

BORDERS®



About Borders Group, Inc.

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Company Overview

Headquartered in Ann Arbor, Mich., Borders Group, Inc. is a publicly held company with 2008 consolidated sales through its subsidiaries of \$3.2 billion. The company's stock trades on the New York Stock Exchange under the symbol BGP.

Through its subsidiaries, Borders Group employs approximately 25,000 people and operates over 1,000 worldwide, including more than 500 Borders superstores in the U.S.; 3 Borders stores in Puerto Rico; and approximately 360 stores within its Waldenbooks Specialty Retail segment.

In February 2008, the company opened its first concept store in Ann Arbor, Mich. and since that time has opened an additional 13 additional concept stores nationwide.

In 2004, the company acquired Paperchase Products Limited, a London-based stationery and gift retailer with more than 122 locations primarily throughout Great Britain, including many on London's busiest retail streets. Since 2004, Paperchase shops have been added to more than 335 Borders superstores. Borders operates a stand-alone Paperchase shop in Glendale, Calif.

Borders stores provide millions of customers with a rich shopping experience. In addition to offering a vast assortment of books, music, movies and other entertainment items, Borders stores provide a relaxing and engaging atmosphere where customers can browse a vast inventory of titles, meet up with friends and family over a cup of coffee, enjoy a special in-store event, or participate in a community-centered activity.

Additional Facts about Borders Domestic Superstores

- Borders operates 511 Borders superstores in the U.S. Each is distinctive in appearance and architecture and is designed to complement its local surroundings.
- Borders staff is always happy to help customers find what they're looking for. The retailer takes special care to employ a knowledgeable and diverse staff with a passion for books and entertainment, and who reflect the diverse communities that Borders serves.
- The largest Borders superstores stock up to 192,000 titles across numerous categories including many hard-to-find titles. In all Borders stores the titles reflect the interests of the communities they serve. More than half of all titles are unique to each store.
- Borders superstores average 24,700 square feet in size, including approximately 13,100 square feet devoted to books, 2,600 square feet devoted to music, 800 square feet devoted to newsstand and 900 square feet devoted to movies.
- As of September 2009, 482 Borders superstores featured Seattle's Best Coffee® cafes. Approximately 1,400 square feet of a typical superstore is dedicated to the cafe.
- As of September 2009, 337 superstores feature Paperchase shops, which sell unique and fashion-driven stationery, gift packaging, greeting cards, art paper and materials, seasonal items and other gifts. The typical Borders superstore devotes approximately 1,000 square feet to a Paperchase shop.
- Borders stores host many in-store events throughout the year including author readings and signings, music performances, children's storytime events and other gatherings, bringing together members of the community to enjoy the knowledge and entertainment Borders stores provide.

Right-sizing the Waldenbooks Specialty Retail Segment

Right-sizing the Waldenbooks Specialty Retail segment is another key part of Borders Group's long-term strategic plan. In order to better focus resources on its core U.S. superstore business, Borders Group is executing an aggressive program to close underperforming stores in this segment. It is also retaining locations that meet acceptable profit and return on investment, and in those stores, is changing product mix and format to drive sales and profitability. In fiscal 2008, Borders closed 112 Waldenbooks Specialty Retail stores as part of this effort.

Additional Facts about the Waldenbooks Specialty Retail Segment

The Waldenbooks Specialty Retail segment consists of the following (as of September 2009):

- Waldenbooks stores (210 locations)
- Borders Express stores (118 locations)
- Borders airport stores (29 locations)
- Borders Outlet stores (8 locations)
- Day by Day Calendar Co. seasonal kiosks that operate during the holidays (number to be determined for holiday 2009)
- Waldenbooks Specialty Retail stores average approximately 3,700 square feet in size and carry an average of 13,500 titles, ranging from 5,500 in an airport store to 18,000 in large format stores.

Refocusing Investment — International

Borders Group has completed the strategic alternatives process for its UK and Ireland divisions as well as its Australia/New Zealand/Singapore businesses. The company is not exploring strategic alternatives for its Puerto Rico stores or franchise operations in Malaysia (five superstores) and the United Arab Emirates (U.A.E.) (eight superstores).

U.K. & Ireland — In Sept. 2007, Borders sold a majority interest in its U.K. and Ireland subsidiaries to Risk Capital Management, a London-based private equity investor. The transaction included all 41 Borders superstores located in the U.K. and the Borders superstore in Ireland, as well as all 28 Books etc. stores in the U.K.

Australia & New Zealand — In June 2008 Borders sold 100 percent of its Australia/New Zealand/Singapore businesses — which includes 30 Borders superstores — to A&R Whitcoulls (ARW), the leading Australasian retailer of books and related products owned by private equity firm Pacific Equity Partners (PEP).

Additional Facts about the International Segment

As of September 2009, Borders Group had three superstore locations in Puerto Rico. The International segment also includes Paperchase. In 2004, the company acquired Paperchase Products Limited, a London-based retailer that offers a unique assortment of stationery, gift packaging, greeting cards, art paper and materials, seasonal items and other gifts. Paperchase operates more than 122 retail locations primarily throughout Great Britain, and is in 337 Borders stores. The company will continue to convert gifts and stationery departments within Borders stores to Paperchase shops through its store remodeling efforts.

The company also operates a stand-alone Paperchase shop in Glendale, Calif.

Online Shopping Through Borders.com

Borders launched its own e-commerce site — Borders.com — May 27, 2008. The site is rich with innovative features including the Magic Shelf™ and exclusive and original video programming that brings a real bookstore experience to life online. Borders.com also offers Borders Rewards members — which as of September 2009 total more than 34 million — an opportunity to earn and redeem their "Borders Bucks" and coupons online. Borders has also introduced Borders.com into its superstores nationwide via existing Borders Search kiosks giving customers the opportunity to enjoy a unique and elevated shopping experience virtually anytime and anywhere.

Digital Books

In September 2007, Borders expanded its existing relationship with Sony to increase the number of Borders stores selling the Sony Reader Digital Book to more than 500 superstores nationwide. In addition, together with Sony, we launched a co-branded online store for e-book downloads.