

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.*,¹

Debtors.

Chapter 11

Case No. 11-10614 (MG)

(Jointly Administered)

Related Docket No. 465

**NOTICE OF REVISED PROPOSED ORDER AUTHORIZING THE EMPLOYMENT
AND RETENTION OF DELOITTE TAX LLP AS TAX ADVISORS TO THE
DEBTORS, NUNC PRO TUNC TO THE COMMENCEMENT DATE**

PLEASE TAKE NOTICE that the undersigned will present the attached revised proposed order (the “Revised Proposed Order”) approving the retention of Deloitte Tax LLP (“Deloitte Tax”) on the terms and conditions set forth in the Debtors’ application for authorization to employ and retain Deloitte Tax, filed March 24, 2011 [Docket No.465], to the Honorable Martin Glenn, Bankruptcy Judge of the United States Bankruptcy Court for the Southern District of New York, at One Bowling Green, Room 501, New York, New York 10004,

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Borders Group, Inc. (4588); Borders International Services, Inc. (5075); Borders, Inc. (4285); Borders Direct, LLC (0084); Borders Properties, Inc. (7978); Borders Online, Inc. (8425); Borders Online, LLC (8996); and BGP (UK) Limited.

at a hearing to be held on **April 7, 2011 at 10:00 a.m. (Prevailing Eastern Time)**. The Revised Proposed Order is attached hereto as Exhibit A.

Dated: April 5, 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

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EXHIBIT A

REVISED PROPOSED ORDER

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

In re

BORDERS GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 11-10614 (MG)

(Jointly Administered)

**ORDER PURSUANT TO SECTION 327(a) OF THE
BANKRUPTCY CODE AND RULE 2014 OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE AUTHORIZING THE EMPLOYMENT AND
RETENTION OF DELOITTE TAX LLP AS TAX ADVISORS TO THE DEBTORS,
NUNC PRO TUNC TO THE COMMENCEMENT DATE**

Upon consideration of the application, dated March 24, 2011, (the “Application”)² of Borders Group, Inc. and its debtor subsidiaries in the above-referenced Chapter 11 Cases, as debtors and debtors in possession (collectively, the “Debtors”), pursuant to section 327(a) of title 11 of the United States Code (the “Bankruptcy Code”), for authorization to employ and retain, *nunc pro tunc* to February 16, 2011, Deloitte Tax LLP (“Deloitte Tax”) as tax services provider; and upon the Declaration of Daniel Maher (the “Maher Declaration”), a partner of Deloitte Tax, which was filed with the Court on March 24, 2011 as an exhibit to the Application; and the Court being satisfied, based on the representations made in the Application and the Maher Declaration, that (i) Deloitte Tax does not hold or represent any interest adverse to the Debtors, (ii) Deloitte Tax is a “disinterested person” as that phrase is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, (iii) neither Deloitte Tax nor its

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² All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

professionals have any connection with the Debtors, their creditors or any other party in interest, and (iv) Deloitte Tax's employment is necessary and in the best interest of the Debtors; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided, and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, it is

ORDERED that the Application is granted in its entirety as set forth in this Order *nunc pro tunc* to the Commencement Date; and it is further

ORDERED that the Debtors are authorized to employ and retain Deloitte Tax as their tax advisors in accordance with the terms and conditions set forth in the Deloitte Tax Engagement Letter incorporated by reference herein, and to pay fees to Deloitte Tax on the terms and times specified in the Deloitte Tax Engagement Letter and as modified by this Order; and it is further

ORDERED that if Deloitte Tax's rates, as set forth in the Application and the Maher Declaration, are adjusted, Deloitte Tax will file notice of such changes; and it is further

ORDERED that Deloitte Tax shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rules, the Local Rules and

the Court's *Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 385]; and it is further

ORDERED that Deloitte Tax will apply any retainer received from the Debtors first against all pre-petition fees and expenses and then against the first bill for fees and expenses that Deloitte Tax will incur in this case; and it is further

ORDERED that the indemnification provisions set forth in the Deloitte Tax Engagement Letter are approved, subject to the following:

(a) Subject to the provisions of subparagraphs (b), (c) and (d) below, the Debtors will be bound by the indemnification procedures of the Deloitte Tax Engagement Letter and shall indemnify Deloitte Tax in accordance with the Deloitte Tax Engagement Letter and to the extent permitted by applicable law, for any claim arising from, related to, or in connection with Deloitte Tax's performance of the services described in the Deloitte Tax Engagement Letter; provided, however, such indemnification shall only extend to affiliates of Deloitte Tax if they have provided services under the Deloitte Tax Engagement Letter;

(b) All requests by Deloitte Tax for the payment of indemnification pursuant to the Deloitte Tax Engagement Letter shall be made by means of an application to the Court and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Deloitte Tax Engagement Letter and it is reasonable under the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall Deloitte Tax be indemnified in the case of its own bad faith, self-dealing or breach of fiduciary duty (if any), gross negligence or

willful misconduct;

(c) In no event shall Deloitte Tax be indemnified if the Debtors or a representative of the estates asserts a claim for, and the Court determines by final order that such claim arose out of, Deloitte Tax's own bad faith, self-dealing or breach of fiduciary duty (if any), gross negligence or willful misconduct;

(d) If Deloitte Tax seeks reimbursement from the Debtors for attorneys' fees and expenses in connection with the Deloitte Tax Engagement Letter, the invoices and supporting time records from such attorneys shall be included in Deloitte Tax's own applications (interim or final as the case may be), and such invoices and time records shall be subject to the United States Trustee's Guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court pursuant to sections 330 and 331 of the Bankruptcy Code without regard to whether such attorneys have been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code;

and it is further

ORDERED that Deloitte Tax will not seek to use independent contractors to perform services under the Deloitte Tax Engagement Letter without Court approval; and it is further

ORDERED that, prior to Deloitte Tax performing services after the date hereof (i) evaluating and modeling the tax effects of a potential transaction including but not limited to liquidating, disposing of assets, merging or converting entities as part of the restructuring or (ii) reviewing and analyzing the tax treatment of items adjusted for financial reporting purposes as a result of "fresh start" accounting (collectively, the "Additional Services"), the Debtors shall deliver a notice of the Additional Services (the "Notice") to counsel to the Official Committee of

Unsecured Creditors (the “Committee”), and the Committee shall have three (3) business days to object (the “Notice Period”) to such Additional Services. In the event the Committee notifies counsel for the Debtors that it objects (the “Objection”) to any of the Additional Services within the Notice Period, the Debtors shall not be authorized to employ Deloitte Tax for the Additional Services subject to the Objection unless the Court approves the Additional Services or the Committee withdraws the Objection. Any Committee objections to Additional Services shall be heard at the Debtors’ next scheduled omnibus hearing, or at an alternative time requested by the Debtors, subject to Court availability; and it is further

ORDERED that with respect to the Deloitte Tax Engagement Letter solely as it relates to services for the Debtors from the inception of the Chapter 11 Cases to the effective date of any plan of reorganization of the Debtors:

- a) The third sentence of section 2 of the General Business Terms of the Deloitte Tax Engagement Letter shall be deemed deleted;
- b) The term “gross negligence,” shall be deemed included in the first sentence of section 6 of the General Business Terms of the Deloitte Tax Engagement Letter prior to the phrase “bad faith”;
- c) The second sentence of section 6 of the General Business Terms of the Deloitte Tax Engagement Letter shall be deemed deleted;
- d) Section 9 of the General Business Terms of the Deloitte Tax Engagement Letter shall be deemed deleted;
- e) Nothing contained in section 10 of the General Business Terms of the Deloitte Tax Engagement Letter shall alter the duties imposed by law on Deloitte Tax. It is understood and agreed that Deloitte Tax is an independent contractor and that it is not, and will not be considered to be, an agent, partner, or representative of the Debtors
- f) The first sentence of section 16 of the General Business Terms of the Deloitte Tax Engagement Letter shall be modified to include the following at the end of this sentence: “except to the extent the Deloitte Tax Engagement Letter is governed by the bankruptcy laws of the United States”; and
- g) Section 16 of the General Business Terms of the Deloitte Tax Engagement Letter

shall not be deemed to affect the jurisdiction of the Court over matters related to the services performed under the Deloitte Tax Engagement Letter after the Commencement Date; provided, that, in the event, the Court does not have or chooses not to exercise jurisdiction over such matters, then such section of the General Business Terms of the Deloitte Tax Engagement Letter shall be enforceable as written; and it is further

ORDERED that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application; and it is further

ORDERED that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rules 6004(g), 7062, or 9014; and it is further

ORDERED that the relief granted herein shall be binding upon any chapter 11 trustee appointed in these Chapter 11 Cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of these Chapter 11 Cases to cases under chapter 7; and it is further

ORDERED that to the extent that this Order is inconsistent with any prior order or pleading with in these cases, the terms of this Order shall govern; and it is further

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

Dated: _____, 2011
New York, New York

UNITED STATES BANKRUPTCY JUDGE