

## ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this "Assignment and Assumption"), is entered into as of September 1, 2011, by and between Borders, Inc., a Colorado corporation, Debtor in Possession ("Assignor"), and Books-A-Million, Inc., a Delaware corporation ("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 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).
- C. Subject to the satisfaction of the "Conditions" (as defined in Paragraph 6), effective as of the "Delivery Date" (as defined in Paragraph 7), 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.

NOW, THEREFORE, in consideration of the "Consideration" (as defined in Paragraph 5), 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. 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 7. 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 period before the Delivery Date being payable by Assignor and all such rent and charges attributable to the period after 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 real estate taxes and CAM charges are not determinable as of the Delivery Date, then Assignor shall pay Landlord on the Delivery Date an estimated amount of real estate taxes and CAM charges for the period from February 16, 2011 (the "Commencement Date") through and including September 30, 2011 to be agreed upon by Assignor, Assignee, and the Landlord (collectively, the "Post-Petition Charges"). Assignor, Assignee, and the Landlord shall, in the ordinary course, perform a year-end reconciliation for calendar year 2011 for CAM charges paid by Assignor and/or Assignee with respect to the Lease and for the real estate taxes with respect to the premises related to the Lease. If such CAM charges and/or real estate taxes paid (including

with respect to the estimated real estate taxes paid): (a) exceed the amount determined to be actually due after such reconciliation with respect to the Lease, the Landlord shall make payment to Assignor's estate, for the period running from the Commencement Date through the Delivery Date, and/or to Assignee, for the period running from and after the Delivery Date; or (b) are less than the real estate taxes and/or CAM charges determined to be actually due after such reconciliation with respect to the Lease, Assignor, for the period running from the Commencement Date through the Delivery Date, and/or Assignee, for the period from and after the Delivery Date, shall pay the difference to the Landlord; provided, however, to the extent that the Delivery Date differs from September 30, 2011, Assignor or Assignee shall make payment of the appropriate amount of the estimated real estate taxes paid to the other to account for such difference.

3. 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. In no event shall the Assignee be responsible for any obligations (monetary or otherwise) under the Lease that accrued prior to the Delivery Date, except for the reconciliation amounts set forth in the preceding paragraph.
4. 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.
5. 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 6(b) and 6(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 9 hereof to Landlord and (ii) any additional consideration agreed to amongst Assignor and Assignee.
6. 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;
  - (c) The Bankruptcy Court enters an Order authorizing the Debtors to assume and assign the Lease to the Assignee and approving the Consideration, which Order shall be in form and substance acceptable to Assignee in its sole discretion (the "Approval Order"); without limiting the generality of the foregoing, the Approval Order shall contain (i) a final determination of Cure Costs (defined below) (provided, however, that with respect to real estate taxes of which the Assignor would ordinarily have been responsible for the payment or reimbursement to the landlord with respect to the premises related to the Lease, the payment of such real estate taxes shall be governed by the Approval Order and shall not affect the Delivery Date), (ii) a finding that Assignee purchased the Lease in "good faith," as such term is used in section 363(m) of the Bankruptcy Code, (iii) an injunction against any holder of a claim against the Assignor from asserting, prosecuting or otherwise pursuing such claim against Assignee, except as expressly provided in this Assignment

and Assumption, (iv) a finding that the Lease remains in full force and effect, with all parties to the Leases enjoined from asserting against the Assignee any default, breach, acceleration, assignment fees, increases, or any other fees resulting from the Assignor's assumption and assignment of the Lease to Assignee; and

(d) the Store Closing Sale (as defined in the Approval Order) for the premises related to the Lease shall have been completed pursuant to the GOB Order (as defined in the Approval Order).

7. 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, except as otherwise provided herein, 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; provided, however, that the Delivery Date shall be no earlier than September 20, 2011 and shall be no later than November 14, 2011 (in either case, unless Assignor and Assignee otherwise agree in their sole discretion). 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.

8. 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.

9. Cure Costs. In addition to performing its obligations under Paragraph 2 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 (the "Cure Costs") in connection with the assumption of the Lease, which such Cure Costs shall be set forth in the Approval Order.



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.
18. Governing Law; This Assignment and Assumption shall be governed and construed in accordance with the laws of the state of New York without regard to conflicts of law principals thereof, except where governed by the Bankruptcy Code.
19. Consent to Jurisdiction. Each of the parties hereto irrevocably and unconditionally submits, for itself and its properties, to the exclusive jurisdiction of the Bankruptcy Court, in any action or proceeding arising out of or relating to this Assignment and Assumption.
20. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS ASSIGNMENT AND ASSUMPTION. EACH PARTY HERETO ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS ASSIGNMENT AND ASSUMPTION, BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS PARAGRAPH 20.

[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:

BOOKS-A-MILLION, INC., a Delaware corporation

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

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