

## LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (this "Agreement") is made this 8th day of August, 2011, by and between The Port of Seattle, a Washington municipal corporation ("Landlord"), and BORDERS, INC., a Colorado corporation, Debtor in Possession ("Tenant"), with reference to the following facts:

### RECITALS:

- A. Landlord and Tenant entered into (i) that certain Lease and Concession Agreement dated as of March 2, 2004 (as amended, the "Main Lease"), relating to approximately 3,417 square feet of space located within the Central Terminal of Seattle Tacoma International Airport identified by Landlord as CT-10 (the "Main Premises"), and (ii) that certain Office/Storage Lease Rider to Concession Agreement dated as of August 23, 2006 (as amended, the "Lease Rider" and, together with the Main Lease, the "Lease"), relating to certain office and/or storage space located within the Main Terminal of Seattle Tacoma International Airport (the "Supplemental Premises" and, together with the Main Premises, the "Premises"),
- B. Tenant and affiliated entities (collectively "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on February 16, 2011 ("Petition Date"), in jointly administered cases entitled In re Borders Group, Inc., et al., Case No. 11-10832 (the "Bankruptcy Case") pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Debtors have continued to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.
- C. Landlord and Tenant have agreed to terminate the Lease, subject to and upon the terms as more particularly provided in this Agreement.

NOW, THEREFORE, for and in consideration of and the mutual promises, covenants, and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

1. Termination of Lease. Subject to the satisfaction of the conditions set forth in Paragraph 3 below, Tenant shall permanently and irrevocably surrender to Landlord all of its right, title and interest in and to the Premises on August 11, 2011 (the "Termination Date"), and the Lease shall be deemed terminated as of the Termination Date as if that were the date provided for the expiration of the term of the Lease. On or before the Termination Date, Debtors, on behalf of Tenant, shall deliver to Landlord (i) any keys or keypad access codes to the Premises, and (ii) contact information and/or instructions with respect to any alarm and energy management system serving the Premises. Tenant agrees that Landlord shall have the right to enter upon the Premises from and after the Termination Date as fully as it would or could have done if that were the date provided for the expiration of the term of the Lease. If Tenant fails to timely vacate and surrender possession of the Premises as of the Termination Date in the manner set forth in this Agreement, then notwithstanding anything to the contrary contained herein, Tenant shall be deemed to be holding over in the Premises and Landlord shall be entitled to any available remedies under the Bankruptcy Code and applicable state law.

2. Termination Consideration. Subject to the satisfaction of the conditions set forth in Paragraph 3 below, Landlord shall pay to Tenant the sum of SEVENTY THOUSAND Dollars (\$70,000) (the "Termination Payment"), within one business day of the date on which Tenant delivers notice of entry of the Bankruptcy Court Order to Landlord in accordance with Paragraph 3 below. Landlord shall pay the Termination Payments to Tenant by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit A.

3. Conditions Precedent. This Agreement is conditioned on, and shall only take effect upon satisfaction of the following conditions precedent (the "Conditions Precedent"):

- (a) execution and delivery of this Agreement by Landlord and Tenant;
- (b) approval of this Agreement by the Port of Seattle Commission at its regular meeting on August 9, 2011; and
- (c) the entry of an Order in the Bankruptcy Case on or prior to August 11, 2011 in form and substance reasonably satisfactory to the Port (i) authorizing the Debtors to enter into this Agreement, (ii) approving the Termination Payment and (iii) waiving the 14-day stay under Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, among other things (the "Bankruptcy Court Order").

4. Condition of Premises.

- (a) The Premises shall be in the condition otherwise prescribed in the Bankruptcy Court order dated March 16, 2011 [Docket No. 399], concerning condition of premises upon lease rejection by the Debtors (including Tenant) (the "Premises Condition").
- (b) Any furniture, fixtures, equipment or other personal property that remains in or on the Premises following the Termination Date ("Abandoned Personal Property") shall be deemed abandoned by Tenant pursuant to the procedures, rights and remedies set forth in the Bankruptcy Court order dated July 21, 2011 [Docket No. 1377], which, among other things, authorizes the Debtors to engage liquidators to conduct going out of business sales.
- (c) Except as otherwise provided in this Paragraph 4, Landlord accepts the Premises in its "as is" condition as of the Termination Date.

5. Release by Landlord.

- (a) Conditioned upon (i) satisfaction of the Conditions Precedent, and (ii) Tenant's return of possession of the Premises to Landlord on or prior to the Termination Date, Landlord ("Releasing Landlord Party"), does hereby release and forever discharge Tenant and all other Debtors, and their respective bankruptcy estates, legal predecessors, successors and assigns, their officers, directors, shareholders, affiliates, heirs, beneficiaries, executors, representatives, agents, servants, employees, attorneys, and insurers, and each of them (collectively the "Released Tenant Parties"), of and from any and all claims (including, but not limited to, all pre and post-Petition Date claims held by Releasing Landlord Party against Released Tenant Parties arising under or relating to the Lease), demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which any Releasing Landlord Party ever had, now has, or may hereafter have, against the Released Tenant Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease, or the Premises, save and except for (A) the rights created or reserved by this Agreement; and (B) any indemnifications obligations arising from third party claims asserted with respect to or arising from Tenant's use and occupancy of the Premises prior to the Termination Date for which Tenant had a duty to indemnify Landlord pursuant to the Lease, with respect to which Tenant was required to maintain insurance coverage pursuant to the Lease and which expressly survive the expiration or termination of the Lease.

- (b) Subject to the exclusions contained in clauses (A) and (B) of Section 5(a) above, Landlord's release under this Paragraph 5 expressly includes any claim for unpaid rent (including but not limited to annual or base rent, percentage rent (if applicable), and additional rent) and charges under the Lease accrued or billed prior to the Petition Date, any claims for unpaid post-petition rent (including but not limited to base or annual rent and additional rent (including, without limitation, real estate taxes, common area maintenance or deferred maintenance charges, and any other charges due up to and including the Termination Date regardless of when billed)) and charges not previously paid for any time after the Petition Date (i.e., February 16, 2011), and any claim by Landlord for lease termination and rejection damages under Bankruptcy Code section 502(b)(6).
- (c) In connection with the foregoing releases, Landlord agrees to withdraw and release any and all claims (including Landlord's pending claim) against Safeco Insurance Company of America ("Safeco") bond no. 6500734 (the "Bond") provided by Tenant to Landlord as security for Tenant's obligations under the Lease, other than Landlord's claim against the Bond in the amount of \$31,479.91 paid by Safeco on or about June 23, 2011 (the "First Bond Payment"). In the event Landlord receives any payment with respect to the Bond other than the First Bond Payment, Landlord will promptly return such payment to Safeco, or otherwise remit such payment in accordance with Tenant's instructions.

6. Release by Tenant. Conditioned upon (i) satisfaction of the Conditions Precedent, and (ii) the receipt by Tenant of the Termination Payment as provided herein, Tenant ("Releasing Tenant Party") does hereby release and forever discharge Landlord and its legal successors and assigns (collectively the "Released Landlord Parties"), of and from any and all claims, demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which Releasing Tenant Parties ever had, now has, or may hereafter have, against the Released Landlord Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease or the Premises, including, but not limited to, the First Bond Payment, any draw or attempted draw on the Bond between the date of the First Bond Payment and the date hereof (except to the extent Landlord has agreed to return or remit such payment pursuant Section 5(c) above), any obligations of Landlord to refund to Tenant or credit against any base or annual rent, percentage rent (if applicable), or additional rent and charges due under the Lease or any overpayment by Tenant for any common area charges or ad valorem taxes and assessments in accordance with the annual reconciliations of such charges as set forth in the Lease, save and except for (a) the rights created or reserved by this Agreement and (b) any indemnifications obligations arising from third party claims asserted with respect to or arising from Landlord's obligations prior to the Termination Date for which Landlord had a duty to indemnify Tenant pursuant to the Lease and which expressly survive the expiration or termination of the Lease. Tenant agrees that the foregoing release shall include any claim or claims Tenant might have against Landlord with respect to the value of the claims against Tenant released by Landlord pursuant to Section 5 hereof and any avoidance actions or claims Tenant might have against Landlord under Chapter 5 of the Bankruptcy Code and any analogous state law (e.g., the Uniform Fraudulent Transfer Act).

7. Discovery of Additional Facts or Law. Each party acknowledges that it is aware that it may hereafter discover facts or law different from or in addition to those which it now knows or believes to be true in respect to the claims, demands, damages, debts, liabilities, actions or causes of action herein released, each of the parties hereto agrees that these releases shall be and remain in effect as complete, general, and mutual releases as to the matters released, notwithstanding any such additional facts or law.

8. No Assignment. Each party represents and warrants that it has not heretofore assigned or transferred or purported to transfer or assign to any person, firm, or corporation, any claim, demand, damages, debt, liability, action, or cause of action herein released. Tenant acknowledges that, on or about

July 19, 2011, pursuant to a certain Receipt, Partial Release and Assignment (the "Assignment"), Landlord assigned to Safeco Landlord's rights with respect to the First Bond Payment, and Tenant agrees that the releases by Landlord in Section 5 hereof do not include any release of the rights assigned by Landlord to Safeco pursuant to the Assignment. Each party hereto agrees to indemnify and hold harmless the other parties against any claim, demand, damages, debt, liability, action, cause of action, cost or expense including, but not limited to, attorneys' fees and disbursements actually paid or incurred, arising out of or in connection with any such transfer or assignment or purported or claimed transfer or assignment, other than with respect to the Assignment.

9. Advice of Counsel. Each party represents and warrants that it has had the opportunity to consult with counsel in connection with this Agreement and all matters covered by it, and that he, she or it has been fully advised by counsel with respect to its releases, rights and obligations under this Agreement.

10. Capitalized Terms. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Agreement.

11. Conflict With Lease. In the event of a conflict between the terms of the Lease and the terms of this Agreement, the terms of this Agreement shall control.

12. Further Assurances. Landlord and Tenant hereby agree to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement. In addition, Tenant shall cause any guarantor of Tenant's obligations under the Lease to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement.

13. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their respective legal successors, heirs, administrators and assigns, and each of them.

14. Headings. This section and paragraph heading contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. Governing Law; Jurisdiction. This Agreement shall be construed under and shall be governed by the laws of the state in which the Premises is located. Except as otherwise provided in Paragraph 1 herein, all controversies arising under or related to this Agreement shall be resolved in the Bankruptcy Case. Landlord and Tenant, and each of them, consent to personal jurisdiction before the United States Bankruptcy Court for the Southern District of New York for such purpose.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original, and all of which shall constitute an agreement.

17. Entire Understanding. This Agreement sets forth the entire understanding of the parties in connection with the subject matter hereof. None of the parties hereto has made any statement, representation, or warranty in connection herewith which has been relied upon by any other party hereto or which has been an inducement for any party to enter into this Agreement, except as expressly set forth herein. It is expressly understood and agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of the parties hereto. The parties agree that all agreements are merged into this Agreement which alone sets forth the understanding of the parties, and that they will make no claim at any time that this Agreement has been altered or modified or otherwise changed by oral communication of any kind or character.

18. Authority.

- (a) Landlord warrants and represents to Tenant that: (i) Landlord is the current holder of the Landlord's interest under the Lease; (ii) subject to the satisfaction of clause (b) of the Conditions Precedent, each individual executing, attesting and/or delivering this Agreement on behalf of Landlord is duly authorized to do so on behalf of Landlord; (iii) subject to the satisfaction of clause (b) of the Conditions Precedent, this Agreement is binding upon and enforceable against Landlord and its successors and assigns; and (iv) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.
- (b) Tenant warrants and represents to Landlord that: (i) subject to the satisfaction of clause (c) of the Conditions Precedent, each individual executing, attesting and/or delivering this Agreement on behalf of Tenant is duly authorized to do so on behalf of Tenant; (ii) subject to the satisfaction of clause (c) of the Conditions Precedent, this Agreement is binding upon and enforceable against Tenant and its successors and assigns; and (iii) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

19. Ambiguity. Each of Landlord and Tenant expressly declares that it participated in the negotiation of this Agreement, and that therefore no ambiguities in this Agreement may be resolved in favor of one party because the other party is the drafter of this Agreement.

20. Brokers. Each party represents and warrants that, except for DJM Realty, LLC (whose fee or commission shall be paid by Tenant pursuant to separate Agreement), it dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Agreement. Each party shall, and does hereby, indemnify, defend and save the other parties harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The foregoing indemnity shall survive the termination of this Agreement.

21. Facsimile Signatures. The parties shall be bound by their signatures transmitted by facsimile or electronic mail (in .pdf format) as if such signatures were original "ink" signatures. They further agree to forward original "ink" signatures promptly following the transmission of facsimile or electronic signatures. This Agreement shall be enforceable with facsimile or electronic signatures if one or more parties does not deliver an original signature.

IN WITNESS WHEREOF, the parties hereto set their hands below:

LANDLORD

THE PORT OF SEATTLE,  
a Washington municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

TENANT

BORDERS, INC.,  
a Colorado corporation, debtor-in-possession

By:  \_\_\_\_\_  
Name: James Frering  
Its: EVB - Operations

EXHIBIT A

TENANT'S WIRE INSTRUCTIONS

Bank = PNC Bank, N.A.  
ABA = 043000096  
Acct Name = Borders, Inc.  
Acct # = 1001744196

## LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (this "Agreement") is made this 8th day of August, 2011, by and between The Port of Seattle, a Washington municipal corporation ("Landlord"), and BORDERS, INC., a Colorado corporation, Debtor in Possession ("Tenant"), with reference to the following facts:

### RECITALS:

- A. Landlord and Tenant entered into (i) that certain Lease and Concession Agreement dated as of March 2, 2004 (as amended, the "Main Lease"), relating to approximately 3,417 square feet of space located within the Central Terminal of Seattle Tacoma International Airport identified by Landlord as CT-10 (the "Main Premises"), and (ii) that certain Office/Storage Lease Rider to Concession Agreement dated as of August 23, 2006 (as amended, the "Lease Rider" and, together with the Main Lease, the "Lease"), relating to certain office and/or storage space located within the Main Terminal of Seattle Tacoma International Airport (the "Supplemental Premises" and, together with the Main Premises, the "Premises"),
- B. Tenant and affiliated entities (collectively "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on February 16, 2011 ("Petition Date"), in jointly administered cases entitled In re Borders Group, Inc., et al., Case No. 11-10832 (the "Bankruptcy Case") pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Debtors have continued to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.
- C. Landlord and Tenant have agreed to terminate the Lease, subject to and upon the terms as more particularly provided in this Agreement.

NOW, THEREFORE, for and in consideration of and the mutual promises, covenants, and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

1. Termination of Lease. Subject to the satisfaction of the conditions set forth in Paragraph 3 below, Tenant shall permanently and irrevocably surrender to Landlord all of its right, title and interest in and to the Premises on August 11, 2011 (the "Termination Date"), and the Lease shall be deemed terminated as of the Termination Date as if that were the date provided for the expiration of the term of the Lease. On or before the Termination Date, Debtors, on behalf of Tenant, shall deliver to Landlord (i) any keys or keypad access codes to the Premises, and (ii) contact information and/or instructions with respect to any alarm and energy management system serving the Premises. Tenant agrees that Landlord shall have the right to enter upon the Premises from and after the Termination Date as fully as it would or could have done if that were the date provided for the expiration of the term of the Lease. If Tenant fails to timely vacate and surrender possession of the Premises as of the Termination Date in the manner set forth in this Agreement, then notwithstanding anything to the contrary contained herein, Tenant shall be deemed to be holding over in the Premises and Landlord shall be entitled to any available remedies under the Bankruptcy Code and applicable state law.

2. Termination Consideration. Subject to the satisfaction of the conditions set forth in Paragraph 3 below, Landlord shall pay to Tenant the sum of SEVENTY THOUSAND Dollars (\$70,000) (the "Termination Payment"), within one business day of the date on which Tenant delivers notice of entry of the Bankruptcy Court Order to Landlord in accordance with Paragraph 3 below. Landlord shall pay the Termination Payments to Tenant by wire transfer in accordance with the wire transfer instructions attached hereto as Exhibit A.

3. Conditions Precedent. This Agreement is conditioned on, and shall only take effect upon satisfaction of the following conditions precedent (the "Conditions Precedent"):

- (a) execution and delivery of this Agreement by Landlord and Tenant;
- (b) approval of this Agreement by the Port of Seattle Commission at its regular meeting on August 9, 2011; and
- (c) the entry of an Order in the Bankruptcy Case on or prior to August 11, 2011 in form and substance reasonably satisfactory to the Port (i) authorizing the Debtors to enter into this Agreement, (ii) approving the Termination Payment and (iii) waiving the 14-day stay under Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, among other things (the "Bankruptcy Court Order").

4. Condition of Premises.

- (a) The Premises shall be in the condition otherwise prescribed in the Bankruptcy Court order dated March 16, 2011 [Docket No. 399], concerning condition of premises upon lease rejection by the Debtors (including Tenant) (the "Premises Condition").
- (b) Any furniture, fixtures, equipment or other personal property that remains in or on the Premises following the Termination Date ("Abandoned Personal Property") shall be deemed abandoned by Tenant pursuant to the procedures, rights and remedies set forth in the Bankruptcy Court order dated July 21, 2011 [Docket No. 1377], which, among other things, authorizes the Debtors to engage liquidators to conduct going out of business sales.
- (c) Except as otherwise provided in this Paragraph 4, Landlord accepts the Premises in its "as is" condition as of the Termination Date.

5. Release by Landlord.

- (a) Conditioned upon (i) satisfaction of the Conditions Precedent, and (ii) Tenant's return of possession of the Premises to Landlord on or prior to the Termination Date, Landlord ("Releasing Landlord Party"), does hereby release and forever discharge Tenant and all other Debtors, and their respective bankruptcy estates, legal predecessors, successors and assigns, their officers, directors, shareholders, affiliates, heirs, beneficiaries, executors, representatives, agents, servants, employees, attorneys, and insurers, and each of them (collectively the "Released Tenant Parties"), of and from any and all claims (including, but not limited to, all pre and post-Petition Date claims held by Releasing Landlord Party against Released Tenant Parties arising under or relating to the Lease), demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which any Releasing Landlord Party ever had, now has, or may hereafter have, against the Released Tenant Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease, or the Premises, save and except for (A) the rights created or reserved by this Agreement; and (B) any indemnifications obligations arising from third party claims asserted with respect to or arising from Tenant's use and occupancy of the Premises prior to the Termination Date for which Tenant had a duty to indemnify Landlord pursuant to the Lease, with respect to which Tenant was required to maintain insurance coverage pursuant to the Lease and which expressly survive the expiration or termination of the Lease.



- (b) Subject to the exclusions contained in clauses (A) and (B) of Section 5(a) above, Landlord's release under this Paragraph 5 expressly includes any claim for unpaid rent (including but not limited to annual or base rent, percentage rent (if applicable), and additional rent) and charges under the Lease accrued or billed prior to the Petition Date, any claims for unpaid post-petition rent (including but not limited to base or annual rent and additional rent (including, without limitation, real estate taxes, common area maintenance or deferred maintenance charges, and any other charges due up to and including the Termination Date regardless of when billed)) and charges not previously paid for any time after the Petition Date (i.e., February 16, 2011), and any claim by Landlord for lease termination and rejection damages under Bankruptcy Code section 502(b)(6).
- (c) In connection with the foregoing releases, Landlord agrees to withdraw and release any and all claims (including Landlord's pending claim) against Safeco Insurance Company of America ("Safeco") bond no. 6500734 (the "Bond") provided by Tenant to Landlord as security for Tenant's obligations under the Lease, other than Landlord's claim against the Bond in the amount of \$31,479.91 paid by Safeco on or about June 23, 2011 (the "First Bond Payment"). In the event Landlord receives any payment with respect to the Bond other than the First Bond Payment, Landlord will promptly return such payment to Safeco, or otherwise remit such payment in accordance with Tenant's instructions.

6. Release by Tenant. Conditioned upon (i) satisfaction of the Conditions Precedent, and (ii) the receipt by Tenant of the Termination Payment as provided herein, Tenant ("Releasing Tenant Party") does hereby release and forever discharge Landlord and its legal successors and assigns (collectively the "Released Landlord Parties"), of and from any and all claims, demands, damages, debts, liabilities, actions, and causes of action of every kind and nature whatsoever, whether now known or unknown, which Releasing Tenant Parties ever had, now has, or may hereafter have, against the Released Landlord Parties, arising out of, based upon, or relating to, any act, omission, event, matter or thing with respect to the Lease or the Premises, including, but not limited to, the First Bond Payment, any draw or attempted draw on the Bond between the date of the First Bond Payment and the date hereof (except to the extent Landlord has agreed to return or remit such payment pursuant Section 5(c) above), any obligations of Landlord to refund to Tenant or credit against any base or annual rent, percentage rent (if applicable), or additional rent and charges due under the Lease or any overpayment by Tenant for any common area charges or ad valorem taxes and assessments in accordance with the annual reconciliations of such charges as set forth in the Lease, save and except for (a) the rights created or reserved by this Agreement and (b) any indemnifications obligations arising from third party claims asserted with respect to or arising from Landlord's obligations prior to the Termination Date for which Landlord had a duty to indemnify Tenant pursuant to the Lease and which expressly survive the expiration or termination of the Lease. Tenant agrees that the foregoing release shall include any claim or claims Tenant might have against Landlord with respect to the value of the claims against Tenant released by Landlord pursuant to Section 5 hereof and any avoidance actions or claims Tenant might have against Landlord under Chapter 5 of the Bankruptcy Code and any analogous state law (e.g., the Uniform Fraudulent Transfer Act).

7. Discovery of Additional Facts or Law. Each party acknowledges that it is aware that it may hereafter discover facts or law different from or in addition to those which it now knows or believes to be true in respect to the claims, demands, damages, debts, liabilities, actions or causes of action herein released, each of the parties hereto agrees that these releases shall be and remain in effect as complete, general, and mutual releases as to the matters released, notwithstanding any such additional facts or law.

8. No Assignment. Each party represents and warrants that it has not heretofore assigned or transferred or purported to transfer or assign to any person, firm, or corporation, any claim, demand, damages, debt, liability, action, or cause of action herein released. Tenant acknowledges that, on or about

July 19, 2011, pursuant to a certain Receipt, Partial Release and Assignment (the "Assignment"), Landlord assigned to Safeco Landlord's rights with respect to the First Bond Payment, and Tenant agrees that the releases by Landlord in Section 5 hereof do not include any release of the rights assigned by Landlord to Safeco pursuant to the Assignment. Each party hereto agrees to indemnify and hold harmless the other parties against any claim, demand, damages, debt, liability, action, cause of action, cost or expense including, but not limited to, attorneys' fees and disbursements actually paid or incurred, arising out of or in connection with any such transfer or assignment or purported or claimed transfer or assignment, other than with respect to the Assignment.

9. Advice of Counsel. Each party represents and warrants that it has had the opportunity to consult with counsel in connection with this Agreement and all matters covered by it, and that he, she or it has been fully advised by counsel with respect to its releases, rights and obligations under this Agreement.

10. Capitalized Terms. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Agreement.

11. Conflict With Lease. In the event of a conflict between the terms of the Lease and the terms of this Agreement, the terms of this Agreement shall control.

12. Further Assurances. Landlord and Tenant hereby agree to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement. In addition, Tenant shall cause any guarantor of Tenant's obligations under the Lease to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement.

13. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their respective legal successors, heirs, administrators and assigns, and each of them.

14. Headings. This section and paragraph heading contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. Governing Law; Jurisdiction. This Agreement shall be construed under and shall be governed by the laws of the state in which the Premises is located. Except as otherwise provided in Paragraph 1 herein, all controversies arising under or related to this Agreement shall be resolved in the Bankruptcy Case. Landlord and Tenant, and each of them, consent to personal jurisdiction before the United States Bankruptcy Court for the Southern District of New York for such purpose.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original, and all of which shall constitute an agreement.

17. Entire Understanding. This Agreement sets forth the entire understanding of the parties in connection with the subject matter hereof. None of the parties hereto has made any statement, representation, or warranty in connection herewith which has been relied upon by any other party hereto or which has been an inducement for any party to enter into this Agreement, except as expressly set forth herein. It is expressly understood and agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of the parties hereto. The parties agree that all agreements are merged into this Agreement which alone sets forth the understanding of the parties, and that they will make no claim at any time that this Agreement has been altered or modified or otherwise changed by oral communication of any kind or character.

18. Authority.

(a) Landlord warrants and represents to Tenant that: (i) Landlord is the current holder of the Landlord's interest under the Lease; (ii) subject to the satisfaction of clause (b) of the Conditions Precedent, each individual executing, attesting and/or delivering this Agreement on behalf of Landlord is duly authorized to do so on behalf of Landlord; (iii) subject to the satisfaction of clause (b) of the Conditions Precedent, this Agreement is binding upon and enforceable against Landlord and its successors and assigns; and (iv) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

(b) Tenant warrants and represents to Landlord that: (i) subject to the satisfaction of clause (c) of the Conditions Precedent, each individual executing, attesting and/or delivering this Agreement on behalf of Tenant is duly authorized to do so on behalf of Tenant; (ii) subject to the satisfaction of clause (c) of the Conditions Precedent, this Agreement is binding upon and enforceable against Tenant and its successors and assigns; and (iii) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

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21. Facsimile Signatures. The parties shall be bound by their signatures transmitted by facsimile or electronic mail (in .pdf format) as if such signatures were original "ink" signatures. They further agree to forward original "ink" signatures promptly following the transmission of facsimile or electronic signatures. This Agreement shall be enforceable with facsimile or electronic signatures if one or more parties does not deliver an original signature.


IN WITNESS WHEREOF, the parties hereto set their hands below:

LANDLORD

TENANT

THE PORT OF SEATTLE,  
a Washington municipal corporation

BORDERS, INC.,  
a Colorado corporation, debtor-in-possession

By:   
Name: Z. YOSHITANI  
Its: CEO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT A

TENANT'S WIRE INSTRUCTIONS