



## BUSINESS

# Borders files for bankruptcy, will close 194 stores

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Borders Group Inc. filed for Chapter 11 bankruptcy protection this morning after five years of turnaround efforts failed to return the Ann Arbor-based bookseller to health.

The nation's second-largest bookseller said it would close 30% of its stores, or about 194 in the coming weeks, the company said in a statement.

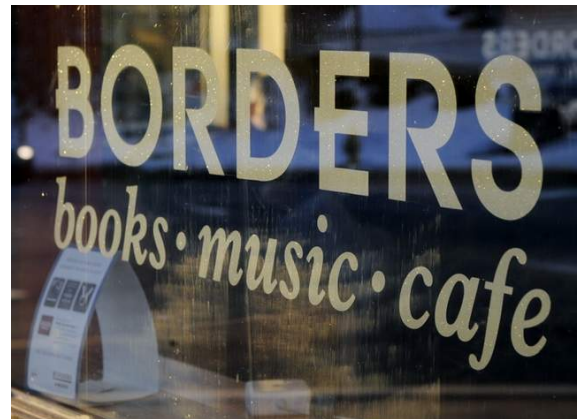
It received \$505 million in debtor in possession financing lead by GE Capital.

Borders ended its bankruptcy avoidance effort with round-the-clock efforts to work out survival deals with lenders and vendors.

The filing, rumored for weeks, comes just three weeks after a \$550-million financing commitment with GE Capital was announced.

The restructuring could release the company from its brick-and-mortar shackles as it closes underperforming stores and sheds leases, said Ken Dalto, a Farmington Hills-based turnaround expert.

"They could be merged or bought by Barnes & Noble out of bankruptcy to create one super bookseller in the United States," he said.



Borders Group, a chain of 674 bookstores, including this one in Glen Mills, Pa., filed for bankruptcy protection Wednesday, Feb. 16, and will close 30% of its stores. / HENNY RAY ABRAMS/AP