



Business
Michigan Business

Borders loses \$132.2 million in second full month of bankruptcy

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May 21, 2011

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Borders Group reported another hefty loss for its second full month in bankruptcy of \$132.2 million, according to a government filing late Friday.

The Ann Arbor-based bookseller reported the loss for the period between March 27 and April 30. The bulk of the loss, or \$98.4 million, comes from estimated claims from store closures and rejected leases. This builds on a \$52.6-million loss it reported in the period from Feb. 16 to March 26.

Borders filed for Chapter 11 in U.S. Bankruptcy Court in Manhattan on Feb. 16. It has closed nearly 230 stores and has asked the court to pay millions to executives and firms helping it through Chapter 11.

Ken Dalto, a Farmington Hills turnaround expert, said that's a major operating loss for a firm in bankruptcy that is getting millions in rent concessions, trimming debt and employees. And, he noted that Borders has been in turnaround mode for four years with the losses mounting.

"That is a disaster for a month," he said. "Their inability to make money is significant. A continuing operating loss of that magnitude means they won't emerge from bankruptcy as a successful company."

Though Borders has received bids for business units, Dalto said the buyer pool is limited. Those who could be interested such as Amazon or Barnes & Noble would likely cherry-pick the assets, including 41 million Borders Rewards loyalty program members.

"But I don't see anyone buying the whole company. It would mean buying the brand and eliminating the brand," Dalto said.