

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), is entered into this ___ day of _____, 2011, by and among (a) BORDERS GROUP, INC., a corporation formed under the laws of the State of Michigan ("Parent"), and BORDERS, INC., a corporation formed under the laws of the State of Colorado (the "Company" and, together with Parent, the "Sellers," and each, individually, a "Seller"), and (b) _____, a _____ formed under the laws of the State of _____ (the "Buyer"). The Sellers and the Buyer are referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Sellers and certain of their domestic subsidiaries (together with the Sellers, the "Seller Group") filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") on February 16, 2011 in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and such bankruptcy cases are being jointly administered under Case No. 11-10614 (MG) and are hereinafter referred to collectively as the "Cases;" and

WHEREAS, each of the Sellers wishes to sell, transfer, convey, assign and deliver to the Buyer, and the Buyer wishes to purchase, assume and acquire, in accordance with Sections 363 and 365 and the other applicable provisions of the Bankruptcy Code, the Assets (as hereinafter defined), together with the Assumed Liabilities (as hereinafter defined), upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, subject to the Bankruptcy Court's entry of the Sale Order (as hereinafter defined), the Buyer shall purchase from the Sellers, and the Sellers shall sell, transfer, convey, assign and deliver to the Buyer, the Assets together with the Assumed Liabilities, upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties mutually agree as follows:

ARTICLE 1

PURCHASE AND SALE OF ASSETS

1.1 Defined Terms. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth for such terms in Article 13.

1.2 Purchase and Sale. Subject to the terms and conditions set forth in this Agreement, the Sellers hereby agree that at the Closing, they shall, and shall cause the other members of the Seller Group to, sell, transfer, convey and assign to the Buyer, free and clear of all Liens (except for Permitted Liens), and the Buyer shall purchase, assume and acquire from the Seller Group, all right, title and interest of the Seller Group in, to and under the following (collectively, the "Assets");

(a) All of the interest of the Seller Group in the items set forth on Schedule 1.2(a) (the "Transferred Intellectual Property");

(b) [All of the interest of the Seller Group in and to the Contracts set forth on Schedule 1.2(b) (the “Assumed Contracts”)];

(c) [All security and other deposits and advances and all pre-paid expenses maintained by the Seller Group in respect of any Assumed Contracts;] and

(d) All claims (including any litigation or arbitration claims and any refunds and deposits), rights, rights of offset or causes of action that the Seller Group or their Affiliates may have against or from any Person relating to the Assets or the Assumed Liabilities (the “Transferred Claims”).

1.3 Excluded Assets. Notwithstanding anything to the contrary contained herein, expressly excluded from the Assets are all of the right, title and interest of the Seller Group in and to all items not expressly enumerated in Section 1.2, including but not limited to the following (collectively, the “Excluded Assets”):

(a) All claims (including any litigation or arbitration claims and any refunds and deposits), rights, rights of offset or causes of action of the Seller Group or their Affiliates other than Transferred Claims;

(b) All causes of action and claims that may be asserted against the Buyer and all rights of the Sellers under this Agreement or any Ancillary Agreement or any other agreements or instruments otherwise delivered in connection with this Agreement or any Ancillary Agreement;

(c) All of the interest of the Seller Group in and to all Contracts [other than the Assumed Contracts]; and

(d) All Avoidance Actions.

ARTICLE 2

PURCHASE PRICE AND PAYMENT

2.1 Purchase Price. The consideration to be paid by the Buyer for the sale of the Assets shall consist of (a) \$_____ (the “Purchase Price”) and (b) the assumption by the Buyer of the Assumed Liabilities. At the Closing, the Purchase Price shall be paid to the Sellers by wire transfer of immediately available funds in accordance with instructions given by the Sellers to the Buyer.

2.2 Assumed Liabilities and Excluded Liabilities

(a) Subject to the terms and conditions set forth in this Agreement, the Buyer hereby agrees that at the Closing, it shall assume and become responsible for all liabilities and obligations relating to the Assets[, including under the Assumed Contracts and all related Cure Costs existing as of such time and arising prior to the Closing] (collectively, the “Assumed Liabilities”).

(b) Except for the Assumed Liabilities, the Buyer shall not be subject to and shall not assume nor be liable for any liabilities of any kind or nature, whether absolute, contingent, accrued, known or unknown, of the Seller Group (collectively, the “Excluded Liabilities”).

2.3 Non-Assignable Assets. If any Asset is by its terms or by Applicable Law non-assignable or non-transferable, to the extent such terms are not superseded by the terms of the Sale Order, the Sellers shall use their reasonable best efforts to obtain, or cause to be obtained, on or prior to the

Closing, any approvals or consents necessary to convey to the Buyer the benefit thereof. The Buyer shall cooperate with the Sellers in such manner as may be reasonably requested in connection therewith. In the event any consent or approval to an assignment contemplated hereby is not obtained on or prior to the Closing Date, the Sellers shall continue to use reasonable best efforts to obtain any such approval or consent after the Closing Date and the Sellers agree to enter into any appropriate and commercially reasonable arrangement to provide that the Buyer shall receive the Seller Group's interest in the benefits under any such Asset; *provided* that the Buyer shall undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent the Buyer would have been responsible therefor if such consent or approval had been obtained.

2.4 Transfer Taxes. To the extent the transactions contemplated hereby are not exempt under Section 1146 of the Bankruptcy Code, the Buyer shall be liable for and pay any sales and transfer Taxes, filing fees, documentary fees or other Taxes payable in connection with the purchase, sale or transfer of the Assets to, and the assumption of the Assumed Liabilities by, the Buyer pursuant to this Agreement. The Buyer and the Sellers shall use reasonable best efforts to minimize the amount of all the foregoing Taxes and shall cooperate in providing each other with any appropriate resale exemption certifications, Tax clearance certificates and other similar documentation. The Party that is required by Applicable Law to make the filings, reports, or returns and to handle any audits or controversies with respect to any of the foregoing Taxes shall do so, and the other Party shall cooperate (and make reimbursement) with respect thereto as necessary.

2.5 Allocation of Purchase Price. No later than ninety (90) days after the Closing Date, the Buyer and the Sellers shall mutually agree upon a Tax allocation of the Purchase Price, applicable Assumed Liabilities and other relevant items among the Assets in accordance with Section 1060 of the Tax Code and the regulations thereunder and any comparable provision of state or local law. Each of the Parties agrees that it or they shall file a statement (on IRS Form 8594 or other applicable form) setting forth such allocation with its or their federal and applicable state income Tax returns and shall also file such further information or take such further actions as may be necessary to comply with the Treasury Regulations that have been promulgated pursuant to Section 1060 of the Tax Code and similar applicable state laws and regulations.

2.6 Deposit. The Buyer shall, upon the execution of this Agreement, deposit into a segregated account designated by the Sellers an amount equal to 10% of the Purchase Price (i.e., \$ _____) (the "Deposit"). If the Closing takes place as provided herein, then the Deposit shall be credited against the Purchase Price pursuant to Section 2.1 and paid to the Sellers at the Closing. If this Agreement is terminated in accordance with Article 10 for any reason other than pursuant to Section 10.1(d), then the Sellers shall promptly return the Deposit to the Buyer. If this Agreement is terminated pursuant to Section 10.1(d), the Deposit shall be retained by the Sellers.

ARTICLE 3

CLOSING

3.1 Closing. Consummation of the transactions contemplated hereby (the "Closing") shall occur as soon as practicable on such date as is specified by the Buyer, but in any event not later than two (2) Business Days after the date the conditions to Closing set forth in this Agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), at the offices of Kasowitz, Benson, Torres & Friedman LLP, New York, New York, or at such time and place as the Buyer and the Sellers may otherwise agree. The date on which the Closing actually takes place is referred to in this Agreement as the "Closing Date."

3.2 Deliveries by the Sellers at Closing. At the Closing, the Sellers shall each execute, acknowledge and deliver to the Buyer the following (which events shall occur, each being deemed to have occurred simultaneously with the others):

(a) Trademark and domain name assignments in a form reasonably satisfactory to the Buyer and its counsel and the Sellers and their counsel, pursuant to which the Seller Group shall assign the Transferred Intellectual Property to the Buyer (the “IP Assignments”);

(b) A Bill of Sale in a form reasonably satisfactory to the Buyer and its counsel and the Sellers and their counsel;

(c) An Assignment and Assumption Agreement in a form reasonably satisfactory to the Buyer and its counsel and the Sellers and their counsel, pursuant to which the Buyer shall be assigned and shall assume the Assumed Contracts and Assumed Liabilities from the Seller Group (the “Assignment and Assumption Agreement”);

(d) A copy of the Sale Order; and

(e) All other documents, certificates, instruments or writings, including the Ancillary Agreements, reasonably requested by the Buyer in connection herewith.

3.3 Deliveries by the Buyer at Closing. At the Closing, the Buyer shall execute, acknowledge and deliver to the Sellers the following (which events shall occur, each being deemed to have occurred simultaneously with the others):

(a) The Bill of Sale and the IP Assignments, if any, that call for a signature by the Buyer;

(b) A duly executed Assignment and Assumption Agreement;

(c) The Purchase Price to the Sellers by wire transfer in immediately available funds;

(d) A copy of the resolutions adopted by the Buyer’s Board of Directors authorizing the transactions contemplated hereby and the consummation thereof, certified by a secretary or assistant secretary of the Buyer to be a true and correct copy;

(e) A certificate of incumbency as to those officers of the Buyer executing instruments in connection with this Agreement; and

(f) All other documents, certificates, instruments or writings, including the Ancillary Agreements, reasonably requested by the Sellers in connection herewith.

3.4 Deemed Consents and Cures. The Sellers shall be deemed to have obtained all required consents, as applicable, in respect of the assignment of any of the Assumed Contracts and all defaults thereunder shall be deemed to have been cured if, and to the extent that, pursuant to the Sale Order or another Order of the Bankruptcy Court, the Seller Group is authorized to assume and assign any such Assumed Contracts to the Buyer pursuant to Section 365 of the Bankruptcy Code.

3.5 Subsequent Documentation; Further Assurances. The Buyer and the Sellers shall, at any time and from time to time after the Closing Date, upon the reasonable request of the other, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further (a)

assignments, transfers and conveyances as may be required for assigning, transferring, granting, conveying and confirming the transactions contemplated hereby, including aiding and assisting the Buyer in collecting and reducing to possession any or all of the Assets and (b) documents and instruments as may be reasonably necessary for the further completion of any of the transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers, jointly and severally, represent that the following are true and correct as of the date hereof and shall be true and correct at the date of the Closing after giving effect to the Sale Order:

4.1 Organization and Power. Each Seller (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of its organization, (b) has all requisite corporate power and authority to carry on its business as currently conducted, and (c) has the requisite corporate power and authority to own, lease, operate or hold the applicable Assets.

4.2 Authority; No Conflicts. Subject to Bankruptcy Court approval pursuant to the Sale Order, each Seller has the authority to enter into and consummate this Agreement and the Ancillary Agreements, and to consummate the transactions contemplated hereby and thereby. Subject to the approval of the Bankruptcy Court pursuant to the Sale Order, the execution, delivery and performance by each Seller of this Agreement and of the Ancillary Agreements to which it is a party (a) do not and shall not violate or conflict with any provision of the certificate or articles of incorporation or bylaws of such Seller, (b) do not and shall not violate any provision of any Applicable Law or any order, judgment or decree of any Governmental Entity or any Governmental Authority and (c) shall not result in the creation or imposition of any material Lien (other than Permitted Liens) upon any of the Assets.

4.3 Execution and Delivery. Subject to the approval of the Bankruptcy Court pursuant to the Sale Order, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by the Sellers have been duly authorized by all necessary corporate action, and the execution and performance of the Ancillary Agreements by the Sellers has been or shall be authorized by all necessary corporate action prior to the Closing Date. Subject to Bankruptcy Court approval and entry of an Order of the Bankruptcy Court approving the terms of this Agreement, this Agreement constitutes, and upon execution of each of the Ancillary Agreements such agreements shall constitute, valid and binding obligations of the Sellers, enforceable against the Sellers in accordance with their respective terms.

4.4 Sale Free and Clear of Liens. On the Closing Date, after giving effect to the Sale Order, the Assets shall be transferred to the Buyer free and clear of all Liens other than Permitted Liens.

4.5 Litigation. Except as set forth on Schedule 4.5, and except for the Cases, there is no claim, litigation, action, arbitration or legal proceeding pending before a Governmental Entity or, to the Sellers' Knowledge, threatened against the Sellers, affecting the Sellers' ability to perform their obligations hereunder. Except with respect to claims filed in connection with the Cases, and subject to all of the provisions of the Bankruptcy Code, the Assets are not subject to any order, writ, judgment, award, injunction or decree of any Governmental Entity that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.6 Third Party Approvals. Except for (a) entry of the Sale Order and (b) approvals or consents set forth on Schedule 4.6, the execution, delivery and performance by the Sellers of this Agreement and the consummation of the transactions contemplated hereby do not require any material

consent, waiver, authorization or approval of, or filings with, any Person (including any Governmental Authority) that has not been obtained or is not deemed to be superseded by applicable provisions of the Bankruptcy Code (the matters described in this Section 4.6, collectively referred to as the “Consents”).

4.7 Transferred Intellectual Property. Except as set forth on Schedule 4.7, the Seller Group has not been notified in writing prior to the date of this Agreement that any of the Transferred Intellectual Property is or may be infringing any patents, trade secrets, trademarks, trade names, service marks, service names, copyrights or other intellectual property rights of any third party and, to the Knowledge of the Sellers, there is no continuing infringement of the Transferred Intellectual Property by other Persons. Except as set forth on Schedule 4.7, the Seller Group as of the date of this Agreement is not bound by any outstanding judgment, injunction, order or decree restricting the use of the Transferred Intellectual Property, and any issued trademark, service mark and copyright registrations and URLs listed on Schedule 1.2(a) have not lapsed, expired or been cancelled.

4.8 Broker or Finder. Except as set forth on Schedule 4.8, no Person assisted in or brought about the negotiation of this Agreement, or the subject matter of the transactions contemplated hereby, in the capacity of broker, agent, or finder or in any similar capacity on behalf of the Sellers.

4.9 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. THE ASSETS ARE BEING TRANSFERRED IN “AS IS”, “WHERE IS” CONDITION AND NEITHER THE SELLERS NOR ANY EMPLOYEES, DIRECTORS, OFFICERS, SHAREHOLDERS OR REPRESENTATIVES OF THE SELLERS MAKE ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, RELATING TO THE SELLER GROUP OR THE ASSETS OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT.

4.10 Termination of Representations and Warranties Upon Closing. The representations and warranties of the Sellers in this Agreement and each Ancillary Agreement shall not survive the Closing Date and shall be null and void ab initio and of no further force or effect immediately after the Closing Date.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers that the following are true and correct as of the date hereof and shall be true and correct at the date of the Closing:

5.1 Organization and Power. The Buyer (a) is a duly organized, validly existing entity under the laws and in good standing in the state of its organization, (b) has all requisite power and authority to carry on the business in which it is now engaged, and (c) has taken all action required by Applicable Law, and by the Buyer’s organizational documents, to authorize the execution and delivery of this Agreement and the purchase of the Assets and assumption of the Assumed Liabilities in accordance with this Agreement.

5.2 Authority; No Conflicts. The Buyer has the requisite power and authority (including full limited liability company power and authority) to execute this Agreement and each Ancillary Agreement to which the Buyer is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Buyer of this Agreement and each Ancillary Agreement to

which the Buyer is a party (a) do not and shall not violate or conflict with any provision of the certificate of formation or limited liability company agreement of the Buyer, and (b) do not and shall not violate any provision of any Applicable Law or any order, judgment or decree of any Governmental Entity or any Governmental Authority.

5.3 Execution and Delivery. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby has been duly authorized by all necessary limited liability company action on the part of the Buyer, and the execution and performance of each Ancillary Agreement to which the Buyer is a party has been or shall be authorized by all necessary [corporate] [limited liability company] action on the part of the Buyer prior to the Closing Date. This Agreement constitutes, and upon execution by the Buyer of each of the Ancillary Agreements to which it is a party, such agreements shall constitute, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms.

5.4 Litigation. There is no claim, litigation, action or legal proceeding before a Governmental Entity or, to the Buyer's knowledge, threatened against the Buyer, adversely affecting the Buyer's ability to perform its obligations hereunder. There are no bankruptcy, reorganization or arrangement proceedings pending, being contemplated by or, to the Buyer's knowledge, threatened against the Buyer.

5.5 Condition of Assets. The Buyer (i) is purchasing the Assets in "as is", "where is" condition, and (ii) is relying solely on its own existing knowledge and inspection of the Assets and that it has completed its due diligence inspection in respect of the Assets. The Buyer expressly acknowledges that the Sellers are not making any representations or warranties regarding the Assets (except as specifically provided for in Article 4 of this Agreement).

5.6 Sufficient Funds. The Buyer has available, and will have available as of the Closing Date, funds sufficient to pay the Purchase Price and to perform its other obligations under this Agreement and the Ancillary Agreements.

5.7 No Brokers. The Buyer has not utilized the services of or contracted or dealt with a broker or finder in connection with any of the transactions contemplated by this Agreement, including the Buyer's purchase of the Assets or any portion thereof, and no commission or other compensation is or shall be due or owed from the Buyer to any Person with respect to the purchase and sale of the Assets.

5.8 Termination of Representations and Warranties Upon Closing. The representations and warranties of the Buyer in this Agreement and each Ancillary Agreement to which the Buyer is a party shall not survive the Closing Date and shall be null and void ab initio and of no further force or effect immediately after the Closing Date.

ARTICLE 6

COVENANTS OF THE SELLERS

Each Seller covenants and agrees with the Buyer that:

6.1 Reasonable Best Efforts. Each Seller shall use its reasonable best efforts to cause, to the extent within such Sellers' control, the conditions set forth in Article 8 to be satisfied and to facilitate and cause the consummation of the transactions contemplated hereby.

6.2 Notice to the Buyer. Each Seller agrees to promptly notify the Buyer in writing of any information it obtains or becomes aware of that would indicate that a representation and warranty of the Sellers made herein or in any Schedule hereto is not correct in all material respects or that any of the conditions to Closing shall not be satisfied.

6.3 Consents and Approvals. The Sellers shall use their reasonable best efforts to obtain all Consents required by the Bankruptcy Code or other Applicable Law to be obtained by the Sellers to effect the transactions contemplated hereby. Without limiting the foregoing, as soon as practicable after the date of this Agreement, the Sellers shall make or cause to be made all such further filings and submissions, and take or cause to be taken such further action, as may reasonably be required in connection therewith on a timely basis.

ARTICLE 7

COVENANTS OF THE BUYER

The Buyer covenants and agrees with the Sellers that:

7.1 Reasonable Best Efforts. The Buyer shall use its reasonable best efforts to cause, to the extent within the Buyer's control, the conditions set forth in Article 8 to be satisfied and to facilitate and cause the consummation of the transactions contemplated hereby.

7.2 Notice to the Sellers. The Buyer agrees to promptly notify the Sellers in writing of any information the Buyer obtains or becomes aware of that would indicate that a representation and warranty of the Buyer made herein or in any Schedule hereto is not correct in all material respects.

7.3 Bankruptcy Court Approval and Related Matters. The Buyer acknowledges and agrees to Article 11 and shall use reasonable best efforts to assist the Sellers in obtaining any orders necessary to consummate the transactions contemplated hereby and any orders ancillary hereto and agree to provide the Sellers with information necessary to obtain such orders.

7.4 Confidentiality. The Buyer shall maintain the Confidential Information in accordance with the terms of the Confidentiality Agreement. In the event the Closing does not occur for any reason, the Buyer shall immediately return to the Sellers or destroy all copies and recordings of the Confidential Information in their possession or under their control in accordance with the terms of that confidentiality letter between the Buyer and the Sellers, dated _____ (the "Confidentiality Agreement").

7.5 Privacy. On or prior to the Closing Date, the Buyer shall adopt a written policy with respect to protection of the confidentiality of personally identifiable information regarding the customers and employees of the Seller Group and other Persons not affiliated with the Seller Group substantially similar to those included in the written privacy policies of the Seller Group in effect as of the date of this Agreement. From and after the Closing Date, the Buyer shall comply with such policy, or such successor policies adopted by Buyer from time to time, and Applicable Law with respect to the protection of such personally identifiable information.

ARTICLE 8

CONDITIONS TO CLOSING

8.1 Sellers' Conditions to Closing. The obligations of the Sellers at the Closing are subject, at the option of the Sellers, to the satisfaction at or prior to the Closing of the following conditions:

(a) All representations and warranties of the Buyer contained in this Agreement shall be true in all material respects at and as of the Closing and the Buyer shall have performed and satisfied all material obligations in all material respects required by this Agreement to be performed and satisfied by the Buyer at or prior to the Closing. The Buyer shall have provided the Sellers with certificates executed by a responsible officer of the Buyer to such effect;

(b) No stay or injunction shall have been obtained by a court of competent jurisdiction restraining, prohibiting or declaring illegal the purchase and sale contemplated by this Agreement;

(c) The entry by the Bankruptcy Court of the Sale Order;

(d) All material Consents legally required to be obtained by the Sellers for the Closing shall have been obtained; and

(e) The Buyer shall have executed and delivered the documents required to be executed and delivered pursuant to Section 3.3.

8.2 Buyer's Conditions to Closing. The obligations of the Buyer to consummate the transactions contemplated hereby at the Closing are subject, at the option of the Buyer, to the satisfaction at or prior to the Closing of the following conditions:

(a) All representations and warranties of the Sellers contained in this Agreement and the Ancillary Agreements shall be true in all material respects at and as of the Closing and the Sellers shall have performed and satisfied in all material respects all obligations required by this Agreement and the Ancillary Agreements to be performed and satisfied by the Sellers at or prior to the Closing. The Sellers shall have provided the Buyer with certificates executed by a responsible officer of the Sellers to such effect;

(b) No stay or injunction shall have been obtained by a court of competent jurisdiction restraining, prohibiting or declaring illegal the purchase and sale contemplated by this Agreement;

(c) The entry by the Bankruptcy Court of the Sale Order;

(d) All material Consents legally required to be obtained by the Sellers for the Closing shall have been obtained; and

(e) The Sellers shall have executed and delivered the documents required to be executed and delivered pursuant to Section 3.2.

ARTICLE 9

ADDITIONAL OBLIGATIONS AFTER CLOSING

The Parties shall have the following additional obligations after the Closing:

9.1 Execution; Delivery of Instruments and Assistance. The Sellers and the Buyer shall each execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other actions as may be necessary or advisable to carry out their obligations

under this Agreement and under any document, certificate or other instrument delivered pursuant hereto or thereto or required by Applicable Law.

9.2 Name Change. From and after the Closing Date, the Sellers shall cause each entity in the Seller Group to change its names to a name that is not (and that is not confusingly similar to) "Borders," subject to their obligations to operate and conclude the Cases, it being the intent of the Parties that from and after the Closing, the Buyer shall have the sole right to conduct business under such name, subject to the rights of the Seller Group to utilize the name in connection with liquidation sales to be conducted at its remaining retail stores.

ARTICLE 10

TERMINATION

10.1 Termination. This Agreement may be terminated as follows:

- (a) At any time by the mutual written agreement of the Sellers and the Buyer;
- (b) By the Sellers, at their sole election, in the event that the Closing shall not have occurred on or before _____, 2011; *provided* that the Sellers shall not be entitled to terminate this Agreement pursuant to this Section 10.1(b) if the failure of the Closing to occur on or prior to such date results primarily from the Sellers themselves materially breaching any representation, warranty or covenant contained in this Agreement;
- (c) By the Buyer, at its sole election, in the event of a material breach of this Agreement by the Sellers that has not been cured, or if any representation or warranty of the Seller shall have become untrue in any material respect, in either case such that such breach or untruth is incapable of being cured, by _____, 2011;
- (d) By the Sellers, at their sole election, in the event of a material breach of this Agreement by the Buyer that has not been cured, or if any representation or warranty of the Buyer shall have become untrue in any material respect, in either case such that such breach or untruth is incapable of being cured, by _____, 2011.

10.2 Effect of Termination. Upon the termination of this Agreement in accordance with Section 10.1, the Parties shall be relieved of any further obligations or liability under this Agreement other than (a) confidentiality obligations contained in Section 7.4, (b) any obligations for breach of this Agreement occurring prior to such termination and (c) obligations contained in Section 2.6.

ARTICLE 11

BANKRUPTCY COURT APPROVAL

11.1 Bankruptcy Court Approval. The Buyer acknowledges that the obligations of the Sellers under this Agreement and the transactions contemplated hereby are contingent upon the approval and authorization of the Bankruptcy Court.

ARTICLE 12

GENERAL PROVISIONS

12.1 Notice. All notices hereunder shall be in writing, dated and signed by the Party giving the same. Each notice shall be either (a) delivered in person to the address of the Party for whom it is intended at the address of such Party as shown below, (b) delivered to the United States Postal Service in a secure and sealed envelope or other suitable wrapper addressed to the Party for whom it is intended at the address of such Party as provided below, with sufficient postage affixed, certified or registered mail, return receipt requested, (c) sent by facsimile with a confirmation sheet, or (d) delivered to a nationally recognized overnight courier service that traces any such notice. The effective date of such notice shall be the date of delivery in the event of delivery in accordance with (a) or (c) and five (5) days after deposit in the U.S. Mail in the event of delivery in accordance with (b). The address at which any Party hereto is to receive notice may be changed from time to time by such Party by giving notice of the new address to all other parties hereto. The addresses of the Parties, until changed in accordance with the foregoing, are:

The Sellers: Borders Group, Inc.
 100 Phoenix Drive
 Ann Arbor, Michigan 48108
 Attn: Matthew A. Chosid, Esq.
 Facsimile: (734) 477-1370

And copies (which shall not constitute notice) to: Kasowitz, Benson, Torres & Friedman LLP
 1633 Broadway
 New York, New York 10019
 Attn: Andrew K. Glenn, Esq.
 Facsimile: (212) 506-1800

 Streambank, LLC
 97 Chapel Street, 3rd Floor
 Needham, Massachusetts 02492
 Attn: David Peress
 Facsimile: _____

The Buyer: _____

 Attn: _____
 Facsimile: _____

12.2 Amendment. This Agreement may not be amended nor any rights hereunder waived except by an instrument in writing signed by the Parties.

12.3 Payment of Costs. Except as otherwise set forth herein, the Parties shall each pay their own costs incurred in negotiating this Agreement and in consummating the transactions contemplated hereby, including any fees or commission payable to any party representing them in connection with arranging or negotiating this Agreement and transactions contemplated hereby.

12.4 Headings. The headings of the sections of this Agreement are for convenience or reference only and shall not affect any of the provisions of this Agreement.

12.5 References. References made in this Agreement, including use of a pronoun, shall be deemed to include, where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations.

12.6 Applicable Law. This Agreement and the transactions contemplated hereby shall be construed in accordance with and governed by the laws of the State of New York. Each of the Parties agrees that any proceeding brought to enforce the rights and obligations of any Party under this Agreement (including the schedules attached hereto) or any Ancillary Agreement shall be commenced and maintained exclusively in the Bankruptcy Court and that the Bankruptcy Court shall have exclusive jurisdiction over any such proceeding.

12.7 Entire Agreement. This Agreement, the Schedules attached hereto, and the Ancillary Agreements (in each case incorporated herein by this reference) contain the entire agreement and understanding of the Parties hereto with respect to the transactions contemplated hereby, and supersede any and all prior agreement, arrangements, and understandings, whether oral or written, between the Parties.

12.8 Authorization of Parent as Representative of the Sellers.

(a) By entering into and executing this Agreement, the Sellers irrevocably appoint Parent as their agent, effective as of the date hereof, and authorize and empower Parent to fulfill the role of the Sellers' representative hereunder, and each Seller appoints Parent as such Person's true and lawful attorney in fact and agent, for all purposes necessary or desirable in order for Parent to take all actions contemplated by this Agreement, with the ability to execute and deliver all instruments, certificates and other documents of every kind incident to the foregoing to all intents and purposes and with the same effect as such Seller could do personally, including to give and receive notices and communications; to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to such claims; and to take all actions necessary or appropriate in the judgment of Parent for the accomplishment of the foregoing. The power of attorney granted in this Section 12.8 is coupled with an interest and is irrevocable.

(b) The Buyer shall be entitled to rely exclusively upon any communication given or other action taken by Parent pursuant to this Agreement, and shall not be liable for any action taken or not taken in good faith reliance on a communication or other instruction from Parent.

12.9 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and, except as otherwise prohibited, their respective successors and assigns. Nothing contained in this Agreement, or implied herefrom, is intended to confer upon any Person other than the Parties any benefits, rights, or remedies.

12.10 Assignment. No Party may assign all or any portion of its respective rights or delegate any portion of its duties hereunder without (a) the approval of the Bankruptcy Court and (b) the written consent of the other Parties; *provided* that the Buyer may assign this Agreement in whole or in part to any direct or indirect subsidiary of the Buyer so long as the Buyer retains its obligations under this Agreement, subject to the terms and conditions hereof, to effect the consummation of the transactions contemplated hereby. All of the terms, provisions and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors, assigns and legal representatives.

12.11 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is void, illegal or unenforceable, the other provisions of this Agreement shall remain in full

force and effect and the provisions that are determined to be void, illegal or unenforceable shall be limited so that they shall remain in effect to the extent permissible by Applicable Law.

12.12 Publicity. Prior to the Closing, no Party shall issue any press release or similar public announcement concerning the transactions contemplated hereby or the contents of this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, nothing in this Section 12.12 shall preclude any Party (or Person controlling such Party) from making disclosures required by Applicable Law or Governmental Authority (or of any applicable stock or securities exchange or otherwise), or appropriate filings with the Bankruptcy Court in connection with the Cases or necessary and proper in conjunction with the filing of any Tax return or other document required to be filed with any Governmental Authority; *provided* that the Party required to make the release or statement shall allow the other Party reasonable time to comment on such release or statement in advance of such issuance.

12.13 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute shall be deemed to refer to such statute as amended and to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “include” or “including” means include or including, without limitation. All references in this Agreement to Sections and Schedules shall be deemed references to Sections of, and Schedules to, this Agreement unless the context shall otherwise require.

12.14 Specific Performance. Each Party acknowledges that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by such Party in accordance with their specific terms or were otherwise breached by such Party. Each Party accordingly agrees that, prior to the termination of this Agreement pursuant to Article 10, in addition to any other remedy to which the other Parties are entitled at law or in equity, the other Parties are entitled to injunctive relief to prevent breaches of this Agreement by such Party and otherwise to enforce specifically the provisions of this Agreement against such Party. Each Party expressly waives any requirement that any other Party obtain any bond or provide any indemnity in connection with any action seeking injunctive relief or specific enforcement of the provisions of this Agreement.

ARTICLE 13

DEFINITIONS

“Affiliate” shall mean, with respect to any Person, any direct or indirect subsidiary or such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person.

“Agreement” shall have the meaning set forth in the Preamble.

“Ancillary Agreements” shall mean any ancillary agreements hereto to which each Party is or may be a party.

“Applicable Law” shall mean, with respect to any Person, any federal, state or local law (including common law), statute, code, ordinance, rule, regulation, or other requirement enacted, promulgated, issued or entered by a Governmental Authority, that is applicable to such Person or its business, properties or assets.

“Assets” shall have the meaning set forth in Section 1.2.

“Assignment and Assumption Agreement” shall have the meaning set forth in Section 3.2(c).

“Assumed Contracts” shall have the meaning set forth in Section 1.2(b).

“Assumed Liabilities” shall have the meaning set forth in Section 2.2(a).

“Avoidance Actions” shall mean any and all actions which a trustee, debtor-in-possession or other appropriate party in interest may assert on behalf of the Sellers or their estate under applicable state statute or Chapter 5 of the Bankruptcy Code, including actions under one or more provisions of Sections 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553.

“Bankruptcy Code” shall have the meaning set forth in the Recitals.

“Bankruptcy Court” shall have the meaning set forth in the Recitals.

“Business Day” shall mean any day other than Saturday, Sunday or any day on which banking institutions in the United States are closed either under Applicable Law or action of any Governmental Authority.

“Buyer” shall have the meaning set forth in the Preamble.

“Cases” shall have the meaning set forth in the Recitals.

“Closing” shall have the meaning set forth in Section 3.1.

“Closing Date” shall have the meaning set forth in Section 3.1.

“Company” shall have the meaning set forth in the Preamble.

“Confidentiality Agreement” shall have the meaning set forth in Section 7.4.

“Confidential Information” shall have the meaning set forth for “Evaluation Material” as such term is defined in the Confidentiality Agreement.

“Consents” shall have the meaning set forth in Section 4.6.

“Contract” shall mean any agreement, arrangement, contract, lease, purchase order, sale order or commitment, or any series of related agreements, arrangements, contracts, leases, purchase orders, sale orders, or commitments.

“Cure Costs” shall mean, in the aggregate, any and all costs and expenses for any available cures (pursuant to Section 365 of the Bankruptcy Code and described in any Order of the Bankruptcy Court relating to such cure liability) of any Assumed Contacts.

“Deposit” shall have the meaning set forth in Section 2.6.

“Excluded Assets” shall have the meaning set forth in Section 1.3.

“Excluded Liabilities” shall have the meaning set forth in Section 2.2(b).

“Governmental Approvals” shall mean those approvals, authorizations, confirmations, consents, exemptions and orders from Governmental Authorities and the making of all necessary registrations and filings (including filings with Governmental Authorities) and the taking of all reasonable steps as may be necessary to consummate the transactions contemplated hereby under Applicable Law.

“Governmental Authority” shall mean any national, federal, state, provincial, local or foreign government, or any subdivision, agency, instrumentality, authority, department, commission, board or bureau thereof, or any federal, state, provincial, local or foreign court, tribunal, or arbitrator, including the Bankruptcy Court.

“Governmental Entity” shall mean any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign.

“IP Assignments” shall have the meaning set forth in Section 3.2(a).

“Knowledge of the Sellers” (or “the Sellers’ Knowledge”) shall mean the actual knowledge of the officers of the Sellers listed on Schedule 13.1, after reasonable inquiry.

“Liens” shall mean any liens (including any inchoate liens and any liens for Taxes, materialmen, laborer, or mechanics’ liens, judgment liens, liens imposed by operation of law, contractual liens, and liens arising out of or resulting from any employment agreements, employee benefits plans or laws, or collective bargaining agreements), encumbrances, burdens, claims, demands, judgments, orders, writs, injunctions, decrees, and arbitral awards, attachments, charges, security interests, mortgages, deeds of trust, pledges, hypothecations, adverse claims of title, preferential rights of purchase and/or first refusal rights, options, contracts for sale, transfer, or other disposition, and any claims or rights of any kind, description or nature whatsoever of or in favor of any creditors, Governmental Entities, or other Persons, whether or not any of the above arose, accrued, or relate to any time periods before or after the filing of the Cases, and whether or not a Chapter 11 or Chapter 7 trustee is hereafter appointed in the Cases for any reason.

“Material Adverse Effect” shall mean with respect to the Assets, any event or occurrence which shall materially and adversely affect the Assets, taken in each case as a whole; *provided* that any (a) change in general economic or industry-wide conditions, or (b) adverse effect that is solely the result of the execution or announcement of this Agreement or the transactions contemplated hereby or the consummation thereof, shall not be taken into account for purposes of determining a Material Adverse Effect hereunder.

“Order” shall mean any writ, judgment, decree, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Entity (in each case whether preliminary or final).

“Parent” shall have the meaning set forth in the Preamble.

“Party” and “Parties” shall have the meanings set forth in the Preamble.

“Permitted Liens” shall mean (a) mechanics’, materialmen’s, warehousemen’s, carriers’, workers’, or repairmen’s liens or other similar common law or statutory encumbrances arising or incurred in the ordinary course and that are-for amounts (i) that are not material in amount or effect and (ii) that are either not yet due or delinquent or are otherwise being contested in good faith by appropriate proceedings, (b) liens for Taxes, assessments and other governmental charges for amounts (i) that are not material in amount or effect and (ii) that are either not due or payable or are being contested in good faith by appropriate proceedings, (c) Liens incurred in the ordinary course of business for amounts (i) that are not

material in amount or effect and (ii) that are either not yet due or delinquent or are otherwise being contested in good faith by appropriate proceedings, and (d) liens or encumbrances imposed by any contract or any Applicable Law governing a License for amounts (i) that are not material in amount or effect and (ii) that are either not yet due or delinquent or are otherwise being contested in good faith by appropriate proceedings.

“Person” shall mean any individual, corporation, partnership, joint venture, trust, limited liability company, business association, Governmental Entity or other entity.

“Purchase Price” shall have the meaning set forth in Section 2.1.

“Sale Order” shall mean the Order of the Bankruptcy Court entered pursuant to Bankruptcy Code Sections 363 and 365 that approves the sale of the Assets to the Buyer pursuant to the terms of this Agreement and the provisions of the Bankruptcy Code (including Bankruptcy Code Section 363), and approves the Seller Group’s assignment of the Assumed Contracts to the Buyer pursuant to Section 365 of the Bankruptcy Code.

“Seller” or “Sellers” shall have the meaning set forth in the Preamble.

“Seller Group” shall have the meaning set forth the Recitals.

“Tax” or “Taxes” shall mean (a) all taxes, charges, fees, levies, penalties or other assessments of any kind whatsoever imposed by an federal, state, local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalties or additions attributable thereto or (b) liability for the payment of any amounts of the type described in clause (a) above as a result of being a party to any agreement or any express or implied obligation to indemnify or otherwise succeed to the liability of any other Person.

“Tax Code” shall mean the Internal Revenue Code of 1986, as it has been and may be amended.

“Transferred Claims” shall have the meaning set forth in Section 1.2(d).

“Transferred Intellectual Property” shall mean have the meaning set forth in Section 1.2(a).

“Treasury Regulations” shall mean the federal income Tax regulations promulgated under the Tax Code, as amended, including any temporary and proposed regulations.

*Remainder of Page Intentionally Left Blank.
Signature Pages Follow.*

This Asset Purchase Agreement is executed by the Parties on the date set forth above.

SELLERS:

BORDERS GROUP, INC.

By: _____

Name: _____

Title: _____

BORDERS, INC.

By: _____

Name: _____

Title: _____

BUYER:

By: _____

Name: _____

Title: _____