



IP Asset Sale Executive Summary:

BORDERS[®]

Bid Deadline: Thursday, September 8th 2011

Auction Date: Wednesday, September 14th 2011

August 8, 2011

BACKGROUND

Streambank, LLC has been engaged by Borders Group, Inc. and its affiliates (“Borders”) as its exclusive agent for purposes of marketing and selling Borders’ intellectual property assets (the “IP Assets”). The IP Assets will be sold in a Bankruptcy Court supervised sale process. Set forth below is a general description of the opportunity and the sale process.

BORDERS

Borders is a worldwide retailer of books, eBooks and eReading devices, recorded music and video content based in Ann Arbor, Michigan. Borders was founded 40 years ago and has grown into one of the largest book retailers in the world. Borders product has been sold through brick and mortar Borders superstores, Borders Express, Waldenbooks and Brentano’s retail stores, as well as through its e-commerce website located at Borders.com. At its peak over the past ten years, Borders operated over 1000 stores including over 500 superstores in North America, the United Kingdom, Ireland and the Pacific Rim. Through its various outlets, Borders generated approximately \$2.3 billion in revenues for the fiscal year that ended on January 29, 2011. The Borders brand is famous enjoying extremely high worldwide recognition among book buyers and consumers generally.

CURRENT STATUS

Borders commenced a Chapter 11 bankruptcy case on February 16, 2011. It used the Chapter 11 process to close under-performing stores and re-structure its operations. In July 2011, the company concluded that it should close its remaining brick and mortar stores and commence the process of selling its assets. Borders is currently liquidating its store inventory through Going Out of Business sales at its store locations. Borders continues to operate its Borders.com e-commerce store and remains engaged with its customers through social media and the internet. Borders intends to maintain these ongoing operations and the goodwill it has established with its customers through the sale of the IP Assets.

IP ASSETS

The breadth of Borders’ intellectual property is significant. The IP Assets can generally be grouped into the following categories:

- Trademarks, Trade Names and Domains: Borders maintains an extensive portfolio of trademarks and domain registrations which can be grouped in the following manner:
 - Borders:
 - Borders has registered trademarks in at least 70 countries including Borders®, Borders Book Shop®, Borders Express® and Borders Books &

Music®. Borders has also registered trademarks relating to specific product offerings such as the Shortlist®, as well as programs such as Borders Rewards® and Borders Rewards Plus®.

- Borders has registered domain names in 12 countries and the European Union including Borders.com, and related derivatives for various domestic and foreign registrars.
- Borders has granted licenses for certain trademarks and related intellectual property to operators in the United Kingdom, Ireland, Australia, New Zealand and Singapore. Borders has franchise agreements that provide licenses to certain trademarks and related intellectual property in Malaysia and the United Arab Emirates.
- Waldenbooks: Primarily a mall-based 2,000 – 3,000 square foot bookstore. Together with Borders Express, there are approximately 120 brick and mortar stores and 25 similarly sized airport locations.
 - The Waldenbooks® trademark is registered in at least 24 countries.
 - The Waldenbooks.com domain name is registered in the US and with various foreign registrars. Currently it is pointed to the www.borders.com URL.
- Brentano's: A specialty bookseller founded in New York in 1853. The Brentano's® trademark is registered in the US, Canada and the Bahamas.
- Ecommerce:
 - Domain Names: Borders operates a full service ecommerce store under the Borders.com domain name. The majority of Borders' domain name registrations including BordersBooks.com, BordersMedia.com, and BordersRewards.com, point to this site.
 - BordersMedia.com: Through Borders Media, Borders maintains a library of original programming including author interviews, book readings, kitchen demonstrations and live concert performances.
 - Proprietary Software: The Borders.com ecommerce site is supported by proprietary software developed, engineered and maintained by Borders.
 - Kobo: Through an agreement with Kobo, Inc., Borders uses the Borders.com website to market and sell eBooks and eReading devices which utilize the Kobo eReading service as well as a full line of accessories.

- Customer Data: Borders maintains a proprietary database of customer information tracked by customer email address and including customer data captured at the point of sale on Borders.com and through the Borders Rewards® (approximately 21 million active members) and Borders Rewards Plus® (approximately 1.8 million active members) programs. Customer data is maintained by Borders with the assistance of a third party service provider Epsilon Data Management. Borders regularly evaluates its customer data using RFM (Recency, Frequency and Monetary) analysis techniques.
- IP Addresses: Borders is the assigned holder of a /16 contiguous block of IPv4 Legacy IP addresses.
- Miscellaneous: Borders has developed many proprietary applications and other intangible work product including operations manuals, training manuals, customized software, management solutions, trade secrets and the like.

SALE PROCESS

- Due Diligence: Information about Borders in general and the IP Assets in particular is stored in a virtual data room maintained by Streambank. Among the items in the data room are definitive schedules of the IP Assets. Parties that are interested in reviewing the information in the data room are required to enter into a Non-Disclosure Agreement (“NDA”) with Borders.
- Sale Process: Borders is currently seeking proposals for the acquisition of all or parts of the IP Assets. The current deadline for proposals is September 8, 2011. Borders has the authority, in consultation with its creditors, to provide certain bidding protections to a bidder or bidders prepared to make meaningful non-contingent offers for the IP Assets. Borders has developed a form of Asset Purchase Agreement that should be used by bidders in connection with their proposals. Borders intends to convene an auction among qualified bidders on September 14, 2011, and to seek final approval of the sale of the IP Assets on September 20, 2011. Bidders should be prepared to close on any acquisition of the IP Assets on or before September 30, 2011.

Parties who are interested in entering into an NDA with Borders in order to gain access to the data room or who have additional questions about the sale of the IP Assets should contact the following Streambank representatives:

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