

**ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT**  
**(San Rafael, CA; Store No. 68)**

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT ("Assignment and Assumption"), is entered into as of \_\_\_\_\_, 2011 ("Date of the Assignment and Assumption"), by and between **BORDERS, INC.**, a Colorado corporation, Debtor-in-Possession ("Assignor"), and **T.J. MAXX OF CA, LLC**, a Delaware limited liability company ("Assignee").

**RECITALS:**

**WHEREAS**, Lee P. Nobmann and Melodee J. Nobmann, as landlord (collectively, "Original Landlord") and Assignor's predecessor-in-interest, Borders, Inc., a Delaware corporation, as Tenant, entered into that certain Lease Agreement dated September 20, 1993, as amended pursuant to notice dated February 17, 2003 from Tenant to Original Landlord extending the term of the Lease, Amendment to Lease Agreement dated April 1, 2008, Second Amendment to Lease Agreement dated March 27, 2009, Third Amendment to Lease Agreement dated September 8, 2009 and Third (sic) Amendment to Lease Agreement dated August 5, 2010 (collectively, the "Lease"), relating to those certain premises consisting of approximately 32,110 square feet of retail premises (the "Demised Premises") located in the shopping center situated at 60 West Francisco Boulevard, San Rafael, California ("Shopping Center"), as more particularly described in the Lease;

**WHEREAS**, Original Landlord conveyed its interest in the Shopping Center to Toys Center, LLC, a California limited liability company ("Landlord");

**WHEREAS**, all capitalized terms, if not defined in this Assignment and Assumption, shall have the same meaning as defined in the Lease;

**WHEREAS**, 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); and

**WHEREAS**, Subject to the satisfaction of the "Conditions" (as defined in Paragraph 6 below), effective as of the "Delivery Date" (as defined in Paragraph 7 below), Assignor desires to assign all of its right, title, interest and obligation in to, and under the Lease to Assignee, and Assignee desires to assume, observe and perform all of the Assignor's right, title, interest and obligations in, to, and under the Lease, in accordance with the terms, covenants, and conditions described below.

**NOW, THEREFORE**, in consideration of the "Consideration" (as defined in Paragraph 5 below), 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 on the Delivery Date in accordance with the terms of Paragraph 7 below. For avoidance of doubt, Assignor shall continue to be responsible for the payment of (i) Annual Rent, Tenant's proportionate share of ad valorem real estate taxes

and assessments, 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, and (ii) any utility costs and insurance premiums incurred for the Demised Premises prior to the Delivery Date; provided any rent and other charges (including, without limitation, Annual Rent, Additional Rent and utility charges) payable with respect to the month in which the Delivery Date occurs shall be prorated between Assignor and Assignee as of the Delivery Date, 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.

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.

4. Assignor Released. Notwithstanding anything contained in the Lease to the contrary, pursuant to Section 365 of the Bankruptcy Code, this Assignment and Assumption shall operate to release Assignor as of the Delivery Date from any and all obligations 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), 6(c), 6(d), 6(e) and 6(g) below are satisfied, Assignee shall pay to Assignor by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit A and by this reference made a part hereof, the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Consideration"); *provided* that if the Condition set forth in Paragraph 6(f) has failed to occur, the Condition set forth in Paragraph 6(e) shall not be a condition to Assignee's payment under this Paragraph 5.

6. Conditions. This Assignment and Assumption is conditioned 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) Assignor has delivered an estoppel certificate to Assignee in the form attached hereto as Exhibit B with respect to the Lease, dated not earlier than three (3) business days prior to the Delivery Date;
  - (d) this Assignment and Assumption has been approved by the Bankruptcy Court in accordance with the provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure by an order in the form attached hereto as Exhibit C, with any changes to the form of such order to be satisfactory to Assignor and Assignee in their reasonable discretion; and
  - (e) Assignee has had an opportunity to inspect and approve the condition of the Demised Premises (which approval shall not be unreasonably withheld) prior to the "Deadline" (as hereinafter defined) in accordance with the terms and conditions set forth below;
  - (f) Assignee and Landlord shall have executed the Fourth Amendment to Lease Agreement;
- and

(g) Assignor and Homegoods, Inc. (the "Goleta Assignee") shall have consummated the transaction contemplated by that certain Assignment and Assumption of Lease between Assignor and the Goleta Assignee of even date herewith with respect to the Lease Agreement dated December 23, 1999, as amended by Addendum to Lease dated December 28, 2000 and First Amendment to Lease dated July 1, 2009 (collectively, the "Goleta Lease"), relating to those certain premises consisting of approximately 25,145 square feet of retail premises located in the shopping center situated at the southwest corner of Hollister Avenue and Storke Road, in the City of Goleta, County of Santa Barbara, State of California, as more particularly described in the Goleta Lease.

In the event that all of the Conditions are not satisfied by June 2, 2011 (the "Deadline"), then this Assignment and Assumption shall automatically terminate and be of no further force or effect and the parties hereto shall have no rights or responsibilities hereunder, except (i) that Assignee shall remain obligated to pay the Consideration to Assignor if this Assignment and Assumption is terminated solely by reason of the failure of the Condition set forth in Paragraph 6(f) and (ii) for Assignee's indemnification and hold harmless obligations set forth in the immediately following paragraph (which shall survive the termination of this Assignment and Assumption).

Notwithstanding anything contained herein to the contrary, Assignee's inspection of the Demised Premises pursuant to Paragraph 6(e) above, shall be subject to the following terms and conditions: (i) Assignee will provide not less than twenty-four (24) hours prior telephonic and email notice prior to entering on to the Demised Premises (x) Margaret Peterson of Assignor at (734) 477-1297 and mpetersc@bordersgroupinc.com and (y) Lisa Smola-Hollo of Assignor at (734) 477-1378 and lsmola@bordersgroupinc.com; (ii) reasonable measures will be taken to avoid damage to the Demised Premises; (iii) Assignee shall, at all times that Assignor and/or its contractors, representatives, agents and employees (collectively, the "Assignee Parties") may be upon the Demised Premises, keep in force general liability insurance in limits of \$2,000,000 combined single limit bodily injury and property damage coverage per occurrence; (iv) Assignor and/or Assignor's designated agent(s) or representative(s) may be present and accompany Assignee and the Assignee Parties at all times during their entry on the Demised Premises pursuant to this Assignment and Assumption; (v) Assignee and the Assignee Parties hereby assume all risks connected with the access to the Demised Premises; (vi) Assignee shall repair any damage to the Demised Premises arising out of or in connection with Assignee's inspection of the Demised Premises; and (vii) Assignee shall indemnify, defend and hold Assignor harmless from and against any claims, liability, loss, cost and expense arising out of or in connection with the presence of Assignee and the Assignee Parties upon the Demised Premises and/or the conduct of its inspection (which obligations shall survive this Assignment and Assumption).

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, specifications and other documents and records for the Demised Premises, and an original execution copy of the Lease, together with any and all amendments or modifications thereto) to Assignee on the Delivery Date in its then "AS-IS, WHERE-IS" physical and environmental condition (herein referred to as the "Demised Premises Condition") without any representation or warranty from Assignor as to the Demised Premises Condition whatsoever, and Assignee hereby releases Assignor from and against all claims, liability, cost, loss, damage and/or expense arising out of the Demised Premises Condition. As used herein, the phrase "Delivery Date" shall mean the date immediately following the date on which all of the Conditions have been satisfied (which Delivery Date is anticipated to occur on June 3, 2011). Any property of Assignor remaining in the Demised Premises after the Delivery Date shall be deemed abandoned and may be claimed by Assignee or disposed of by Assignee at the cost of Assignee.

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 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 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, 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 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.

9. Cure Costs. In addition to performing its obligations under Paragraph 2 of this Assignment and Assumption, Assignor shall cure any pre-petition defaults that would or might otherwise have to be cured pursuant to section 365(b)(1) of the Bankruptcy Code in connection with the assumption of the Lease.

10. Modification. This Assignment and Assumption shall not be modified except by written instrument subscribed to by Assignor and Assignee. Except as specifically amended by this Assignment and Assumption, all of the terms, provisions, agreements, covenants and conditions contained in the Lease are and shall remain, unchanged and in full force and effect.

11. 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.

12. Headings. The 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.

13. 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.

14. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (a) established express delivery service, such as Federal Express, which maintains delivery records, or (b) hand delivery to the parties at the following addresses, or to such other or additional persons or at such other address as the parties may designate by notice in the above manner:

To Assignor:                      Borders, Inc.  
   100 Phoenix Drive  
   Ann Arbor, MI 48108  
   Attn: Vice President of Real Estate

To Assignee:                      T.J. Maxx of CA, LLC  
   770 Cochituate Road  
   Framingham, MA 01701  
   Attn: Vice President – Real Estate

15. Brokers. Each party represents and warrants that, except for DJM Realty (whose fee or commission shall be paid by Assignor pursuant to separate agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Assignment and Assumption. Each party shall, and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the Assignment and Assumption and the Delivery Date.

16. 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 authorized to do so and this Assignment and Assumption is a legally binding obligation.

17. Reservation and Waiver. The execution of this Assignment and Assumption shall not be or be deemed or construed to be an assumption of the Lease or a waiver of any of Assignor's rights under Sections 365 and 503(b) of the Bankruptcy Code, provided that the foregoing shall not limit or alter the obligations of Assignor under this Assignment and Assumption.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be made this 12<sup>th</sup> day of May, 2011.

**ASSIGNOR:**

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

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

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

**ASSIGNEE:**

**T.J. MAXX OF CA, LLC**, a Delaware limited liability company

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

Ann McCauley,  
Secretary

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

Mary B. Reynolds,  
Vice President/Treasurer

15. Brokers. Each party represents and warrants that, except for DJM Realty (whose fee or commission shall be paid by Assignor pursuant to separate agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Assignment and Assumption. Each party shall, and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the Assignment and Assumption and the Delivery Date.

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17. Reservation and Waiver. The execution of this Assignment and Assumption shall not be or be deemed or construed to be an assumption of the Lease or a waiver of any of Assignor's rights under Sections 365 and 503(b) of the Bankruptcy Code, provided that the foregoing shall not limit or alter the obligations of Assignor under this Assignment and Assumption.

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

**ASSIGNOR:**

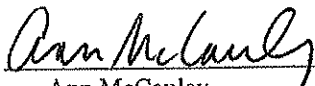
**BORDERS, INC.,** a Colorado corporation,  
Debtor-in-Possession

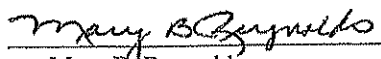
By: \_\_\_\_\_

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

**ASSIGNEE:**

**T.J. MAXX OF CA, LLC,** a Delaware limited liability company

By:   
Ann McCauley,  
Secretary

By:   
Mary B. Reynolds,  
Vice President/Treasurer

**EXHIBIT B**

**HOMEGOODS ASSIGNMENT AGREEMENT**

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.

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.

4. Assignor Released. Notwithstanding anything contained in the Lease to the contrary, pursuant to Section 365 of the Bankruptcy Code, this Assignment and Assumption shall operate to release Assignor as of the Delivery Date from any and all obligations 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 Paragraph 6(b), Paragraph 6(c), Paragraph 6(d) and Paragraph 6(e) below are satisfied, Assignee shall pay to Assignor by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit A and by this reference made a part hereof, the sum of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) (the "Consideration").

6. Conditions. This Assignment and Assumption is conditioned 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) Assignor has delivered an estoppel certificate to Assignee in the form attached hereto as Exhibit B with respect to the Lease, dated not earlier than three (3) business days prior to the Delivery Date;
- (d) this Assignment and Assumption has been approved by the Bankruptcy Court in accordance with the provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure by an order in the form attached hereto as Exhibit C, with any changes to the form of such order to be satisfactory to Assignor and Assignee in their reasonable discretion; and
- (e) Assignee has had an opportunity to inspect and approve the condition of the Demised Premises (which approval shall not be unreasonably withheld) prior to the "Deadline" (as hereinafter defined) in accordance with the terms and conditions set forth below.

In the event that all of the Conditions are not satisfied by June 2, 2011 (the "Deadline"), then this Assignment and Assumption shall automatically terminate and be of no further force or effect and the parties hereto shall have no rights or responsibilities hereunder, except for Assignee's indemnification and hold harmless obligations set forth in the immediately following paragraph (which shall survive the termination of this Assignment and Assumption).



Notwithstanding anything contained herein to the contrary, Assignee's inspection of the Demised Premises pursuant to Paragraph 6(e) above, shall be subject to the following terms and conditions: (i) Assignee will provide not less than twenty-four (24) hours prior telephonic and email notice prior to entering on to the Demised Premises (x) Margaret Peterson of Assignor at (734) 477-1297 and mpeterse@bordersgroupinc.com and (y) Lisa Smola-Hollo of Assignor at (734) 477-1378 and lsmola@bordersgroupinc.com; (ii) reasonable measures will be taken to avoid damage to the Demised Premises; (iii) Assignee shall, at all times that Assignor and/or its contractors, representatives, agents and employees (collectively, the "Assignee Parties") may be upon the Demised Premises, keep in force general liability insurance in limits of \$2,000,000 combined single limit bodily injury and property damage coverage per occurrence; (iv) Assignor and/or Assignor's designated agent(s) or representative(s) may be present and accompany Assignee and the Assignee Parties at all times during their entry on the Demised Premises pursuant to this Assignment and Assumption; (v) Assignee and the Assignee Parties hereby assume all risks connected with the access to the Demised Premises; (vi) Assignee shall repair any damage to the Demised Premises arising out of or in connection with Assignee's inspection of the Demised Premises; and (vii) Assignee shall indemnify, defend and hold Assignor harmless from and against any claims, liability, loss, cost and expense arising out of or in connection with the presence of Assignee and the Assignee Parties upon the Demised Premises and/or the conduct of its inspection (which obligations shall survive this Assignment and Assumption).

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, specifications and other documents and records for the Demised Premises, and an original execution copy of the Lease, together with any and all amendments or modifications thereto) to Assignee on the Delivery Date in its then "AS-IS, WHERE-IS" physical and environmental condition (herein referred to as the "Demised Premises Condition") without any representation or warranty from Assignor as to the Demised Premises Condition whatsoever, and Assignee hereby releases Assignor from and against all claims, liability, cost, loss, damage and/or expense arising out of the Demised Premises Condition. As used herein, the phrase "Delivery Date" shall mean the date immediately following the date on which all of the Conditions have been satisfied (which Delivery Date is anticipated to occur on June 3, 2011). Any property of Assignor remaining in the Demised Premises after the Delivery Date shall be deemed abandoned and may be claimed by Assignee or disposed of by Assignee at the cost of Assignee.

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 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 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, 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 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.

9. Cure Costs. In addition to performing its obligations under Paragraph 2 of this Assignment and Assumption, Assignor shall cure any pre-petition defaults that would or might otherwise have to be cured pursuant to section 365(b)(1) of the Bankruptcy Code in connection with the assumption of the Lease.

10. Modification. This Assignment and Assumption shall not be modified except by written instrument subscribed to by Assignor and Assignee. Except as specifically amended by this Assignment and Assumption, all of the terms, provisions, agreements, covenants and conditions contained in the Lease are and shall remain, unchanged and in full force and effect.

11. 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.

12. Headings. The 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.

13. 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.

14. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (a) established express delivery service, such as Federal Express, which maintains delivery records, or (b) hand delivery to the parties at the following addresses, or to such other or additional persons or at such other address as the parties may designate by notice in the above manner:

To Assignor:                      Borders, Inc.  
   100 Phoenix Drive  
   Ann Arbor, MI 48108  
   Attn: Vice President of Real Estate

To Assignee:                      Homegoods, Inc.  
   770 Cochituate Road  
   Framingham, MA 01701  
   Attn: Vice President – Real Estate

15. Brokers. Each party represents and warrants that, except for DJM Realty (whose fee or commission shall be paid by Assignor pursuant to separate agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Assignment and Assumption. Each party shall, and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the Assignment and Assumption and the Delivery Date.

16. 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 authorized to do so and this Assignment and Assumption is a legally binding obligation.

17. Reservation and Waiver. The execution of this Assignment and Assumption shall not be or be deemed or construed to be an assumption of the Lease or a waiver of any of Assignor's rights under Sections 365

and 503(b) of the Bankruptcy Code, provided that the foregoing shall not limit or alter the obligations of Assignor under this Assignment and Assumption.

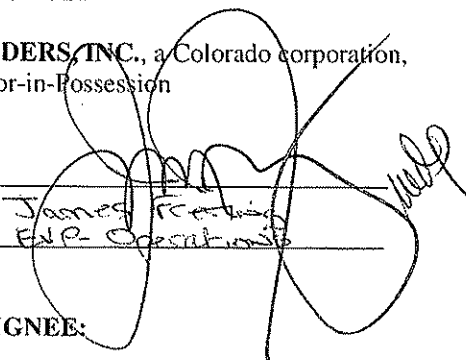
IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be made this 12<sup>th</sup> day of May, 2011.

**ASSIGNOR:**

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

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

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



James Keating  
E.P. Operations

**ASSIGNEE:**

**HOMEGOODS, INC.**, a Delaware corporation

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

Ann McCauley,  
Secretary

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

Mary B. Reynolds,  
Vice President/Treasurer

**ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT**  
(Goleta, CA; Store No. 406)

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT ("Assignment and Assumption"), is entered into as of \_\_\_\_\_, 2011 ("Date of the Assignment and Assumption"), by and between BORDERS, INC., a Colorado corporation, Debtor-in-Possession ("Assignor"), and HOMEGOODS, INC., a Delaware corporation ("Assignee").

**RECITALS:**

**WHEREAS**, Camino Real Limited Liability Company, a California limited liability company, as Landlord ("Landlord") and Assignor, as Tenant, entered into that certain Lease Agreement dated December 23, 1999, as amended by Addendum to Lease dated December 28, 2000 and First Amendment to Lease dated July 1, 2009 (collectively, the "Lease"), relating to those certain premises consisting of approximately 25,145 square feet of retail premises (the "Demised Premises") located in the shopping center situated at the southwest corner of Hollister Avenue and Storke Road, in the City of Goleta, County of Santa Barbara, State of California, as more particularly described in the Lease;

**WHEREAS**, all capitalized terms, if not defined in this Assignment and Assumption, shall have the same meaning as defined in the Lease;

**WHEREAS**, 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); and

**WHEREAS**, Subject to the satisfaction of the "Conditions" (as defined in Paragraph 6 below), effective as of the "Delivery Date" (as defined in Paragraph 7 below), Assignor desires to assign all of its right, title, interest and obligation in to, and under the Lease to Assignee, and Assignee desires to assume, observe and perform all of the Assignor's right, title, interest and obligations in, to, and under the Lease, in accordance with the terms, covenants, and conditions described below.

**NOW, THEREFORE**, in consideration of the "Consideration" (as defined in Paragraph 5 below), 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 on the Delivery Date in accordance with the terms of Paragraph 7 below. For avoidance of doubt, Assignor shall continue to be responsible for the payment of (i) Annual Rent and Additional Rent accruing under the Lease for the period from the date of the filing of the Chapter 11 Cases to the Delivery Date and (ii) any utility costs and insurance premiums incurred for the Demised Premises prior to the Delivery Date; provided any rent and other charges (including, without limitation, Annual Rent, Additional Rent and utility charges) payable with respect to the month in which the Delivery Date occurs shall be prorated between Assignor and Assignee as of the Delivery Date, and

and 503(b) of the Bankruptcy Code, provided that the foregoing shall not limit or alter the obligations of Assignor under this Assignment and Assumption.

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:**

**HOMEGOODS, INC.**, a Delaware corporation

By:   
Ann McCauley,  
Secretary

By:   
Mary B. Reynolds,  
Vice President/Treasurer