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## Group fights Borders' court bid

Don't give bookseller exit plan extension, creditors panel says

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*/The Detroit News*

Borders Group Inc.'s unsecured creditors committee is challenging the bookstore chain's request for more time to file a bankruptcy-exit plan, claiming that the nation's second-largest traditional bookseller has not shown any progress in its efforts to restructure.

The watchdog group — made up of top publishers and other companies that Borders owes money — argues that the Ann Arbor-based bookseller has not yet produced a plan to reorganize its operations and that "losses are admittedly accumulating on a daily basis without any end in sight," according to a document filed Thursday with the U.S. Bankruptcy Court in Manhattan.

Borders asked U.S. Bankruptcy Judge Martin Glenn earlier this month for four more months to file its plan to exit from Chapter 11 protection — from mid-June to mid-October. The bookseller requested that creditors not be allowed to create their own plan during that period.

Before the motion was made, Borders officials said the company aimed to emerge from bankruptcy protection in August.

Borders said in a statement Friday it is making significant progress to emerge from bankruptcy protection — whether as a restructured company or from the sale of the business. The bookseller said it lost more than \$180 million between Feb. 16, when it filed for Chapter 11 bankruptcy protection, and April 30.

"We intend to exhaust every option to maximize value for the creditors, and we will continue to consult with the (committee) about the options we intend to pursue," said spokeswoman Rosalind Thompson.

"Indeed, at the request of the committee we have pursued a dual-track path of building our plan while seeking potential buyers of the business," Thompson added.

The committee objects to granting an extension because "they feel that more time would reduce their payout," said Birmingham-based turnaround expert Van Conway, who is not involved in the bankruptcy case.

The bookseller will likely be sold within the next 30-60 days and won't emerge from bankruptcy protection with its current management, the committee contended in its filing.

The committee of unsecured creditors includes the largest U.S. book publishers — Penguin, HarperCollins, Random House and Perseus Books Group — and other businesses such as Sony Music and Simon Property Group.

Glenn will consider Borders' request next Thursday. The firm will need to show that a longer filing period will produce value for its creditors, Conway said.

The so-called exclusivity period for a bankrupt company to form a reorganization plan prevents creditors or bondholders from buying the company and dismissing management.

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# Additional Facts

Give Borders more time to reorganize?

Among the committee of unsecured creditors' objections to giving Borders Group Inc. a four-month extension on filing a reorganization plan:

The bookseller hasn't shown cause for getting an additional 120 days to file a bankruptcy exit plan.

Borders continues to lose money in bankruptcy protection "without any end in sight."

A reorganization plan is unlikely because the company's assets likely will be sold in the next month or two.

This is not an overly complex case. The company has hired "a veritable army" of attorneys, accountants and other professionals to help them.