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Attorneys for Debtors and Debtors in Possession

**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)

NOTICE OF CANCELLATION OF AUCTION

PLEASE TAKE NOTICE that in connection with the above-captioned debtors and debtors in possession's (collectively, the "Debtors") *Motion for an Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests and the Assumption and Assignment of Executory Contracts and Unexpired Leases Related Thereto, (II) Approving the Sale Procedures and Break-Up Fee, and (III) Granting Related Relief* (the "Motion") and the *Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure Approving Sale Procedures in Connection with the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests* (the "Order"), entered by this Court on or about July 14, 2011, the Debtors hereby give notice of the cancellation of the Auction (as defined in the Motion).

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.

PLEASE TAKE FURTHER NOTICE that the Debtors received a bid from a non-insider to purchase the inventory, furniture, fixtures, equipment and leases for approximately thirty (30) stores for which the Debtors reserve the right, following consultation with the DIP Lenders and the Official Committee of Unsecured Creditors, to seek approval in connection with the Sale Hearing (as defined in the Order) to be held on or about July 21, 2011 at 11:00 a.m. (prevailing Eastern Time) if the bid becomes a Qualified Bid (as defined in the Motion).

Dated: July 18, 2011
New York, New York

KASOWITZ, BENSON, TORRES
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By: /s/ Andrew K. Glenn
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