

**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 APPROVING THE DISCLOSURE STATEMENT; APPROVING
THE SOLICITATION AND VOTING PROCEDURES; SCHEDULING
THE PLAN CONFIRMATION PROCESS; AND GRANTING RELATED RELIEF**

A hearing having been held on November 10, 2011 (the "Hearing"), to consider the motion, dated October 3, 2011 (the "Motion"),² of Borders Group, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors"), for entry of an order (i) approving the Disclosure Statement Relating to the First Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors, dated November 10, 2011 (as the same has been or may be amended, the "Disclosure Statement"), (ii) fixing a voting record date, (iii) approving solicitation packages and procedures for distribution thereof, (iv) approving forms of ballots and establishing procedures for voting on the First Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors, dated November 10, 2011 (as the same has been or may be amended, the "Plan"), (v) approving forms of notice to non-voting classes, (vi) shortening the seven (7)-day time period for filing the certification of acceptance or rejection of the Plan, (vii) shortening the seven (7)-day

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.

² Capitalized terms used but not defined herein shall have the meanings assigned to them in the Motion.

time period for filing objections to Plan confirmation, (viii) scheduling a hearing on confirmation of the Plan and establishing notice and objection procedures in respect thereof, and (ix) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion and the Hearing being adequate under the circumstances; and the Disclosure Statement Hearing Notice constituting good and sufficient notice to all interested parties and no other or further notice need be provided; and the Court having reviewed the Motion, the papers in support thereof, and the responses thereto, if any; and upon the Motion, the papers in support thereof and the responses thereto, if any, the record of the Hearing; and the Court having found and determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND THAT:

A. The form of the ballot (the “Ballot”) for Class 3 (General Unsecured Claims) (the “Voting Class”) annexed hereto as Exhibit A is hereby approved.

B. Ballots need not be provided to the holders of claims in Class 1 (Priority Non-Tax Claims) and Class 2 (Secured Claims) because the Plan provides that such classes are unimpaired and, therefore, deemed to accept the Plan.

C. Ballots need not be provided to the holders of claims and interests in Class 4 (Equity Interests) and Class 5 (Intercompany Claims) because the Plan provides that they will not receive or retain any property under the Plan in respect of such claims or interests and, therefore, are deemed to reject the Plan.

D. The Voting Deadline as defined below and set forth in the Motion, during which the Debtors may solicit acceptances to the Plan is a reasonable and adequate period of time for creditors to make an informed decision to accept or reject the Plan.

E. The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion and below) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

F. The notice substantially in the form annexed hereto as Exhibit “D” (the “Confirmation Hearing Notice”) and the procedures set forth below for providing such notice to all voting creditors and equity security holders of the time, date, and place of the hearing to consider confirmation of the Plan (the “Confirmation Hearing”) and the contents of the Solicitation Packages (as defined below) comply with Rules 2002 and 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and constitute sufficient notice to all interested parties.

NOW, THEREFORE, IT IS:

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Disclosure Statement is APPROVED; and it is further

ORDERED that November 10, 2011 is established as the record date (the “Voting Record Date”) for purposes of this Order and determining which creditors are entitled to vote on the Plan, provided, however, that for purposes of the Voting Record Date, no transfer of claims

pursuant to Bankruptcy Rule 3001 shall be recognized unless (i) documentation evidencing such transfer was filed with the Court on or before twenty-one (21) days prior to the Voting Record Date, and (ii) no timely objection with respect to such transfer was filed by the transferee; and it is further

ORDERED that on or before November 16, 2011 (the "Solicitation Date") the Debtors are directed to distribute or cause to be distributed solicitation packages (the "Solicitation Packages") containing a copy of (A) the Confirmation Hearing Notice and a Ballot together with a pre-addressed return envelope or (B) a Notice of Non-Voting Status (as defined below), as applicable, by the Solicitation Date, to (a) all persons or entities identified in the Debtors' schedules of liabilities filed pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through and including the Record Date, (the "Schedules") as holding liquidated, noncontingent, and undisputed claims, in an amount greater than zero, (b) all parties having filed proofs of claims in an amount greater than zero in the Debtors' chapter 11 cases, (c) the registered holders of the Debtors' debt and equity securities as of the Record Date, and (d) any other known holders of claims against or equity interests in the Debtors as of the Record Date; provided, however, that the Debtors are not required to distribute copies of the Plan, Ballot, Confirmation Hearing Notice or Disclosure Statement to any holder of a claim or interest in Class 1 (Priority Non-Tax Claims), Class 2 (Secured Claims), Class 4 (Equity Interests) and Class 5 (Intercompany Claims) unless such party makes a specific request in writing for the same; and it is further

ORDERED that the Solicitation Packages are not required to include copies of the Disclosure Statement or Plan, but rather the Debtors are directed to give notice of a website,

www.bordersdisclosurestatement.com (the “Website”), where all holders of claims and equity interests can access copies of this Order, the Disclosure Statement and the Plan; and it is further

ORDERED that notice of such Website, as well as the manner in which a copy of the Plan and the Disclosure Statement may be obtained, will be given to all holders of claims and equity interests and other parties in interest in the Confirmation Hearing Notice, in the Ballot, and in the Notice of Non-Voting Status, as applicable; and it is further

ORDERED that the Debtors are directed to distribute, or cause to be distributed by the Solicitation Date, a copy of this Order (without the exhibits annexed hereto) and the Confirmation Hearing Notice to (i) the United States Trustee for the Southern District of New York, (ii) the attorneys for the Creditors’ Committee, (iii) the Securities and Exchange Commission, (iv) the Internal Revenue Service, and (v) all parties listed on the Debtors’ Case Management Order in these cases; and it is further

ORDERED that Solicitation Packages, which shall include a Ballot and a pre-addressed return envelope, shall be distributed to holders, as of the Voting Record Date, of claims in Class 3 (General Unsecured Claims), which class is designated under the Plan as entitled to vote to accept or reject the Plan; and it is further

ORDERED that notices of non-voting status, substantially in the forms annexed hereto as Exhibit B and Exhibit C (the “Notices of Non-Voting Status”), shall be distributed to (i) holders, as of the Record Date, of unimpaired claims in Class 1 (Priority Non-Tax Claims) and Class 2 (Secured Claims), and (ii) all holders, as of the Record Date, of claims or interests in Class 4 (Equity Interests) and Class 5 (Intercompany Claims), as applicable, which classes are designated under the Plan as not entitled to vote to accept or reject the Plan; and it is further

ORDERED that, the Debtors do not need to serve a copy of the Disclosure Statement and the Plan on those parties receiving Notices of Non-Voting Status; and it is further

ORDERED that the Debtors are directed to distribute, or cause to be distributed by the Solicitation Date, the Confirmation Hearing Notice on all parties in the creditor matrix maintained by the Voting Agent that are not otherwise entitled to receive a Solicitation Package; and it is further

ORDERED that, with respect to any creditor who has filed duplicate claims against the same Debtor or claims that have amended or superseded previously filed claims which are classified under the Plan in the same class, the Debtors shall provide to such creditor only one Solicitation Package and one Ballot for voting a single claim in such class; and it is further

ORDERED that the Debtors are not required to distribute Solicitation Packages to creditors who have timely filed proofs of claim if the claims have already been paid in the full claimed amount; provided, however, if, and to the extent that, any such creditor would be entitled to receive a Solicitation Package for any reason other than by virtue of the fact that its claim had been scheduled by the Debtors, such creditor will be sent a Solicitation Package; and it is further

ORDERED that the Debtors are not required to distribute Solicitation Packages to a party to an executory contract who does not hold either an allowed filed or a scheduled claim or who holds a claim listed on the Schedules as contingent, unliquidated, or disputed, unless such party makes a specific request in writing for the same; and it is further

ORDERED that, with respect to addresses from which Disclosure Statement Hearing Notices were returned by the United States Postal Service as undeliverable without a forwarding address, the Debtors are excused from distributing Solicitation Packages to those entities listed at such addresses unless the Debtors are provided with accurate addresses for such

entities before the Solicitation Date and failure to distribute Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing or the Voting Deadline, or violation of Bankruptcy Rule 3017(d), and the Debtors are further excused from attempting to find better addresses for entities as to whom a Solicitation Package was returned by the United States Postal Service as undeliverable without a forwarding address; and it is further

ORDERED that all Ballots must be properly executed, completed, and the original thereof shall be delivered to the Debtors' Voting Agent, The Garden City Group, Inc., at either of the following addresses:

Via first class mail:

The Garden City Group, Inc.
Attn: Borders Group, Inc.
P.O. Box 9690
Dublin, OH 43017-4990

Via overnight courier or hand-delivery:

The Garden City Group, Inc.
Attn: Borders Group, Inc.
5151 Blazer Parkway, Suite A
Dublin, OH 43017-4887

so as to be actually received no later than December 9, 2011 at 5:00 p.m. (prevailing Eastern Time) (the "Voting Deadline"). Ballots will not be accepted by facsimile transmission, email or any other electronic method; and it is further

ORDERED that, solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors in any other context, each claim within a class of claims entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such claim as set forth in the Schedules unless such holder has timely filed a proof of claim, in which event such holder

would be entitled to vote the amount of such claim as set forth in such proof of claim. If a holder of a claim holds multiple claims within a class of claims entitled to vote to accept or reject the Plan, whether as set forth in the Schedules or in a proof of claim, such holder's respective amounts will be aggregated so that such holders will vote the total amount of their claims on a single ballot; provided that:

- (a) If a claim is deemed allowed under the Plan or in an order of the Court entered prior to the Voting Record Date, such claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan or such order;
- (b) If a claim for which a proof of claim has been timely filed is, by its terms, contingent or unliquidated, the Debtors propose that such claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00;
- (c) If a claim for which a proof of claim has been timely filed is, by its terms, partially liquidated, such liquidated amount of such claim is temporarily allowed for voting purposes only, and not for purposes of allowance or distribution;
- (d) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim is temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;
- (e) If a claim is listed in the Schedules as undetermined contingent, unliquidated, or disputed, or in a zero or unknown amount, and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, unless the Debtors have consented in writing, the Debtors propose that such claim be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c); and
- (f) If the Debtors have served an objection to a claim at least twenty (20) days before the Voting Deadline, such claim is temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection; and it is further

ORDERED that if any claimant seeks to challenge the allowance of its claim for voting purposes in accordance with the above procedures, such claimant is directed to serve on the Debtors and file with the Court, on or before the tenth (10th) day after the later of (i) service of the Confirmation Hearing Notice and (ii) service of notice of an objection, if any, to such claim, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim in a different amount for purposes of voting to accept or reject the Plan; and it is further

ORDERED that as to any creditor filing a motion pursuant to Bankruptcy Rule 3018(a), such creditor's Ballot shall not be counted unless temporarily allowed by the Court for voting purposes after notice and a hearing, prior to or at the hearing on confirmation of the Plan; and it is further

ORDERED that if a creditor casts more than one Ballot voting the same claim(s) before the Voting Deadline, the last valid Ballot received before the Voting Deadline is deemed to reflect the voter's intent and, thus, to supersede any prior Ballots; and it is further

ORDERED that creditors must vote all of their claims within a particular class under the Plan, whether or not such claims are asserted against the same or multiple Debtors, either to accept or reject the Plan and may not split their vote(s), and thus a Ballot that partially accepts and partially rejects the Plan will counted as an acceptance of the Plan; and it is further

ORDERED that any Ballot received after the Voting Deadline shall not be counted unless the Debtors granted an extension of the Voting Deadline with respect to such Ballot; and it is further

ORDERED that each Ballot shall provide the holder of a claim in the Voting Class an option to elect to consent or to withhold consent to the releases in the Plan including, without limitation, the third-party releases, by specifically checking a box that indicates such

holder's election to "opt out" of the third party releases; any such holder that submits a Ballot, but does not indicate if it consents or "opts out" of third party releases, shall be deemed to consent; and any such holder that does not submit a Ballot is deemed to "opt out" of third party releases; and it is further

ORDERED that any Ballot that is illegible or contains insufficient information to permit the identification of the claimant or interest holder shall not be counted; and it is further

ORDERED that any Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan shall not be counted; and it is further

ORDERED that any Ballot cast for a claim identified as unliquidated, contingent, or disputed for which no proof of claim was timely filed shall not be counted; and it is further

ORDERED that any unsigned Ballot or signed but unoriginal Ballot shall not be counted; and it is further

ORDERED that any Ballot that does not indicate either an acceptance or rejection of the Plan shall not be counted; and it is further

ORDERED that any Ballot that indicates both an acceptance and rejection of the Plan shall not be counted; and it is further

ORDERED that any Ballot transmitted to the Debtors' Voting Agent by facsimile, email or any other electronic means shall not be counted; and it is further

ORDERED that the seven (7)-day period prescribed in Local Rule 3018-1 is hereby shortened and the Plan Certification may be filed no later than December 14, 2011; and it is further

ORDERED that the Voting Agent is authorized, but not directed, to attempt to cure invalid Ballots; and it is further

ORDERED that the Confirmation Hearing Notice is APPROVED; and it is further

ORDERED that the Confirmation Hearing will be held on December 20, 2011 at 10:00 a.m. (prevailing Eastern Time); provided, however, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing; and it is further

ORDERED that the Debtors shall publish the Confirmation Hearing Notice on or before November 16, 2011 in *The New York Times*; and it is further

ORDERED that the seven (7)-day period prescribed in Local Rule 3020-1 is hereby shortened and objections to confirmation of the Plan must be filed and served no later than December 14, 2011; and it is further

ORDERED that objections to confirmation of the Plan, if any, must (i) be in writing, (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party, (iii) state with particularity the basis and nature of any objection, and (iv) be filed, together with proof of service, with the Court and served so that they are actually received no later than December 14, 2011 by each of the parties identified in paragraph six (6) of the Confirmation Hearing Notice at the respective addresses set forth therein; and it is further

ORDERED that objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered and shall be overruled; and it is further

ORDERED that the Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court; and it is further

ORDERED that the Debtors and the Committee are authorized to make non-substantive changes to the Disclosure Statement, Plan, Ballot, Confirmation Hearing Notice, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan, and any materials in the Solicitation Package prior to their distribution; and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York for the filing of a memorandum of law is waived.

Dated: November 14, 2011
New York, New York

/s/Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge