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## Watchdog group: Borders hasn't shown progress in efforts to restructure

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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 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 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 an additional four months to file its plan to exit from Chapter 11 protection — from mid-June to mid-October. The bookseller requested 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 today 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 pay-out," said Birmingham-based turnaround expert Van Conway.

The committee said in its filing that it believes the bookseller will likely be sold within the next 30 to 60 days and won't emerge from bankruptcy protection with its current management.

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' extension request next Thursday. The bookseller 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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