lowenstein Sandler PC, counsel for the official committee of unsecured creditors, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce D. Buechler, Esq. and Paul Kizel, Esq.), and 1251 Avenue of the Americas, New York, New York 10020 (Attn: Bruce S. Nathan, Esq.); (iv) Kelley Drye & Warren LLP, attorneys for certain landlords, 101 Park Avenue, New York, New York 10178 (Attn: James S. Carr, Esq., Robert L. LeHane, Esq., and Benjamin D. Feder, Esq.); and (v) Weil, Gotshal & Manges LLP, 767 5th Avenue, New York, NY 10153 (Attn: Joseph Smolinsky, Esq.).

**PLEASE TAKE FURTHER NOTICE THAT IF YOU DO NOT TIMELY FILE AND SERVE AN OBJECTION TO THE ASSUMPTION AND ASSIGNMENT OF AN ASSUMED LEASE(S) LISTED ON EXHIBIT 1, INCLUDING WITH RESPECT TO THE CURE AMOUNT FOR SUCH LEASE(S), THE DEBTORS WILL BE ABLE TO ASSUME, ASSIGN AND SELL SUCH LEASE(S) TO THE WINNING BIDDER, AND THE CURE AMOUNT SET FORTH IN EXHIBIT 1 TO THIS NOTICE WILL BE BINDING UPON YOU AS THE NON-DEBTOR COUNTERPARTY FOR ALL PURPOSES IN THE DEBTORS’ CHAPTER 11 CASES. IN SUCH EVENT, YOU, AS THE NON-DEBTOR COUNTERPARTY, WILL BE FOREVER BARRED FROM**

**OBJECTING TO THE CURE AMOUNT, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO ASSERT ANY ADDITIONAL CURE OR OTHER AMOUNT WITH RESPECT TO SUCH LEASE(S), AS WELL AS OBJECTING TO THE DEBTORS' ASSUMPTION AND ASSIGNMENT OF SUCH LEASE(S) TO THE WINNING BIDDER.**

**PLEASE TAKE FURTHER NOTICE** that this Notice of Assumption and Assignment is not binding on the Debtors and/or the any winning bidder and does not constitute the final decision to assume and assign the Assumed Lease(s).

**PLEASE TAKE FURTHER NOTICE** that two business days following the auction for the First Round Leases and two business days following the auction for the Second Round Leases, the Debtors shall file on the docket of the Bankruptcy Cases, make available on their case administration website (<http://www.bordersreorganization.com>) and serve on each affected Non-Debtor Counterparty a list of the applicable leases the Debtors seek to assume and assign at the corresponding hearing and the proposed assignees.

Dated: [August 1, 2011]  
New York, New York

KASOWITZ, BENSON, TORRES  
& FRIEDMAN LLP

By: \_\_\_\_\_  
David M. Friedman (DFriedman@kasowitz.com)  
Andrew K. Glenn (AGlenn@kasowitz.com)  
Jeffrey R. Gleit (JGleit@kasowitz.com)  
1633 Broadway  
New York, New York 10019  
Telephone: (212) 506-1700  
Facsimile: (212) 506-1800

*Attorneys for Debtors and Debtors in Possession*

**EXHIBIT 1**

**Schedule of Assumed Lease(s) and Cure Claim(s)**