

EXHIBIT B

ASSET PURCHASE AGREEMENT

by and among

POLAROID HOLDING COMPANY, POLAROID CORPORATION,
POLAROID CONSUMER ELECTRONICS, LLC, POLAROID CAPITAL, LLC,
POLAROID LATIN AMERICA I CORPORATION, POLAROID ASIA PACIFIC, LLC,
POLAROID INTERNATIONAL HOLDING, LLC,
POLAROID NEW BEDFORD REAL ESTATE, LLC, POLAROID NORWOOD REAL ESTATE, LLC,
POLAROID WALTHAM REAL ESTATE, LLC

and

PLR HOLDINGS, LLC

Dated as of March 30, 2009

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EXHIBITS

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of March 30, 2009 (the “Execution Date”), is made by and among POLAROID HOLDING COMPANY, a Delaware corporation (“PHC”), POLAROID CORPORATION, a Delaware corporation (“PC”), POLAROID CONSUMER ELECTRONICS, LLC, a Delaware limited liability company (“PCE”), POLAROID CAPITAL, LLC, a Delaware limited liability company (“PCAP”), POLAROID LATIN AMERICA I CORPORATION, a Delaware corporation (“PLA”), POLAROID ASIA PACIFIC, LLC, a Delaware limited liability company (“PAP”), POLAROID INTERNATIONAL HOLDING, LLC, a Delaware limited liability company (“PINT”), POLAROID NEW BEDFORD REAL ESTATE, LLC, a Delaware limited liability company (“PNB”), POLAROID NORWOOD REAL ESTATE, LLC, a Delaware limited liability company (“PNOR”), and Polaroid Waltham Real Estate, LLC, a Delaware limited liability company (“PWALT”) and, together with PHC, PC, PCE, PCAP, PLA, PAP, PINT, PNB and PNOR, the “Sellers” and each, individually, a “Seller”), and PLR HOLDINGS, LLC, a Delaware limited liability company (“Buyer”). Capitalized terms used in this Agreement are defined or cross-referenced in Article 11.

RECITALS

WHEREAS, Sellers are debtors in possession under Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”), and filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on December 18, 2008, in the United States Bankruptcy Court for the District of Minnesota (the “Bankruptcy Cases”);

WHEREAS, the Bankruptcy Cases are currently pending and being jointly administered under Bankruptcy Case No. 08-45275;

WHEREAS, PC is a direct wholly-owned subsidiary of PHC, and each of PCE, PCAP, PLA, PAP, PINT, PNB PNOR and PWALT is a direct wholly-owned subsidiary of PC and, in turn, an indirect wholly-owned subsidiary of PHC;

WHEREAS, there are other entities which are not Sellers and which are direct or indirect subsidiaries of Sellers;

WHEREAS, Sellers, together with their consolidated subsidiaries, design, develop and market instant and digital imaging products and related products (the “Business”);

WHEREAS, Buyer desires to purchase the Acquired Assets and assume the Assumed Liabilities from Sellers, and Sellers desire to sell, convey, assign and transfer to Buyer the Acquired Assets together with the Assumed Liabilities, all in the manner and subject to the terms and conditions set forth in this Agreement and in accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code; and

WHEREAS, the Acquired Assets and Assumed Liabilities shall be purchased and assumed by Buyer pursuant to the Bankruptcy Sale Order approving such sale, free and clear of all Liens (other than Permitted Liens) and Claims, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, which order will include the authorization for the assumption by Sellers and assignment to Buyer of the Acquired Contracts and the liabilities thereunder in accordance with Section 365 of the Bankruptcy Code, all in the manner and subject to the terms and conditions set forth in this Agreement and the Bankruptcy Sale Order and in accordance with other applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and their respective representations, warranties, covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers and Buyer hereby agree as follows:

ARTICLE 1

PURCHASE AND SALE OF THE ACQUIRED ASSETS

SECTION 1.1 Transfer of Acquired Assets.

At the Closing, and upon the terms and conditions herein set forth, Sellers shall sell to Buyer or its designee, and Buyer or its designee shall acquire from Sellers, all right, title and interest of Sellers in, to and under the Acquired Assets, free and clear of all Liens (other than Permitted Liens) and all Claims. As used herein, the term “Acquired Assets” shall mean all of the properties, assets and rights of Sellers of whatever kind and nature, excluding the Excluded Assets, that are described below:

- (a) the owned real property of Sellers listed on Schedule 1.1(a) (the owned real property of Sellers listed on Schedule 1.1(a) being the “Real Property”), together with all appurtenant, subsurface and mineral rights, licenses, rights-of-way, privileges and easements belonging to, appertaining to or benefiting the Real Property in any way and all Improvements erected thereon;
- (b) all (i) owned equipment, machinery, furniture, fixtures and improvements, tooling and spare parts of Sellers specifically identified by Schedule 1.1(b) (the “Owned Machinery and Equipment”) (the locations at which any such Owned Equipment and Machinery are kept are set forth on Schedule 1.1(b)), and (ii) rights of Sellers to the warranties and licenses received from manufacturers and sellers of the Owned Machinery and Equipment;
- (c) those Contracts listed on Schedule 1.1(c) (collectively, the “Acquired Contracts”) and all deposits made under any Acquired Contract;
- (d) all (i) Inventory of Sellers, including, without limitation, all (A) Inventory at the locations listed on Schedule 1.1(d) (the “Inventory Locations”), (B) Inventory held by third parties on a consignment basis, (C) Inventory held by third-party processors, and (D) Inventory located on any Real Property, and (ii) rights of Sellers to the warranties received from suppliers with respect to such Inventory;
- (e) all Supplies of Sellers (the locations at which any such Supplies are kept are set forth on Schedule 1.1(e)), including, without limitation, the Supplies located on any Real Property;
- (f) all Intellectual Property owned by Sellers or licensed to Sellers pursuant to an Acquired Contract or otherwise used by Sellers in connection with the operation of the Business, as historically operated by Sellers (collectively, the “Acquired Intellectual Property”), including, without limitation, all rights to the name “Polaroid” (and all rights to any other trade names, trademarks and service marks owned by Sellers; and the Intellectual Property filings listed on Schedule 1.1(f));
- (g) computer hardware, excluding for all purposes the Excluded Computer-Related Assets;

(h) to the extent assignable, all permits, authorizations and licenses (collectively, the “Permits”) issued to Sellers by any Government Authority and all pending applications therefor;

(i) copies or originals of all books, files, documents and records owned by or in the control of Sellers and relating to the Acquired Assets (in whatever format they exist, whether in hard copy or electronic format), including, without limitation, customer lists, historical customer files, accounting records, test results, product specifications, plans, data, studies, drawings, diagrams, training manuals, engineering data, safety and environmental reports and documents, maintenance schedules and operating and production records, inventory records, business plans, credit records of customers, and marketing materials;

(j) all goodwill, payment intangibles and general intangible assets and rights of Sellers;

(k) any chattel paper owned or held by Sellers for which Sellers are not the account debtor;

(l) all books, files and records owned by Sellers that relate to Offered Employees who accept employment with Buyer on the Closing Date, including, without limitation, books, files and records that are related to medical history, medical insurance or other medical matters and to workers’ compensation and to the evaluation, appraisal or performance of such employees, but only (in each case) to the extent that the sale, assignment and transfer thereof is permitted by applicable law;

(m) all (i) outstanding shares of capital stock or equity or other ownership interest held by Sellers in the Acquired Subsidiaries (collectively, the “Acquired Equity Interests”) and any related or associated investment property and (ii) to the extent in possession of and maintained by Seller, corporate seals, minute books, charter documents, stock transfer records, record books, original Tax and financial records and such other files, books and records relating to each of the Acquired Subsidiaries (excluding those files, books and records relating to any of the Excluded Assets or to the organization, existence or capitalization of Sellers and the Acquired Subsidiaries);

(n) to the extent transferable and arising under the Acquired Contracts, all of Sellers’ interest in any letters of credit issued by any Person at the request or for the benefit of Sellers, including, without limitation, the letters of credit described on Schedule 1.1(n);

(o) all of Sellers’ Causes of Action to enforce rights in respect of any Acquired Intellectual Property, excluding those listed on Schedule 1.1(o) or any Avoidance Actions (all of Sellers’ Causes of Action to enforce rights in respect of any Acquired Intellectual Property, excluding those listed on Schedule 1.1(o) and any Avoidance Actions, being the “Acquired IP Causes of Action”);

(p) all license fees, royalties, commissions and like payments due and owing under the Acquired Contracts accruing after the Closing Date or otherwise attributable or relating to the period of time after the Closing Date;

(q) all accounts and notes receivable of Sellers, other than the Excluded Receivables; and

(r) the art, artifacts, archival documents, archival images, memorabilia and other items known as the “Corporate Archives,” including without limitation the historical physical artifacts and product samples located in Waltham, Massachusetts and Readville, Massachusetts and other various locations.

SECTION 1.2 Excluded Assets.

Notwithstanding anything to the contrary in this Agreement, Sellers shall retain all right, title and interest to, in and under the properties, rights, interests and assets of Sellers set forth below (all such properties, rights, interests and assets not being acquired by Buyer being herein referred to as the “Excluded Assets”):

- (a) any asset of a Seller that otherwise would constitute an Acquired Asset but for the fact that it is conveyed, leased or otherwise disposed of, in the ordinary course of such Seller’s business and consistent with the terms of this Agreement, during the time from the Execution Date until the Closing Date;
- (b) all of Sellers’ prepaid expenses, marketable securities and Cash and all of Sellers’ right, title and interest in and to all deposit or similar accounts in which Sellers deposit cash or any other assets;
- (c) all Contracts that are not Acquired Contracts, including, without limitation, those Contracts listed on Schedule 1.2(c) (the “Excluded Contracts”);
- (d) all Employee Benefit Plans currently or previously sponsored or maintained by Sellers or any of Sellers’ ERISA Affiliates (together with Sellers, the “Seller Controlled Group”) or their respective predecessors or with respect to which the Seller Controlled Group or their respective predecessors has made or is required to make payments, transfers or contributions in respect of any present or former employees, directors, officers, shareholders, consultants or independent contractors of Sellers or any of Sellers’ ERISA Affiliates or their respective predecessors (collectively, the “Seller Benefit Plans”), and all insurance policies, fiduciary liability policies, benefit administration contracts, actuarial contracts, trusts, escrows, surety bonds, letters of credit and other contracts primarily relating to any Seller Benefit Plan;
- (e) all of the assets set forth on Schedule 1.2(e);
- (f) all rights to Claims for refunds,
- (g) overpayment or rebates of Taxes;
- (h) all of Sellers’ Causes of Action and any and all proceeds thereof, other than the Acquired IP Causes of Action;
- (i) all of Sellers’ rights under any insurance policy or contract of insurance or indemnity (or similar agreement) under which a Seller is an insured, named as an additional insured or is otherwise a beneficiary, and all proceeds realized in connection therewith, including, but not limited to, any and all insurance recovery related to amounts that are owing to Sellers by Circuit City Stores, Inc. or its Affiliates;
- (j) all amounts due to Sellers from any Affiliate of Sellers;
- (k) all outstanding shares of capital stock or equity or other ownership interest held by a Seller in any other Seller;
- (l) all outstanding shares of capital stock or equity or other ownership interest held by Sellers in any entity that is not an Acquired Subsidiary;

(m) all Tax records and information (“Tax Records”) and all corporate books and records, board minutes, organizational documents of Sellers; provided, however, that copies of corporate books and records, board minutes and organizational documents shall be provided;

(n) all real property of Sellers, whether owned or leased, that is not listed on Schedule 1.1(a);

(o) the Excluded Receivables;

(p) all license fees, royalties, commissions and like payments due and owing under the Acquired Contracts and accruing on or before the Closing Date or otherwise attributable or relating to the period of time on or before the Closing Date;

(q) all artwork, archival documents, and archival images owned by Sellers as listed on Schedule 1.2(q);

(r) any and all information not relating to the Business that is stored on any Seller’s computer systems, data network or servers;

(s) all instant film Inventory held in company code 120 and 122 (the “Subject Inventory”), including rights of Sellers to the warranties received from suppliers with respect to such Inventory;

(t) all owned equipment, machinery, furniture, fixtures and improvements, tooling and spare parts of Sellers, except as specifically set forth on Schedule 1.1(b);

(u) the Excluded Computer-Related Assets;

(v) all of Sellers’ Causes of Action, other than those acquired by Buyer pursuant to Section 1.1(o); and

(w) all Avoidance Actions.

SECTION 1.3 Assumption of Liabilities.

At the Closing, Buyer shall assume, and thereafter pay, perform and discharge when due, only the following liabilities (the “Assumed Liabilities”):

(a) all obligations arising under all Acquired Contracts either (i) arising on or after the Closing Date; or (ii) any cure amount not greater than 110.0% of the total amount set forth in the cure amounts schedule attached as Schedule 1.6(b) hereof;

(b) all Transaction Taxes that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets;

(c) all warranty and return obligations, including without limitation, all liabilities and obligations to repair or replace, or to refund the sales price (or any other related expenses) for Inventory sold by Buyer after the Closing Date;

(d) all liabilities in respect of the Acquired Assets arising after the Closing;

(e) all liabilities relating to amounts required to be paid by Buyer under this Agreement; and

(f) the other liabilities set forth on Schedule 1.3(f).

SECTION 1.4 Excluded Liabilities.

Buyer is assuming only the Assumed Liabilities and is not assuming any other liability or obligation of Sellers of whatever nature, whether presently in existence or arising hereafter. All such other liabilities and obligations shall be retained by, and remain liabilities and obligations of, Sellers (all such liabilities are, collectively, the “Excluded Liabilities”). The Excluded Liabilities include, without limitation, the following liabilities and obligations:

(a) all liabilities and obligations of Sellers relating to Excluded Assets;

(b) all liabilities and obligations of Sellers or the Seller Controlled Group to all former employees of Sellers (and their respective spouses and dependents);

(c) all liabilities and obligations of Sellers for: (i) payments made to or fees and expenses accrued with respect to professionals retained or employed by Sellers’ Chapter 11 estates or any official committee of creditors appointed in the Sellers’ Bankruptcy Cases, (ii) reclamation Claims and (iii) any prepetition, priority or other tax Claims;

(d) all liabilities in connection with and with respect to the Worker Adjustment and Retraining Notification Act of 1988 or similar state law or any other applicable law and, to the extent required by applicable law, all liabilities and obligations of Sellers or the Seller Controlled Group to all current (as of the Execution Date) employees of Sellers (and their respective spouses and dependents);

(e) Claims related to products sold and/or produced by or on behalf of Sellers prior to the Closing;

(f) all liabilities of Sellers relating to the presence or migration of Hazardous Materials on, in or under the Real Property prior to the Closing or the compliance with applicable Environmental Laws prior to the Closing; and

(g) all warranty and return obligations, including without limitation, all liabilities and obligations to repair or replace, or to refund the sales price (or any other related expenses) for Inventory sold prior to the Closing Date.

SECTION 1.5 Identification of Additional and Excluded Contracts.

(a) Buyer shall have the right to designate any Contracts related to the Acquired Assets which do not appear on Schedule 1.1(c) or Schedule 1.2(c) to be assumed and assigned by Sellers to Buyer, and upon designating such Contracts, Schedule 1.1(c) shall be revised. Upon such designation, Sellers shall file a motion seeking the assumption and assignment of such Contracts to Buyer with a proposed cure amount reflecting an amount agreed upon by Sellers and Buyer. In the event an objection to the proposed assumption and assignment is timely received, Buyer shall have the option to remove any such Contracts from revised Schedule 1.1(c). Notwithstanding anything contained herein to the contrary, under no circumstances shall Buyer be permitted to designate any (i) Definitely Excluded Contract as an Acquired Contract following the date hereof or any (ii) Definitely Acquired Contract as an Excluded Contract following the date hereof.

(b) Following the Closing, Sellers shall provide Buyer notice prior to rejecting any Contract that constitutes an Excluded Contract as of the Closing (a “Rejection Notice”). Following its receipt of a Rejection Notice, Buyer shall have three (3) Business days to elect to assume the subject Contract(s) (a “Contract Assumption Notice”). Upon such designation, Sellers shall file a motion seeking the assumption and assignment of such Contracts to Buyer with a proposed cure amount reflecting an amount agreed upon by Sellers and Buyer. For the avoidance of doubt, the parties acknowledge and agree that, if Buyer fails to deliver a Contract Assumption Notice within such 3-Business Day period, Sellers shall not be subject to any restriction hereunder relating to the rejection of such Contract(s). In addition, following the Closing, Buyer may require Sellers, upon three (3) business days notice, to file a motion seeking the assumption and assignment of any Excluded Contract (other than a Definitively Excluded Contract) to Buyer with proposed cure amount reflecting an amount agreed upon by Sellers and Buyer.

(c) Prior to the Closing, Buyer shall be permitted to designate (i) any equipment and machinery owned by any of the Sellers (other than any machinery and equipment specifically identified as an Excluded Asset in Section 1.2 (or in any of the schedules included in such Section)) as an Acquired Asset that will be transferred by Sellers to Buyer at Closing pursuant to the terms hereof, (ii) any Inventory located at the Inventory Locations as an Excluded Asset, (iii) any supplies located at the Supplies Locations as an Excluded Asset and (iv) any Acquired Subsidiary as an Excluded Asset.

SECTION 1.6 Assumption/Rejection of Certain Contracts.

(a) As of the Closing, Sellers shall assume pursuant to Section 365(a) of the Bankruptcy Code and sell and assign to Buyer pursuant to Sections 363(b), (f), and (m) and Section 365(f) of the Bankruptcy Code each of the Acquired Contracts. Buyer shall assume and thereafter in due course pay, fully satisfy, discharge and perform all of the obligations under the Acquired Contracts pursuant to Section 365 of the Bankruptcy Code.

(b) The cure amounts, as determined by the Bankruptcy Court, if any, necessary to cure all defaults under any Acquired Contract, if any (including, if any, and to the extent allowed by the Bankruptcy Court, all actual or pecuniary losses that have resulted from such defaults under the Acquired Contracts), shall be paid by Buyer, on or before the Closing, and not by Sellers and Sellers shall have no liability therefor; provided, however, that Buyer shall not be obligated to cure any such default that is greater than 110.0% of the total amount set forth in the cure amounts schedule attached as Schedule 1.6(b) hereof.

(c) Sellers agree to file a motion within ten (10) Business Days after the Closing, seeking rejection of the executory contracts listed on Schedule 1.6(c).

SECTION 1.7 **[Intentionally Omitted]** .

SECTION 1.8 Prorations.

All personal property Taxes or similar ad valorem obligations levied with respect to the Acquired Assets for any taxable period that includes the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Sellers, on the one hand, and Buyer, on the other hand, as of 12:01 a.m. (Central Standard Time) on the Closing Date. If any Taxes subject to proration are paid by Buyer, on the one hand, and Sellers, on the other hand, the proportionate amount of such Taxes paid (or in the event of a refund of any portion of such Taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such Taxes (or promptly following the receipt of any such refund).

ARTICLE 2

PURCHASE PRICE

SECTION 2.1 Purchase Price.

(a) The aggregate consideration and purchase price (the “Purchase Price”) for the sale, transfer, assignment and conveyance of the Acquired Assets will be Thirty Four Million One Hundred Twelve Thousand Dollars (\$34,112,000.00) *plus* the Equity Consideration *plus* the Receivables Sharing Portion. Buyer shall pay the Purchase Price (other than the Receivables Sharing Portion) to Sellers on the Closing Date by means of wire transfers to Sellers and shall pay quarterly, commencing on the third-month anniversary of the Closing Date, the Receivable Sharing Portion, if any, collected by Buyer during the preceding three-month period. The apportionment of the payment of the Purchase Price among Sellers shall be as determined by Sellers and communicated in a written notice (the “Apportionment Notice”) by Sellers’ Representative to Buyer on or prior to the Closing Date.

(b) As of the Closing Date, the Pogo Inventory shall have a value, as set forth on the applicable Sellers’ books and records, of no less than \$18.6 million. In the event the Pogo Inventory at the Closing Date is less than \$18.6 million, then the Purchase Price shall be adjusted by 35% of such deficiency.

(c) The value of the Pogo Inventory for purposes of this Section 2.1 shall be determined, at Buyer’s election, pursuant to a review of the Sellers’ books and records, a physical inventory taking of the Inventory (the “Inventory Taking”) conducted in the presence in the presence of representatives of each of Sellers and Buyer, or a combination of both. To the extent that Buyer elects to conduct the Inventory Taking, it shall be conducted in accordance with the Buyer’s reasonable instructions and the cost of the third party inventory taking service conducting the Inventory Taking shall be borne by Buyer.

SECTION 2.2 Deposit.

Buyer has made an earnest money deposit (the “Deposit”) in the amount of Two Million Four Hundred Twenty Thousand Dollars (\$2,420,000.00) to Lindquist & Vennum PLLP, counsel to Sellers, on the Execution Date. The Deposit shall be applied against payment of the Purchase Price on the Closing Date. If this Agreement shall be terminated by any party hereto pursuant to Section 8.1(a), (b), (d), (f), or (g) hereof, or in the event that a party other than Buyer or an Affiliate of Buyer purchases all or a significant portion of the Acquired Assets, then Sellers shall return the Deposit to Buyer within five (5) Business Days after Sellers’ Representative’s receipt of Buyer’s written request therefor, except in the case of termination of this Agreement pursuant to Section 8.1(f) or (g) hereof, in which case Sellers shall return the Deposit to Buyer upon the closing of the alternative transaction. If this Agreement shall be terminated by Sellers pursuant to Section 8.1(c) or (e) hereof or otherwise by reason of the failure of any condition precedent under Section 7.1 hereof resulting primarily from Buyer breaching any representation, warranty or covenant contained herein, then Sellers may retain the Deposit.

ARTICLE 3

CLOSING AND DELIVERIES

SECTION 3.1 Closing.

The consummation of the transactions contemplated hereby (the “Closing”) shall take place at the offices of Lindquist & Vennum PLLP, 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402 at 10:00 a.m., Minneapolis time, as promptly as practicable following the satisfaction or waiver by the appropriate party of all the conditions contained in Article 7 or on such other date or at such other place and time as may be mutually agreed to by the parties (the “Closing Date”). All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

SECTION 3.2 Seller’s Deliveries.

At the Closing, Sellers shall (a) sell, transfer, assign, convey and deliver the Acquired Assets to Buyer by bills of sale, endorsements, assignments and other instruments of transfer and conveyance reasonably satisfactory in form and substance to counsel for Buyer, including, without limitation, duly executed copyright assignments, trademark assignments and patent assignment agreements in forms suitable for recording in the U.S. Trademark office or any similar office of a foreign country; and (b) deliver to Buyer the various certificates, consents, and documents referenced in Section 7.2 hereof.

SECTION 3.3 Buyer’s Deliveries.

At the Closing, Buyer shall (a) deliver to Sellers the Purchase Price (apportioned among the Sellers in accordance with the Apportionment Notice), less the Deposit; (b) assume the Assumed Liabilities by an assumption agreement reasonably satisfactory in form and substance to counsel for Sellers; and (c) deliver to Sellers the various certificates, consents, and documents referenced in Section 7.1 hereof.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties of Sellers.

Sellers hereby represent and warrant to Buyer as follows:

(a) Organization. Each Seller is duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Acquired Subsidiary is duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization, each of which is set forth on Schedule 4.1(a). Each Seller and Acquired Subsidiary has all requisite corporate or limited liability company power and authority to own its properties and assets and to conduct its businesses as now conducted.

(b) Qualification to Conduct Business. Each Seller and Acquired Subsidiary is duly qualified to do business and is in good standing in every jurisdiction in which the character of the properties owned or leased by it or the nature of the businesses conducted by it makes such qualification necessary except where the failure to be so qualified would not result in a Material Adverse Effect.

(c) Authorization and Validity. Each Seller has, or on the Closing Date will have, as applicable, all requisite corporate or limited liability company power and authority to enter into this Agreement and any Ancillary Agreements to which each such Seller is or will become a party and, subject to the (i) Bankruptcy Court’s entry of the Orders, and (ii) receipt of all Consents to perform each such Seller’s obligations hereunder and thereunder, the execution and delivery of this Agreement and

each Ancillary Agreement to which each such Seller is or will become a party and the performance of each such Seller's obligations hereunder and thereunder, have been, or on the Closing Date will be, duly authorized by all necessary corporate or limited liability company action of each such Seller, and no other corporate or limited liability company proceedings on the part of any Seller are necessary to authorize such execution, delivery and performance. This Agreement and each Ancillary Agreement to which each Seller is or will become a party have been, or on the Closing Date will be, duly executed by each such Seller, and, subject to the Bankruptcy Court's entry of the Orders, constitute, or will when executed and delivered constitute, each such Seller's valid and binding obligation, enforceable against each such Seller in accordance with their respective terms. The boards of directors or boards of managers (as applicable) of each Seller has resolved to request that the Bankruptcy Court approve this Agreement and the transactions contemplated hereby and each Ancillary Agreement to which each Seller is or will become a party.

(d) Reports: Financial Statements. Schedule 4.1(d) contains (i) the consolidating unaudited balance sheets of Sellers and the Acquired Subsidiaries as of December 31, 2006 and December 31, 2007 and the related consolidating unaudited statements of earnings for the fiscal years then ended (the "Year-End Reports") and (ii) the consolidating unaudited balance sheet and statement of earnings of Sellers and the Acquired Subsidiaries for the fiscal year to date periods ended September 30, 2008 and December 18, 2008 (collectively, the "Interim Reports" and, together with the Year-End Financial Statements, the "Seller Reports"). Each of the Seller Reports included presents fairly, in all material respects, the financial position and results of operations of the Sellers as of the respective dates or for the respective periods set forth therein (it being understood that (A) such Seller Reports do not include any inter-company eliminations and (B) such Seller Reports include transactions with PGW and its affiliates (and, as such, the results of operations reflected in the Seller Reports may not be indicative of the results of operations that would be reflected if Sellers had not been affiliated with PGW and its affiliates).

(e) No Conflict or Violation. Subject to the (i) receipt of all Consents and (ii) the Bankruptcy Court's entry of the Orders, the execution, delivery and performance by each Seller of this Agreement and each Ancillary Agreement to which any of them is or will become a party does not and will not (A) violate or conflict with any provision of the organizational documents (i.e., certificate of incorporation, certificate of formation, by-laws or operating agreement) of any Seller, (B) violate any provision of law, or any order, judgment or decree of any Government Authority applicable to any Seller except where any such violation would not result in a Material Adverse Effect, (C) result in or require the creation or imposition of any Liens (other than Permitted Liens) on any of the Acquired Assets or (D) violate or result in a breach of or constitute (with due notice or lapse of time or both) a default under any Acquired Contract entered into by Seller or by which the Seller is bound or to which the assets of Sellers are subject.

(f) Subsidiaries. Except as set forth on Schedule 4.1(f), there are no direct or indirect subsidiaries of Sellers other than the other Sellers and the Acquired Subsidiaries (to the extent that the Acquired Subsidiaries are considered to be direct or indirect subsidiaries of Sellers). Except as set forth on Schedule 4.1(f), Sellers own, directly or indirectly, all of the issued and outstanding capital stock or other equity interests of each Acquired Subsidiary. There are no other shares of capital stock or other equity interests of any Acquired Subsidiary issued other than as set forth on Schedule 4.1(f). The Acquired Equity Interests (i) have been duly authorized, validly issued, and are fully paid and nonassessable (in those jurisdictions in which such concepts are applicable), (ii) have not been issued in violation of any preemptive rights or of any terms of any agreement or other understanding binding upon any Acquired Subsidiary, and (iii) have been offered and sold in compliance with any and all applicable

securities laws, rules and regulations. Upon the Closing, Buyer will be the sole owner of all right, title and interest in the Acquired Equity Interests.

(g) Consents and Approvals. Schedule 4.1(g) sets forth a true and complete list of each consent, waiver, authorization or approval of any Person and each material declaration to or filing or registration with any Government Authority that is required to be obtained by Sellers in connection with the execution and delivery by them of this Agreement and their respective Ancillary Agreements or the performance by them of their obligations hereunder or thereunder, including, without limitation, any and all material consents and approvals that are required to be obtained, or rights of first refusal, first offer or other similar preferential rights to purchase that are required to be complied with, in connection with the assignment or transfer of any Acquired Assets to Buyer in accordance with the terms of this Agreement (collectively, the “Consents”).

(h) Litigation. Except as set forth on Schedule 4.1(h), there are no Claims, actions, suits, proceedings, orders or investigations pending or, to the knowledge of Sellers, threatened, that could reasonably be expected to affect the ability of Sellers to consummate the transactions contemplated by this Agreement and each Ancillary Agreement.

(i) Title to Acquired Assets. Subject to the entry of the Orders, at the Closing, Sellers will obtain good and marketable title to, or a valid and enforceable right by Contract to use, the Acquired Assets which shall be transferred to Buyer free and clear of all Liens, other than Permitted Liens.

(j) Intellectual Property. Schedule 1.1(f) is an accurate and complete list of all material items of Acquired Intellectual Property used in connection with the operation of Business, as historically operated by Sellers, and, to the extent applicable, such list contains a complete and correct description of the owner, title (in the case of patents and copyrights) or trademark (in the case of trademarks), registration or application number, if in existence, and country of registration or application of each such listed item of Acquired Intellectual Property. Except as set forth on Schedule 4.1(j), no renewal and maintenance fees, annuities or other similar fees due and payable in respect of the Acquired Intellectual Property required to have been listed on Schedule 1.1(f) are overdue. Except as set forth on Schedule 4.1(j), the Acquired Intellectual Property except for that licensed to Sellers pursuant to an Acquired Contract is valid and enforceable and, to Sellers’ knowledge, Sellers have not undertaken or omitted to undertake any acts that would invalidate, eliminate or materially impair the enforceability or scope of such rights and (ii) to Sellers’ knowledge, no Claim has been made or is threatened challenging the legality, validity or enforceability of the Acquired Intellectual Property. Except as set forth on Schedule 4.1(j), to Sellers’ knowledge, no rights in any Acquired Intellectual Property are being infringed, misappropriated or otherwise violated by any Person. Sellers are not aware of any diluting uses in the U.S. of the Polaroid trademark. Schedule 4.1(j) sets forth a complete and accurate list of all material agreements relating to the license of any Acquired Intellectual Property and Sellers have not received written notice from any party to any such agreement notifying Sellers of any grounds or circumstances that would give rise to a right of termination of any such agreement. Except as set forth on Schedule 4.1(j), no Seller is and, to Sellers’ knowledge, no party to any such agreement (other than a Seller) is, in default under any such agreement. Other than as contemplated by this Agreement, Sellers have not licensed the rights to any of the Acquired Intellectual Property to any domestic or foreign Affiliates of Sellers that will continue following the Closing. Except as set forth on Schedule 4.1(j), all Intellectual Property used by Sellers in connection with the operation of the Business, as historically operated by Sellers, is part of the Acquired Intellectual Property transferred to Buyer hereunder.

(k) **[Intentionally omitted]**

(l) Permits. Except as set forth on Schedule 4.1(l), each Permit has been duly obtained, is valid and in full force and effect, and is not subject to any pending or, to the knowledge of Sellers, threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid in any respect.

(m) Environmental Matters. To the knowledge of Sellers, except as set forth on Schedule 4.1(m), Sellers have provided or made available to Buyer copies of all information in possession of Sellers relating to the presence or migration of Hazardous Materials on, in or under the Real Property and the compliance with applicable Environmental Laws associated with activities conducted with respect to the Acquired Assets.

(n) Insurance. Sellers, or their Affiliates, have maintained industry appropriate insurance at all times, and all premiums required to be paid under each insurance policy have been paid when due, and all such policies are in full force and effect, with the exception of lawyer's E&O policies, which have not been renewed.

(o) Real Property. Sellers have delivered to the Buyer correct and complete copies of the leases covering all leased Real Property listed in Schedule 1.1(a).

(p) Brokerage and Finder's Fees. No Seller, and none of Sellers' Affiliates or any of the officers or directors of any Seller or any Affiliate of any Seller, has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement, with the exception of Houlihan, Lokey, Howard & Zukin.

(q) Disclaimer of Other Representations and Warranties. Except as expressly set forth in this Section 4.1, Sellers make no representation or representation or warranty, express or implied, at law or in equity, in respect of Sellers, their Affiliates (including, but not limited to, the Acquired Subsidiaries), or their assets (including, *inter alia*, the Acquired Assets), liabilities (including, *inter alia*, the Assumed Liabilities) or operations (including, *inter alia*, the Business), including with respect to title, merchantability or fitness for any particular purpose and any such other representations or warranties are hereby expressly disclaimed. Buyer hereby acknowledges and agrees that, except to the extent expressly set forth in this Section 4.1, Buyer is purchasing the Acquired Assets on an "as is, where is, with all faults" basis and disclaims all warranties or guarantees, whether express or implied. Sellers shall not be liable in contract or in tort for any special, incidental, liquidated, punitive or consequential damages relating to the Acquired Assets. Buyer acknowledges and agrees that any consequences arising from Sellers' filing of the Bankruptcy Cases in accordance with the Agreement shall not be deemed a breach of any of the representations or warranties set forth in this Agreement

(r) Impaired Inventory. A complete list of Impaired Inventory is set forth on Schedule 4.1(r), which schedule shall be updated by Sellers on and as of the Closing Date.

(s) Contracts. Attached hereto as Schedule 4.1(s) is a complete and accurate list of all material contracts to which Sellers are party.

SECTION 4.2 Representations and Warranties of Buyer.

Buyer hereby represents and warrants to Sellers as follows:

(a) Corporate Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited

liability company power and authority to own its properties and assets and to conduct its businesses as now conducted.

(b) Authorization and Validity. Buyer has, or on the Closing Date will have, all requisite limited liability company power and authority to enter into this Agreement, any Ancillary Agreement to which Buyer is or will become a party, to issue the Equity Consideration as contemplated hereby and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and any Ancillary Agreement to which Buyer is or will become a party and the performance of Buyer's obligations hereunder and thereunder have been, or on the Closing Date will be, duly authorized by all necessary limited liability company action by the Board of Managers of Buyer, and no other corporate proceedings on the part of Buyer are necessary to authorize such execution, delivery and performance. This Agreement and each Ancillary Agreement to which Buyer is or will become a party have been, or on the Closing Date will be, duly executed by Buyer and constitute, or will constitute, when executed and delivered, Buyer's valid and binding obligations, enforceable against it in accordance with their respective terms except as may be limited by bankruptcy or other laws affecting creditors' rights and by equitable principles.

(c) No Conflict or Violation. The execution, delivery and performance by Buyer of this Agreement (including the issuance of the membership interests comprising the Equity Consideration) and any Ancillary Agreement to which Buyer is or will become a party do not and will not (i) violate or conflict with any provision of the certificate of formation or limited liability company agreement of Buyer, (ii) violate any provision of law, or any order, judgment or decree of any court or Government Authority applicable to Buyer or (iii) violate or result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contract to which Buyer is party or by which Buyer is bound or to which any of Buyer's properties or assets is subject.

(d) Consents and Approvals. No consent, waiver, authorization or approval of any Person and no declaration to or filing or registration with any Government Authority is required in connection with the execution and delivery by Buyer of this Agreement and each Ancillary Agreement to which Buyer is or will become a party or the performance by Buyer of its obligations hereunder or thereunder (including the issuance of the membership interests comprising the Equity Consideration).

(e) Adequate Assurances Regarding Acquired Contracts. Buyer is (or, after the Closing, will be) capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to the Acquired Contracts.

(f) Brokerage and Finder's Fees. None of Buyer, its Affiliates or any of their officers or directors has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

(g) Buyer's Financing. Buyer has, and at the Closing shall have, available under its current credit facilities, or otherwise, the funds necessary to consummate the transactions set forth in this Agreement, including, *inter alia*, the payment of the Purchase Price and the Deposit.

(h) Capitalization. As of the Closing, (i) the membership interests comprising the Equity Consideration shall include all of the terms set forth in the Limited Liability Company Agreement (the "Membership Interests") and shall be duly authorized, validly issued, fully paid and nonassessable, (ii) the Membership Interests shall be issued to Sellers Representative free and clear of any and all Encumbrances and not in violation of any contractual obligation (whether verbal or written) binding upon Buyer or any of its Affiliates and (iii) Sellers' Representative shall own 20.5% of the fully-diluted equity of a newly form limited liability company which will hold the Intellectual Property purchased hereunder.

Schedule 4.2(h) sets forth, under the heading “Pro Forma Capitalization,” the true and complete capitalization of Buyer immediately following the consummation of the transactions contemplated hereby. Except as contemplated by this Agreement, there are no agreements, arrangements, options, warrants, calls, rights or commitments of any character relating to the issuance, sale, purchase or redemption of any equity interest in Buyer. No holder of any equity interest in Buyer has any preemptive or other rights to acquire any such equity interests. As of the Closing, true and complete copies of the Certificate of Formation and Limited Liability Company Agreement, in each case as amended to date and taking into account the issuance of the Membership Interests contemplated hereby, shall have been delivered to Sellers’ Representative.

(i) No Undisclosed Liabilities; No Subsidiaries. Buyer is not subject to any liability or obligation of any kind or nature, whether absolute, contingent, accrued or otherwise, except as set forth on Schedule 4.2(i). Buyer does not have any subsidiaries or any equity ownership interest in any Person.

SECTION 4.3 Warranties Are Exclusive.

The parties acknowledge that the representations and warranties contained in this Article 4 are the only representations or warranties given by the parties and that all other express or implied warranties are disclaimed.

ARTICLE 5

COVENANTS AND OTHER AGREEMENTS

SECTION 5.1 Pre-Closing Covenants of Sellers.

Sellers covenant to Buyer that, during the period from the Execution Date through and including the Closing Date or the earlier termination of this Agreement:

(a) General. Sellers will use reasonable efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the Closing conditions set forth in Article 7 herein).

(b) Operation of Business. Subject to any restrictions and obligations imposed by the Bankruptcy Court and applicable law, Sellers will not engage in any practice, take any action, or enter into any transaction outside the ordinary course of business, and Sellers (to the extent Sellers are able to control the actions of the Acquired Subsidiaries) will cause the Acquired Subsidiaries to not engage in any practice, take any action, or enter into any transaction outside the ordinary course of business. In particular, Sellers will refrain from doing any of the following in respect of the Acquired Assets or the operation of the Business: (i) disposing of, or transferring, any material Acquired Asset except for the sale of such assets in the ordinary course of business, (ii) amending, terminating or modifying the material terms of any of the Acquired Contracts, or (iii) making any change in the compensation payable or to become payable to the employees, other than increases or promotions in the ordinary course of business consistent with past practice; provided, however, notwithstanding the preceding, Sellers may in their reasonable discretion take such actions in connection with or as a result of the consequences (adverse or otherwise) of filing the Bankruptcy Cases, including the establishment of employee retention programs and negotiating the amounts, if any, to cure defaults in respect of the Acquired Contracts.

(c) Access to Records and Properties. Buyer shall be entitled, and Sellers shall permit Buyer, to conduct such investigation of the condition (financial or otherwise), businesses, assets, properties or operations of the Seller Group as Buyer shall reasonably deem appropriate.

(i) Sellers shall (A) provide Buyer access at any reasonable time during normal business hours to the facilities and offices of the Seller Group and to all of the books and records of the Seller Group, including, without limitation, to perform field examinations and inspections of the Seller Group's inventories, facilities, equipment and other assets and properties; and (B) cause the Seller Group's representatives to furnish Buyer with such financial and operating data and other information with respect to the condition (financial or otherwise) of the Business and the Seller Group's assets, properties or operations as Buyer shall reasonably request; provided, however, that Buyer and its representatives shall (x) coordinate all requests for access and information with the Chief Executive Officer of Sellers' Representative and (y) use all commercially reasonable efforts to prevent any such investigation from interfering in any way with the operation of the business of the Seller Group.

(ii) Buyer will treat and hold as such any Confidential Information it receives from the Seller Group, including, without limitation, any Confidential Information it received prior to the Execution Date. Buyer will not use any of the Confidential Information it (or its representatives) receives in connection with the transactions contemplated by this Agreement except in connection with this Agreement. If this Agreement is terminated for any reason whatsoever, Buyer will return to the Seller Group all tangible embodiments (and all copies) of the Confidential Information which are in its possession.

(d) Notice of Certain Events. Sellers' Representative shall promptly notify Buyer of, and furnish Buyer any information it may reasonably request with respect to, the occurrence of any event or condition or the existence of any fact that would reasonably be expected to cause any of the conditions to Buyer's obligations to consummate the transaction(s) contemplated by this Agreement or by any Ancillary Agreement not to be fulfilled. Any such notice will be deemed to (i) amend any applicable Schedule, (ii) have qualified the representations and warranties contained in Section 4.1 of this Agreement, and (iii) have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by the occurrence of such event or condition or the existence of such fact.

(e) Assignment of Transferred Internet Domain Names. Sellers shall use commercially reasonable efforts to cause their Affiliates who are the registered holders of the Transferred Internet Domain Names to assign and transfer to Sellers, at or prior to the Closing, all of such Transferred Internet Domain Names, other than those set forth on Schedule 5.1(e) (the "Subject Internet Domain Names"). The Transferred Internet Domain Names (other than the Subject Internet Domain Names), shall be transferred to Buyer at the Closing pursuant to Section 1.1 hereof.

(f) Access to Records and Properties. Seller shall be entitled, and Buyer shall permit Sellers, to conduct such investigation of the condition (financial or otherwise), businesses, assets, properties or operations of the Buyer Group as Sellers shall reasonably deem appropriate.

(i) Buyer shall, to the extent relating to Sellers' evaluation of the Equity Consideration, (A) provide Sellers access at any reasonable time during normal business hours, to all of the books and records of the Buyer Group and (B) cause the Buyer Group's representatives to furnish Sellers with such financial and operating data and other information with respect to the condition (financial or otherwise) Buyer Group's assets, properties or operations as Buyer shall reasonably request; provided, however, that Sellers and their representatives shall (x) coordinate all requests for access and information with those parties of Buyer listed in Section 10.7 hereof and (y) use all commercially

reasonable efforts to prevent any such investigation from interfering in any way with the operation of the business of the Buyer Group.

(ii) Sellers will treat and hold as such any Confidential Information it receives from the Buyer Group, including, without limitation, any Confidential Information it received prior to the Execution Date. Sellers will not use any of the Confidential Information it (or its representatives) receives in connection with the transactions contemplated by this Agreement except in connection with this Agreement. If this Agreement is terminated for any reason whatsoever, Sellers will return to the Buyer Group all tangible embodiments (and all copies) of the Confidential Information which are in its possession.

SECTION 5.2 Pre-Closing Covenants of Buyer.

Buyer covenants to Sellers that, during the period from the Execution Date through and including the Closing Date or the earlier termination of this Agreement:

(a) General. Buyer will use reasonable efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the Closing conditions set forth in Article 7 herein).

(b) Adequate Assurances Regarding Acquired Contracts and Required Orders. With respect to each Acquired Contract, Buyer shall provide adequate assurance of the future performance of such Acquired Contract by Buyer. Buyer shall take such actions as may be reasonably requested by Sellers to assist Sellers in obtaining the Bankruptcy Court's entry of the Orders and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

(c) Permits. Buyer shall use commercially reasonable efforts to promptly obtain or consummate the transfer to Buyer of any Permit required to own or operate the Acquired Assets under applicable laws.

(d) Notice of Certain Events. Buyer shall promptly notify Sellers' Representative of, and furnish Sellers' Representative any information it may reasonably request with respect to, the occurrence of any event or condition or the existence of any fact that would reasonably be expected to (A) cause any of the conditions to Sellers' obligations to consummate the transactions contemplated by this Agreement or by any Ancillary Agreement not to be fulfilled or (B) to adversely affect the value of the Equity Consideration. Any such notice will be deemed to (i) amend any applicable Schedule, (ii) have qualified the representations and warranties contained in Section 4.2 of this Agreement, and (iii) have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by the occurrence of such event or condition or the existence of such fact.

SECTION 5.3 Other Covenants of Sellers and Buyer.

(a) Filings. During the period from the Execution Date through and including the Closing Date or the earlier termination of this Agreement, Sellers and Buyer shall cooperate with one another in obtaining all authorizations, consents, and approvals of Government Authorities that may be or become necessary in connection with the consummation of the transactions contemplated by this Agreement, and to take all reasonable actions to avoid the entry of any order or decree by Government Authorities prohibiting the consummation of the transactions contemplated hereby, and shall furnish to the other all such information in its possession as may be necessary for the completion of the notifications to be filed by the other.

(b) Improper Receipt of Payment. From and after the Closing Date, (i) Sellers shall promptly forward to Buyer any and all payments received by Sellers from customers or any other Persons that constitute part of the Acquired Assets and (ii) Buyer shall promptly forward to Sellers any and all payments received by Buyer from customers or any other Persons that constitute part of the Excluded Assets.

(c) Disclosure Schedule Supplements. Sellers' Representative, on the one hand, shall notify Buyer of, and Buyer on the other hand, shall notify Sellers' Representative of, and shall supplement or amend the Schedules to this Agreement with respect to, any matter that (i) may arise after the delivery of the Schedules hereunder and that, if existing or occurring at or prior to such delivery of the Schedules, would have been required to be set forth or described in the Schedules to this Agreement or (ii) makes it necessary to correct any information in the Schedules to this Agreement or in any representation and warranty of Sellers or Buyer, as applicable, that has been rendered inaccurate thereby. Each such notification and supplementation shall be made no later than three (3) days before the date set for the Closing by the parties, it being understood that, except with respect to the addition to the Schedules of Material Contracts entered into after the date hereof in accordance with Section 5.1, information contained in any supplement to the Schedules provided pursuant to this Section 5.3 shall not be deemed to cure any breach for purposes of Article 7 hereof.

(d) Transition Services. For the period commencing on the Closing Date and ending on the later of (x) the closing of the Bankruptcy Cases and (y) five (5) years after the Closing Date (the "Transition Period"), Sellers and their representatives shall have reasonable access to, and shall have the right to photocopy at their own expense, all of the books and records, including any computerized databases and files and programs and associated software relating to the pre-Closing operations and business of the Seller Group and/or the Acquired Assets and Assumed Liabilities as they existed as of the Closing Date, including but not limited to (i) the investigation, evaluation and prosecution of any and all claims and Causes of Action retained by Sellers, (ii) the evaluation, allowance, distribution and defense of any and all claims brought against Sellers, their Affiliates or their estates, and (iii) employee's records or other personnel and medical records, as of the Closing Date, required by law, legal process or subpoena. During the Transition Period, Buyer agrees to provide Sellers and any of their representatives, upon reasonable request and notice, with reasonable access to employees of Buyer (who may be former employees of Sellers) for purposes of, among other things, winding down the estates of Sellers, pursuing Claims against Persons and completing the Bankruptcy Cases. Access pursuant to this Section shall be afforded by Buyer upon receipt of reasonable advance notice, during normal business hours. Sellers and their representatives agree to treat confidentially any information obtained pursuant to this Section, including the books and records. If Buyer shall desire to dispose of any such books and records upon or prior to five (5) years after the Closing Date, Buyer shall, prior to such disposition, give Sellers a reasonable opportunity at Sellers' expense, to segregate and remove such books and records as Sellers may select.

(e) Subject Internet Domain Names. If the Subject Internet Domain Names are not transferred to Buyer (or its designee) at the Closing, then Sellers shall, promptly following the Closing, cause their Affiliates who are the registered holders of the Subject Internet Domain Names to assign and transfer such Subject Internet Domain Names to Buyer (or its designee), such transfers to be effected free and clear of all Liens, Claims and Encumbrances.

SECTION 5.4 Ownership and Use of Polaroid Name.

(a) Sellers covenant and agree that Sellers shall, and Sellers shall cause (i) all of their Affiliates (other than the Acquired Subsidiaries, to the extent that the Acquired Equity Interests are

included by Buyer as an Acquired Asset and (ii) the Specified Entities) and (ii) PGW and each of its Affiliates which use the Polaroid Name (other than (I) the Acquired Subsidiaries, to the extent that the Acquired Equity Interests are included by Buyer as an Acquired Asset and (II) the Specified Entities), to pass all required resolutions to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than the Closing Date. Sellers covenant and agree that Sellers shall cause each of the Specified Entities to pass all required resolutions and to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than sixty (60) days following the Closing Date. The parties acknowledge and agree that (i) Polaroid Asia Pacific Services Limited, a company organized under the laws of Hong Kong, is in the process of deregistration, (ii) Polaroid (Italia) S.p.A. is in the process of liquidating and (iii) Polaroid Eyewear (France) EURL is in the process of liquidating, and that, accordingly, in each instance, no action shall be required to change the name of such entities in connection with the consummation of the transactions contemplated hereby, provided, that, to the extent each such entity is still in the process of deregistration or liquidation, as applicable, on July 31, 2009, with respect to such entities, Sellers covenant and agree that Sellers shall cause each of such entities to pass all required resolutions and to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than July 31, 2009.

(b) Sellers acknowledge that the Polaroid Name shall be and remain, subsequent to the Closing, the sole and exclusive property of Buyer.

(c) Subsequent to the Closing, subject to Sections 5.4(d) and 5.10, none of Sellers or any of their Affiliates (other than the Acquired Subsidiaries) shall have any right, title or interest in or to, and Buyer is not granting Seller or any of its Affiliates, a license to use, the Polaroid Name.

(d) The obligations in this Section 5.4 shall not apply (i) to the extent use of the Polaroid Name is required by law or otherwise reasonably required pending the change of corporate names (as set out in this Section 5.4), (ii) to the extent use of the Polaroid Name is reasonably required in order to enable collection or payment of invoices issued by Seller or any of its Affiliates, (iii) to the extent the Polaroid Name is reasonably required in connection with the Bankruptcy Cases or (iv) to the extent use of the Polaroid Name is reasonably required to pursue a Claim.

SECTION 5.5 Bankruptcy Actions.

(a) Bankruptcy Sale Motion. Sellers have filed with the Bankruptcy Court a motion seeking approval of the Bankruptcy Bidding Procedures Order and the Bankruptcy Sale Order (the "Bankruptcy Sale Motion").

(b) Bankruptcy Bidding Procedures Order. For purposes of this Agreement, "Bankruptcy Bidding Procedures Order" shall mean the order of the Bankruptcy Court entered on February 21, 2009 and attached as Exhibit B hereto (A) approving sale procedures and bidding protections in connection with the sale of substantially all of the debtors' assets pursuant to Sections 363 and 365 of the Bankruptcy Code; (B) scheduling an auction and hearing to consider approval of the sale of substantially all of the debtors' assets (the "Auction"); and (C) granting related relief.

(c) Bankruptcy Sale Order. For purposes of this Agreement, the term “Bankruptcy Sale Order” shall mean the order of the Bankruptcy Court entered pursuant to Sections 363 and 365 of the Bankruptcy Code in the form attached as Exhibit C hereof, in part, (A) approving this Agreement and the transactions contemplated hereby; (B) approving the sale of the Acquired Assets to Buyer free and clear of all Liens, Claims and Encumbrances pursuant to Section 363(f) of the Bankruptcy Code, (C) finding that Buyer is a good-faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code; (D) confirming that Buyer is acquiring the Acquired Assets free and clear of the Excluded Assets and the Excluded Liabilities; (E) providing that the provisions of Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure are waived and there will be no stay of execution of the Bankruptcy Sale Order under Rule 62(a) of the Federal Rules of Civil Procedure; and (F) retaining jurisdiction of the Bankruptcy Court to interpret and enforce the terms and provisions of this Agreement.

(d) Bankruptcy Assignment Motion and Order. Sellers have filed with the Bankruptcy Court a motion for an order (the “Bankruptcy Assignment Order”) authorizing the assumption and assignment pursuant to Section 365 of the Bankruptcy Code of the Acquired Contracts (the “Bankruptcy Assignment Motion”). Buyer agrees to cooperate with Sellers in connection with furnishing information pertaining to the satisfaction of the requirement of adequate assurances of future performance as required under Section 365(f)(2)(B) of the Bankruptcy Code.

(e) Notice and Reasonable Efforts. Sellers have provided notice of the hearing(s) on the Bankruptcy Sale Motion, the Bankruptcy Assignment Motion, and the Auction as required by the Bankruptcy Code and the Bankruptcy Rules and other applicable law to all parties entitled to notice, including, but not limited to, all parties to the Acquired Contracts and all taxing and environmental authorities in jurisdictions applicable to Sellers. Sellers have also published notice of the hearing(s) on the Bankruptcy Sale Motion, the Bankruptcy Assignment Motion, and the Action in at least one (1) national newspaper and one (1) regional newspaper. Sellers shall take all actions as may be reasonably necessary to cause the Orders to be issued, entered and become a Final Order.

(f) Excluded Assets. Notwithstanding anything herein to the contrary, Sellers shall have the right, in their sole discretion (without any obligation to notify or otherwise consult with Buyer) to reject any or all Excluded Assets, including any or all contracts other than the Acquired Contracts, and to take all actions necessary to effectuate any such rejection or rejections, including prosecuting a motion in the Bankruptcy Court seeking authorization, as necessary, to reject such Excluded Assets.

(g) Appeals of Bankruptcy Orders. If, following the Closing, any of the Orders or any other order of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for rehearing or reargument shall be filed with respect thereto), Buyer shall take all steps as may be reasonable and appropriate to defend against such appeal, petition or motion, at Buyer’s sole cost and Sellers agree to cooperate in such efforts, and each party hereto shall endeavor to obtain an expedited resolution of such appeal.

SECTION 5.6 Employees.

(a) From and after the Execution Date through and including the Closing, Buyer shall have reasonable access (during normal business hours and so as not to disrupt Sellers’ operations) to all of Sellers’ employees for the purpose of Buyer’s customary screening and testing for new hires (which Buyer shall undertake in compliance with applicable law), provided that, at Sellers’ option, all such access shall be overseen by such employees’ supervisors. Buyer may offer to employ any of Sellers’ employees on terms to be determined by Buyer, subject to the provisions of this Section 5.6. Sellers shall reasonably cooperate with Buyer in its efforts to extend offers of employment to employees upon the conditions described above.

(b) Buyer shall offer employment to those employees (the “Offered Employees”) listed on Schedule 5.6(b), which schedule Buyer may update through and including the Closing Date.

(c) It is understood and agreed that (i) Buyer’s expressed intention to extend offers of employment as set forth in this Section 5.6 will not constitute a contract (express or implied) on the part of Buyer to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Buyer may establish pursuant to individual offers of employment, and (ii) employment offered by Buyer is “at will” and may be terminated by Buyer or by an employee at any time for any reason (subject to any written commitments to the contrary made by Buyer or an employee and applicable laws governing employment). Nothing in this Agreement will be deemed to prevent or restrict in any way the right of Buyer to terminate, reassign, promote or demote any of the Offered Employees after the Closing, or to change adversely or favorably the title, powers, duties, responsibilities, functions or locations, or terms or conditions of employment of such employees; provided, however, that Sellers shall not be responsible for and shall have no liability for any such action by the Buyer from and after the Closing.

(d) Sellers shall terminate the employment of each Offered Employee effective immediately before the Closing, and Buyer shall commence the employment of each Offered Employee with Buyer effective immediately thereafter. The defense of any claims and the satisfaction of any liabilities relating to or arising out of the employment, or cessation of employment, of any employee of Sellers or their Affiliates (whether or not an Offered Employee) on or before the Closing Date, and any claims for wages, benefits, or other remuneration allegedly due through the Closing, shall be the sole responsibility of Sellers.

SECTION 5.7 Employee Benefit Plans and Pre-Closing Employment Liabilities.

Buyer shall not assume any Employee Benefit Plan or liability or obligation under any Employee Benefit Plan, or any liability or obligation under any contract, payroll practice or other arrangement that any Seller sponsors, contributes to, or participates in (or may have sponsored, contributed to or participated in), or that any Seller has or may have any liability or obligation under, whether or not disclosed under this Agreement or any Schedule. Without limiting the generality of the foregoing, Buyer shall not be responsible for (i) the payment of any wages and other remuneration of any current or former employees with respect to their services as employees of Sellers through the Closing, including pro rata bonus and retention payments (including any key employee retention plan approved by the Bankruptcy Court), if any, earned before the Closing, and (ii) the payment to active employees of any termination or severance payments under Employee Benefit Plans or other benefit obligations of the Sellers and the provision of group health plan continuation coverage in accordance with the requirements of ERISA Section 601 et seq. and Code Section 4980 B.

SECTION 5.8 Other Actions.

Sellers will give any notices required by applicable law and take whatever other actions as may be necessary to carry out the arrangements described in Sections 5.6 and 5.7.

SECTION 5.9 **[Intentionally Omitted]**.

SECTION 5.10 Use of Names.

(a) Notwithstanding anything contained herein to the contrary, for a period of 120 days after the Closing Date, each of the Sellers’ respective controlled Affiliates (collectively, the “Subject Affiliates”) shall have a non-exclusive, royalty-free, non-transferable license in the Territory to use any

and all of the trademarks, service marks, trade dress, logos, trade names and corporate names included in the Acquired Intellectual Property located on (i) any finished goods and other supplies owned by the Subject Affiliates as of the Closing Date (excluding, for these purposes, the Subject Inventory, which is the subject of Section 5.10(b) below), (ii) any advertising or promotional materials used by the Subject Affiliates as of the Closing Date and (iii) any stationery, business cards, business forms and other similar items owned by any of the Subject Affiliates as of the Closing Date; provided, however, that the Sellers shall only permit the Subject Affiliates to use such trademarks, service marks, trade dress, logos, trade names and corporate names in the operation of their respective businesses in the pre-Petition Date ordinary course consistent with past practice (including, without limitation, wholesale and retail channels of distribution, and marketing and advertising campaigns), it being understood and agreed that the Sellers shall not permit the Subject Affiliates to use any such Acquired Intellectual Property in connection with any other activities. Without limiting the foregoing, during such 120-day period, the Sellers shall not permit any Subject Affiliate to (the “Use Restrictions”): (a) hold itself out as having any affiliation or relationship of any kind with Buyer or any Affiliate thereof or (b) use such Acquired Intellectual Property in a manner that would be reasonably likely to reflect negatively thereon or on Buyer or its Affiliates. In the event Sellers (A) receive an offer for a bulk sale of Inventory from a Person (who is not an Affiliate of Buyer) consistent with this Section 5.10(a) (a “Bulk Sale Offer”) and (B) desire to sell such Inventory pursuant to the terms of such Bulk Sale Offer, then Sellers shall promptly notify Buyer of such offer (a “ROFR Notice”) and Buyer shall have the right, within 48 hours of such notice, to acquire such Inventory on the same terms as set forth in the ROFR Notice. The parties acknowledge and agree that the Subject Affiliates shall be entitled to enforce the provisions of this Section 5.10(a). For purposes hereof, the “Territory” shall mean worldwide excluding the United States.

(b) Notwithstanding anything contained herein to the contrary, for a period of twelve (12) months after the Closing Date, each of the Subject Affiliates shall have a non-exclusive, royalty-free, non-transferable license in the Territory to use, subject to the Use Restrictions, any and all of the trademarks, service marks, trade dress, logos, trade names and corporate names included in the Acquired Intellectual Property in connection with selling the Subject Inventory through the polapremium.com channel and the channels currently used by Nippon Polaroid Kabushiki Kaisha (the “NPKK Channels”); provided, however, that Buyer shall have the right, upon ten (10) days prior written notice, to purchase all remaining Subject Inventory from the Subject Affiliates at the price then payable by polapremium.com or, as applicable, offered through the NPKK Channels. The parties acknowledge and agree that the Subject Affiliates shall be entitled to enforce the provisions of this Section 5.10(b).

SECTION 5.11 Certain Affiliate Arrangements. Effective at the Closing, all Contracts between any Acquired Subsidiary, on the one hand, and any Seller or any of their respective Affiliates, on the other hand, shall be terminated as between them and shall be without any further force and effect, and there shall be no further obligations of any of the relevant parties thereunder. Without limiting the foregoing, all inter-company accounts, whether payables or receivables, or other amounts or obligations between any Seller or any of their respective Affiliates, on the one hand, and any Acquired Subsidiary, on the other hand, shall, effective as of the Closing, be extinguished and terminated with no amounts being paid or assets being transferred in connection therewith. At or prior to the Closing, Sellers shall deliver to Buyer such documentation evidencing compliance with this Section 5.11 as Buyer may reasonably request.

ARTICLE 6

TAXES

SECTION 6.1 Taxes Related to Purchase of Acquired Assets.

All Taxes, including, without limitation, all state and local Taxes in connection with the transfer of the Acquired Assets, and all recording charges (including, but limited to, any and all recording charges and other fees required for the recording of any copyright assignments, trademark assignments and patent assignments in the U.S. Patent and Trademark office or any similar office of a foreign country), registration fees, conveyance fees and other fees and charges (collectively, "Transaction Taxes"), that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets shall be borne by Buyer. Buyer and Sellers shall cooperate to (a) determine the amount of Transaction Taxes payable in connection with the transactions contemplated under this Agreement, (b) provide all requisite exemption certificates and (c) prepare and file any and all required Tax Returns for or with respect to such Transaction Taxes with any and all appropriate Government Authorities. Without the prior written consent of Sellers' Representative (which Sellers' Representative may provide or withhold in its sole and absolute discretion), Buyer shall not be entitled to make an election under Section 338(h)(10) of the Code with respect to Buyer's acquisition of the shares of capital stock or other ownership interest of the Acquired Subsidiaries.

SECTION 6.2 Cooperation on Tax Matters.

(a) Buyer and Sellers shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Acquired Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Tax matters and for the answer to any Government Authority relating to Tax matters.

(b) Sellers shall retain possession of all Tax Records for a period of at least six (6) years from the Closing Date. Sellers shall give Buyer notice and an opportunity to retain any Tax Records in the event that Sellers determine to destroy or dispose of them after such period. In addition, from and after the Closing Date, Sellers shall provide access to Buyer and its representatives (after reasonable notice and during normal business hours and without charge), to the Tax Records as Buyer may reasonably deem necessary to properly prepare for, file, prove, answer, prosecute and/or defend any Tax Return, claim, filing, tax audit, tax protest, suit, proceeding or answer.

(c) Buyer shall retain possession of all accounting, business and financial records and information (other than Tax Records) (i) relating to the Acquired Assets or the Assumed Liabilities that are in existence on the Closing Date and transferred to Buyer hereunder and (ii) coming into existence after the Closing Date that relate to the Acquired Assets or the Assumed Liabilities before the Closing Date, for a period of at least six (6) years from the Closing Date. Buyer shall give Sellers notice and an opportunity to retain any such records in the event that Buyer determines to destroy or dispose of them after such period. In addition, from and after the Closing Date, Buyer shall provide access to Sellers and their representatives (after reasonable notice and during normal business hours and without charge), to the books, records, documents and other information relating to the Acquired Assets or the Assumed Liabilities as Sellers may reasonably deem necessary to (i) properly prepare for, file, prove, answer, prosecute and/or defend any such Tax Return, claim, filing, tax audit, tax protest, suit, proceeding or answer, (ii) administer or complete any cases under Chapter 11 of the Bankruptcy Code of Sellers or (iii) pursue any Claim. Such access shall include, without limitation, access to any computerized information retrieval systems relating to the Acquired Assets or the Assumed Liabilities.

SECTION 6.3 Allocation of Purchase Price.

Buyer and Sellers' Representative shall agree to an allocation of the Purchase Price among the Acquired Assets (the "Allocation"). Such Allocation will be binding upon Buyer and Sellers and their respective successors and assigns, and none of the parties to this Agreement will take any position (whether in returns, audits or otherwise) that is inconsistent with the Allocation. Buyer and Sellers will report the purchase and sale of the Acquired Assets on all tax returns, including, without limitation, Form 8594 as provided for in Section 1060 of the Code, in accordance with the Allocation and will cooperate in timely filing with the Internal Revenue Service their respective Forms 8594.

ARTICLE 7

CONDITIONS PRECEDENT TO PERFORMANCE BY PARTIES

SECTION 7.1 Conditions Precedent to Performance by Sellers.

The obligation of Sellers to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or before the Closing, of the following conditions, any one or more of which (other than the conditions contained in Section 7.1(c)) may be waived in writing by Sellers' Representative, in its sole discretion:

(a) Representations and Warranties of Buyer. The representations and warranties of Buyer made in Section 4.2 of this Agreement, in each case, shall be true and correct as of the Execution Date and in all material respects as of the Closing Date as though made by Buyer as of the Closing Date, except to the extent representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct on and as of such earlier date.

(b) Performance of the Obligations of Buyer. Buyer shall have (i) performed in all material respects all obligations required under this Agreement or any Ancillary Agreement to which it is party which are to be performed by it on or before the Closing Date (except with respect to any obligations qualified by materiality, which obligations shall be performed in all respects as required under this Agreement), (ii) taken all actions in connection with the consummation of the transactions contemplated hereby, and (iii) delivered all certificates, instruments, and other documents required herein or otherwise in a form and substance reasonably satisfactory to Sellers required to effect the transactions contemplated hereby.

(c) Governmental Consents and Approvals. If applicable, the waiting period applicable to the consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated. The Orders shall have been entered and shall not have been stayed. Notwithstanding the foregoing, nothing in this Agreement shall preclude Buyer from consummating the transactions contemplated herein if Buyer, in its sole discretion, waives the requirement that the Sale Order shall have become a Final Order. No notice of such waiver of this condition or any other condition to the Closing need be given except to Sellers, it being the intention of the parties that Buyer shall be entitled to, and is not waiving, the protection of Section 363(m) of the Bankruptcy Code, the mootness doctrine and any similar statute or body of law if the Closing occurs in the absence of the Bankruptcy Sale Order becoming a Final Order.

(d) No Violation of Orders. No preliminary or permanent injunction or other order of any court or Government Authority that declares this Agreement invalid or unenforceable in any material respect or which prevents the consummation of the transactions contemplated hereby shall be in effect.

(e) Assignment and Assumption of Liabilities. Buyer shall have executed and delivered to Sellers an instrument of assignment and assumption of liabilities with respect to the Assumed Liabilities reasonably satisfactory in form and substance to counsel for Sellers.

(f) No Litigation. There shall not be pending or threatened in writing by any Government Authority any suit, action or proceeding, (i) challenging or seeking to restrain, prohibit, alter or materially delay the consummation of any of the transactions contemplated by this Agreement, or (ii) seeking to obtain from Sellers or any of its Affiliates any damages in connection with the transactions contemplated hereby.

(g) No Violation of Order in Petters Case. The consummation of the transactions contemplated by this Agreement will not result in a violation of any order entered by the U.S. District Court for the District of Minnesota in connection with the case *U.S. v. Thomas Joseph Petters et. al.*, 08-364.

(h) Limited Liability Company Agreement. The Limited Liability Company Agreement shall (i) be in form and substance reasonably satisfactory to Sellers and (ii) have been executed and delivered by each of the other members of Buyer.

SECTION 7.2 Conditions Precedent to the Performance by Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing, of the following conditions, any one or more of which (other than the conditions contained in Section 7.2(c)) may be waived by Buyer, in its sole discretion:

(a) Representations and Warranties of Sellers. The representations and warranties of Sellers made in Section 4.1 of this Agreement shall be true and correct as of the Execution Date and in all material respects as of the Closing Date as though made by Sellers as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct on and as of such earlier date.

(b) Performance of the Obligations of Sellers. Sellers shall have (i) performed in all material respects all obligations required under this Agreement or any Ancillary Agreement to which Sellers are party which are to be performed by Sellers on or before the Closing Date (except with respect to any obligations qualified by materiality, which obligations shall be performed in all respects as required under this Agreement), (ii) taken all actions in connection with the consummation of the transactions contemplated hereby, and (iii) delivered all certificates, instruments, and other documents required herein or otherwise in a form and substance reasonably satisfactory to Buyer required to effect the transactions contemplated hereby.

(c) Governmental Consents and Approvals. If applicable, the waiting period applicable to the consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated. The Orders shall have been entered and shall not have been stayed. Notwithstanding the foregoing, nothing in this Agreement shall preclude Buyer from consummating the transactions contemplated herein if Buyer, in its sole discretion, waives the requirement that the Sale Order shall have become a Final Order. No notice of such waiver of this condition or any other condition to the Closing need be given except to Sellers, it being the intention of the parties that Buyer shall be entitled to, and is not waiving, the protection of Section 363(m) of the Bankruptcy Code, the mootness doctrine and any similar statute or body of law if the Closing occurs in the absence of the Bankruptcy Sale Order becoming a Final Order.

(d) No Violation of Orders. No preliminary or permanent injunction or other order of any court or Government Authority that declares this Agreement invalid in any material respect or prevents the consummation of the transactions contemplated hereby shall be in effect.

(e) No Litigation. There shall not be pending or threatened in writing by any Government Authority any suit, action or proceeding, (i) challenging or seeking to restrain, prohibit, alter or materially delay the consummation of any of the transactions contemplated by this Agreement or (ii) seeking to obtain from Buyer or any of its Affiliates any damages in connection with the transactions contemplated hereby.

(f) Third Party Consents and Approvals. Those Consents identified on Schedule 7.2(f) as being material consents required as closing conditions shall have been obtained.

(g) Name Change. Sellers shall have provided Buyer written confirmation acceptable to Buyer evidencing Sellers' compliance with Section 5.4(a).

(h) Bankruptcy Sale Order. The Bankruptcy Sale Order shall be entered and approved by the Bankruptcy Court as contemplated by Section 5.5(c) in a form acceptable to Buyer in writing no later than April 14, 2009 and at such time shall not have been appealed, and is otherwise final and non-appealable, provided, however that Buyer may, in its sole discretion, waive the requirement that the Bankruptcy Sale Order has not been appealed, and is otherwise final and non-appealable.

(i) **[Intentionally omitted]**

(j) No Violation of Order in Petters Case. The consummation of the transactions contemplated by this Agreement will not result in a violation of any order entered by the U.S. District Court for the District of Minnesota in connection with the case *U.S. v. Thomas Joseph Petters et. al.*, 08-364.

(k) Transferred Internet Domain Names. Sellers shall have provided Buyer a certificate signed by a duly authorized officer of Sellers and acceptable to Buyer evidencing that each of the Transferred Internet Domain Names (other than the Subject Internet Domain Names) registered in the name of any Affiliate of Sellers has been transferred to a Seller free and clear of all Liens (other than Permitted Liens), Claims and Encumbrances (it being understood that Sellers shall not be required to take any action to render any Seller the registered owner of such Transferred Internet Domain Names, which shall be Buyer's sole responsibility (at its sole cost and expense) post-Closing, subject to all such Transferred Internet Domain Names (other than the Subject Internet Domain Names) being transferred to Buyer at the Closing on the terms set forth herein)..

ARTICLE 8

TERMINATION

SECTION 8.1 Conditions of Termination.

This Agreement may be terminated only in accordance with this Section 8.1. This Agreement may be terminated at any time before the Closing, as follows:

(a) By mutual written consent of Sellers' Representative (on behalf of Sellers) and Buyer;

(b) By Buyer, by written notice to Sellers' Representative, on or after May 14, 2009 (the "Termination Date"), subject, however, to extension by the mutual written consent of Sellers' Representative and Buyer, if the Closing shall not have occurred on or prior to the Termination Date; provided, however, that (i) if the condition to the Closing set forth in the first sentence of Sections 7.1(c) and 7.2(c) shall not have been satisfied by the Termination Date (and such condition is required to be satisfied in order to effect the Closing), but all other conditions to Closing set forth in Article 7 hereof would be satisfied or waived if the Closing Date were to occur on such date, then the Termination Date shall be automatically extended to June 14, 2009, and (ii) Buyer shall not have the right to terminate this Agreement under this Section 8.1(b) if Buyer is then in material breach of this Agreement;

(c) By Sellers' Representative (on behalf of Sellers), by written notice to Buyer, on or after the Termination Date, subject, however, to extension by the mutual written consent of Buyer and Sellers' Representative, if the Closing shall not have occurred on or prior to the Termination Date; provided, however, that (i) if the condition to the Closing set forth in the first sentence of Sections 7.1(c) and 7.2(c) shall not have been satisfied by the Termination Date (and such condition is required to be satisfied in order to effect the Closing), but all other conditions to Closing set forth in Article 7 hereof would be satisfied or waived if the Closing Date were to occur on such date, then the Termination Date shall be automatically extended to June 14, 2009, and (ii) Sellers' Representative shall not have the right to terminate this Agreement under this Section 8.1(c) if Sellers are then in material breach of this Agreement;

(d) By Buyer, by written notice to Sellers' Representative, if Buyer has previously provided Sellers' Representative with notice of any inaccuracy of any representation or warranty of Sellers contained in Section 4.1, which inaccuracy would reasonably be expected to result in, individually or in the aggregate with the results of other inaccuracies, a Material Adverse Effect, or notice of a material failure to perform any covenant of Sellers contained in this Agreement or any Ancillary Agreement to which a Seller is party (including, without limitation, the failure to deliver and/or convey to Buyer any of the Acquired Assets free and clear of any and all interests, claims, encumbrances and/or liens), and Sellers have failed, within five (5) Business Days after such notice, to remedy such inaccuracy or perform such covenant or provide reasonably adequate assurance to Buyer of Sellers' ability to remedy such inaccuracy or perform such covenant; provided, however, that Buyer shall not have the right to terminate this Agreement under this Section 8.1(d) if Buyer is then in material breach of this Agreement;

(e) By Sellers' Representative (on behalf of Sellers), by written notice to Buyer, if Sellers' Representative has previously provided Buyer with notice of any inaccuracy of any representation or warranty of Buyer contained in Section 4.2, which inaccuracy would reasonably be expected to result in, individually or in the aggregate with the results of other inaccuracies, the conditions set forth in Section 7.1 not being satisfied, or notice of a material failure to perform any covenant of Buyer contained in this Agreement or any Ancillary Agreement to which Buyer is party, and Buyer has failed, within five (5) Business Days after such notice, to remedy such inaccuracy or perform such covenant or provide reasonably adequate assurance to Sellers of Buyer's ability to remedy such inaccuracy or perform such covenant; provided, however, that Sellers' Representative shall not have the right to terminate this Agreement under this Section 8.1(e) if Sellers are then in material breach of this Agreement;

(f) Buyer may terminate this Agreement by giving written notice to Sellers' Representative at any time prior to Closing in the event Sellers have accepted or selected and the Bankruptcy Court shall have approved by Final Order, the bid or bids (including a credit bid) of any Person or Persons other than Buyer or any of its Affiliates to purchase all or a significant portion of the businesses and assets of Sellers; or

(g) Immediately and automatically (without any further action of Buyer or Sellers), if the Bankruptcy Court shall enter a Final Order approving the sale of the Acquired Assets (or any material portion of the Acquired Assets) to any Person other than the Buyer.

SECTION 8.2 Effect of Termination.

In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect (other than those provisions of Article 8, Article 10 and Article 11 that expressly survive termination), and none of Sellers or Buyer, or their respective Affiliates or respective representatives, shall have any liability whatsoever with respect to this Agreement or any Ancillary Agreement. Accordingly, Buyer shall have no recourse whatsoever against Sellers or Sellers' Affiliates following any termination of this Agreement.

Breakup Fee.

If this Agreement is terminated by Buyer pursuant to Section 8.1(f) and a Person other than Buyer or any of its Affiliates consummates the purchase of all or a significant portion of the Acquired Assets pursuant to a Final Order, then Sellers shall be jointly and severally responsible for paying to Buyer a breakup fee in the amount of One Million Dollars (\$1,000,000.00) upon the consummation and out of the proceeds of the transaction by Sellers and such other Person.

ARTICLE 9

SURVIVAL

SECTION 9.1 Survival.

Each of the representations and warranties, covenants and agreements of Sellers and Buyer made in this Agreement shall not survive the Closing Date; provided, however, that any covenant or agreement in this Agreement which, by its terms, is to survive the Closing Date, shall survive the Closing Date for the duration of such covenant or agreement.

SECTION 9.2 Specific Performance.

Sellers, on the one hand, and Buyer, on the other hand, each acknowledges that in case of any breach of their covenants or other obligations, the other would suffer immediate and irreparable harm, which money damages would be inadequate to remedy, and accordingly, in case of any such breach each non-breaching party shall be entitled to obtain specific performance and other equitable remedies, in addition to other remedies provided in this Article 9.

SECTION 9.3 Covenant Not to Sue.

(a) On and after the Closing Date, Buyer covenants and agrees not to sue or otherwise bring any action against the Seller Group, any of the current directors and officers of the Seller Group or any of the current and former employees, agents, managers, advisors, attorneys and representatives (in their capacity as such and in no other capacity) of the Seller Group (collectively, the "Seller Group Representatives"), with respect to any and all Claims based in whole or in part upon any act, omission, transaction, event or other occurrence taking place at any time on or before the Closing Date, with the exception of (i) acts, omissions, transactions, events or occurrences resulting from or involving the gross negligence, breach of fiduciary duties, ultra vires acts or fraud of any such Persons, as determined by a final order of the Bankruptcy Court or other court of competent jurisdiction or (ii) cross

claims by Buyer resulting from third party claims against Buyer for (A) any acts or omissions of the Seller Group or the Seller Group Representatives, or (B) any business, assets and/or liabilities of Seller not purchased or assumed by Buyer.

(b) On and after the Closing Date, the Seller Group covenants and agrees not to sue or otherwise bring any action against any non-debtor parties to Acquired Contracts under which Acquired Intellectual Property is licensed to Buyer following the Closing; provided, however, that notwithstanding anything contained herein to the contrary, this Section 9.3(b) shall not apply to, and the Seller Group shall be entitled to sue or otherwise bring an action against (which shall include the right to assert defenses, setoffs and counterclaims against and object to claims filed, held or asserted by), any Person in connection with any matter set forth on Schedule 1.1(o) or that otherwise constitutes an Excluded Asset.

(c) Notwithstanding any other term in this Agreement to the contrary, the waivers, covenants and agreements contained in this Section 9.3 shall survive the Closing and shall bind and inure to the benefit of, as the case may be, the Buyer and its successors and assigns and the Seller Group, their Affiliates, and their estate, creditors, successors and assigns, including, without limitation, any trustee in any case under Chapter 7 of the Bankruptcy Code.

ARTICLE 10

MISCELLANEOUS

SECTION 10.1 Joint Drafting.

The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

SECTION 10.2 Further Assurances.

At the request and the sole expense of the requesting party, Buyer or Sellers, as applicable, shall execute and deliver, or cause to be executed and delivered, such documents as Buyer or Sellers, as applicable, or their respective counsel may reasonably request to effectuate the purposes of this Agreement and the Ancillary Agreements.

SECTION 10.3 Successors and Assigns.

This Agreement shall be binding on and inure to the benefit of Buyer and Sellers and their respective successors and permitted assigns, including, without limitation, any trustee appointed in the Bankruptcy Cases or subsequent Chapter 7 case. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written consent of the other party.

SECTION 10.4 Governing Law; Jurisdiction.

This Agreement shall be construed, performed and enforced in accordance with, and governed by, the laws of the State of Minnesota (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After

Sellers are no longer subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the jurisdiction of, any state or federal court having jurisdiction over Hennepin County, Minnesota.

SECTION 10.5 Expenses.

Except as set forth in this Section 10.5, each of the parties will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. Without limiting the generality of the foregoing, all transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement shall be paid by Buyer when due, and Buyer shall, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, the parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. Buyer shall be liable for and pay all Taxes applicable to the Acquired Assets and Assumed Liabilities that are attributable to taxable years or periods beginning on the Closing Date and with respect to any Straddle Period, the portion of such Straddle Period beginning on the Closing Date.

SECTION 10.6 Severability.

In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of (a) the Execution Date and (b) the date this Agreement was last amended.

SECTION 10.7 Notices.

(a) All notices, requests, demands, consents and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) on the date of service, if served personally on the party to whom notice is to be given; (ii) on the day of transmission, if sent via facsimile transmission to the facsimile number given below; (iii) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service addressed to the party to whom notice is to be given; or (iv) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed, to the party as follows:

If to a Seller or :

c/o Polaroid Holding Company
4400 Baker Road
Minnetonka, MN 55343
Attn.: Mary L. Jeffries
Fax: (952) 351-0330

With a copy (which shall not constitute notice) to:

Lindquist & Vennum PLLP
4200 IDS Center

80 South Eighth Street
Minneapolis, MN 55402
Attn.: Charles P. Moorse, Esq.
George H. Singer, Esq.
Fax: (612) 371-3207

If to Buyer:

PLR Holdings, LLC
c/o Gordon Brothers Brands, LLC
101 Huntington Avenue, 10th Floor
Boston, MA 02199
Attn: Rafael Klotz
Fax: (617) 531-7929

PLR Holdings, LLC
c/o Hilco Consumer Capital, L.P.
5 Revere Drive, Suite 206
Northbrook, IL 60062
Attn: Eric Kaup
Fax: (847) 897-0766

With a copy (which shall not constitute notice) to:

Dorsey & Whitney LLP
50 South Sixth Street
Minneapolis, MN 55402
Attn.: Mark J. Kalla, Esq.
Christopher J. Bellini, Esq.
Fax: (612) 340-2868

(b) Any party may change its address or facsimile number for the purpose of this Section 10.7 by giving the other parties written notice of its new address in the manner set forth above.

SECTION 10.8 Amendments; Waivers.

This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by Buyer and Sellers' Representative, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be or construed as a furthering or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

SECTION 10.9 Public Announcements.

Sellers, on the one hand, and Buyer, on the other hand, shall not make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written agreement from Sellers' Representative (in the case of Sellers) or Buyer, as applicable, unless a press release or public announcement is required by law, the rules of any stock exchange or order of the

Bankruptcy Court. If any such announcement or other disclosure is required by law, the rules of any stock exchange or order of the Bankruptcy Court, the form and content of any such announcing or other disclosure shall be subject to the prior written consent of Sellers' Representative (in the case of Sellers) or Buyer, as applicable, which consent shall not be unreasonably withheld.

SECTION 10.10 Entire Agreement.

This Agreement and the Ancillary Agreements contain the entire understanding among the parties with respect to the transactions contemplated hereby and supersede and replace all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All Schedules hereto and any documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

SECTION 10.11 No Third Party Beneficiaries.

Except as set forth in Sections 5.10 and 9.3, nothing in this Agreement is intended to or shall confer any rights or remedies under or by reason of this Agreement on any Persons other than Sellers and Buyer and their respective successors and permitted assigns. Nothing in this Agreement is intended to or shall relieve or discharge the obligation or liability of any third Persons to Sellers or to Buyer. Except as set forth in Sections 5.10 and 9.3, this Agreement is not intended and shall not give any third Persons any right of subrogation or action over or against Sellers or against Buyer.

SECTION 10.12 Headings.

The article and section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 10.13 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

SECTION 10.14 Construction.

Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Any reference to the singular in this Agreement shall also include the plural and vice versa.

SECTION 10.15 Tax Disclosure.

Notwithstanding anything herein to the contrary, each party (and each Affiliate and Person acting on behalf of any such party) agrees that each party (and each employee, representative, and other agent of such party) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party or such Person relating to such Tax treatment and Tax structure, but only to the extent necessary to comply with any applicable federal or state securities laws or tax laws. This authorization is not intended to permit disclosure of any other information including (without limitation) (a) any portion of any materials to the extent not related to the Tax treatment or Tax structure of the transaction, (b) the identities of participants or potential participants in the transaction, (c) the existence or status of any negotiations, (d) any pricing or financial information (except to the extent such pricing or

financial information is related to the Tax treatment or Tax structure of the transaction), or (e) any other term or detail not relevant to the Tax treatment or the Tax structure of the transaction.

SECTION 10.16 Sellers' Representative.

Each Seller hereby irrevocably appoints PHC to act as representative, agent, proxy and attorney-in-fact for all Sellers for all purposes under this Agreement (PHC, in such capacity, being "Sellers' Representative"), including, without limitation, the full power and authority on each Seller's behalf to: (i) receive notices or service of process; (ii) negotiate, determine, compromise, settle and take any other action permitted or called for by Sellers under this Agreement; and (iii) to execute and deliver any termination of, amendment to or waiver under this Agreement. Each Seller agrees that such agency and proxy are coupled with an interest and are, therefore, irrevocable without the consent of Sellers' Representative and shall survive the bankruptcy, dissolution or liquidation of any Seller. All decisions and actions by Sellers' Representative shall be binding upon all Sellers, and no Seller shall have the right to object, dissent, protest or otherwise contest same. Sellers' Representative shall have no duties or obligations hereunder except those specifically set forth herein and such duties and obligations shall be determined solely by the express provisions of this Agreement. Each Seller agrees to indemnify and hold harmless Sellers' Representative from and against all expenses (including reasonable attorneys' fees), judgments, fines and amounts incurred by Sellers' Representative in connection with any action, suit or proceeding to which Sellers' Representative is made a party by reason of the fact it is or was acting as a Sellers' Representative under this Agreement. Neither Sellers' Representative nor any agent employed by Sellers' Representative shall incur any liability to any Seller relating to the performance of its duties hereunder except for actions or omissions constituting fraud or bad faith. Sellers' Representative shall have no liability in respect of any action, claim or proceeding brought against Sellers' Representative by any Seller if Sellers' Representative took or omitted taking any action in good faith.

ARTICLE 11

DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Acquired Assets" has the meaning set forth in Section 1.1.

"Acquired Contracts" has the meaning set forth in Section 1.1(c).

"Acquired Equity Interests" has the meaning set forth in Section 1.1(m).

"Acquired Intellectual Property" has the meaning set forth in Section 1.1(f).

"Acquired IP Causes of Action" has the meaning set forth in Section 1.1(o).

"Acquired Subsidiaries" means those entities in which a Seller holds an ownership interest that are listed on Schedule 11(a), which schedule may be updated on or before the Closing to remove any such entity. For the avoidance of doubt, the Acquired Subsidiaries shall not include any Seller, even if such Seller is a direct or indirect subsidiary of another Seller.

"Affiliate" has the meaning given that term in Section 101(2) of the Bankruptcy Code.

"Agreement" has the meaning set forth in the Preamble.

“Allocation” has the meaning set forth in Section 6.3.

“Ancillary Agreement” means any other agreement that a Seller or Buyer, as applicable, may reasonably enter into in connection with the consummation of the transactions contemplated hereby.

“Apportionment Notice” has the meaning set forth in Section 2.1.

“Assumed Liabilities” has the meaning set forth in Section 1.3.

“Auction” has the meaning set forth in Section 5.5(c)(ii).

“Avoidance Actions” means all Claims, rights and remedies of a debtor assertable or arising under Chapter 5 of the Bankruptcy Code or any other applicable law, including, without limitation, all preference, fraudulent transfer, and other Claims to avoid a transfer.

“Bankruptcy Assignment Motion” has the meaning set forth in Section 5.5(d).

“Bankruptcy Assignment Order” has the meaning set forth in Section 5.5(d).

“Bankruptcy Bidding Procedures Motion” has the meaning set forth in Section 5.5(c)(i).

“Bankruptcy Bidding Procedures Order” has the meaning set forth in Section 5.5(b).

“Bankruptcy Cases” has the meaning set forth in the Recitals.

“Bankruptcy Code” has the meaning set forth in the Recitals.

“Bankruptcy Court” has the meaning set forth in Section 5.5(a).

“Bankruptcy Rules” has the meaning set forth in the Recitals.

“Bankruptcy Sale Motion” has the meaning set forth in Section 5.5(a).

“Bankruptcy Sale Order” has the meaning set forth in Section 5.5(c).

“Bulk Sale Offer” has the meaning set forth in Section 5.10(a).

“Business” has the meaning set forth in the Recitals.

“Business Day” means any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in Minneapolis, Minnesota are authorized by law or other governmental action to close.

“Buyer” has the meaning set forth in the Preamble.

“Buyer Group” means Buyer and its Affiliates.

“Cash” means all cash and cash equivalents.

“Causes of Action” means all Claims and causes of action (of any kind or character and whether arising prior to, on or after the Petition Date), including, without limitation, the Avoidance Actions, that Sellers or any of their Affiliates may have against any other Person.

“Claim” has the meaning given that term in Section 101(5) of the Bankruptcy Code and includes, *inter alia*, all rights, claims, causes of action, defenses, debts, demands, damages, offset rights, setoff rights, recoupment rights, obligations, and liabilities of any kind or nature under contract, at law or in equity, known or unknown, contingent or matured, liquidated or unliquidated, and all rights and remedies with respect thereto.

“Closing” has the meaning set forth in Section 3.1.

“Closing Date” has the meaning set forth in Section 3.1.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Information” means any information concerning the operations and affairs of the Seller Group or Buyer Group, as applicable, their respective Affiliates and/or their respective businesses that is not already generally available to the public.

“Consents” has the meaning set forth in Section 4.1(g).

“Contract” means any written contract, agreement, lease or sublease, license or sublicense, instrument, indenture, commitment or undertaking.

“Contract Assumption Notice” has the meaning set forth in Section 1.5(b).

“Definitively Acquired Contracts” means the Contracts identified on Schedule 11(b).

“Definitively Excluded Contracts” means any and all Contracts (i) between any Seller or their Affiliates, on the one hand, and any of the following entities on the other hand, (A) Target Chip Ganassi Racing or (B) ArcSoft, or (ii) relating to (I) Polaroid ID Systems, an operating division of PC or (II) the 20” x 24” studio photography business owned by PC, including all of the Contracts set forth on Schedule 11(c).

“Deposit” has the meaning set forth in Section 2.2.

“Employee Benefit Plans” means all employee benefit plans as defined in Section 3(3) of ERISA, all compensation, pay, severance pay, salary continuation, bonus, incentive, stock option, retirement, pension, profit sharing or deferred compensation plans, Contracts, programs, funds or arrangements of any kind and all other employee benefit plans, programs, funds or arrangements (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated, and whether or not subject to ERISA) and any trust, escrow or similar agreement related thereto, whether or not funded.

“Encumbrance” means any lien, pledge, charge, security interest, option, right of first refusal, mortgage, easement, right of way, lease, sublease, license, sublicense, adverse claim, title defect, encroachment, other survey defect, or other encumbrance of any kind, including, with respect to real property, any covenant or restriction relating thereto.

“Environmental Laws” means all applicable federal, state and local statutes, ordinances, rules, orders, judgments, junctions, decrees, regulations and other provisions having the force of law, all judicial and administrative orders and determinations, and all common law concerning pollution or protection of human health and the environment, including, without limitation, all those relating to the presence, use,

production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Materials.

“Equity Consideration” means 20.5% of the membership interests in a newly formed limited liability company in all respects governed by the terms of the Limited Liability Company Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any Person, any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA with such Person or (ii) which together with such Person is treated as a single employer under Sections 414(b), (c), (m), (n) or (o) of the Code.

“Excluded Assets” has the meaning set forth in Section 1.2.

“Excluded Computer-Related Assets” means any and all computer hardware, related equipment and software (i) currently used in and/or reasonably necessary to operate the Data Center and/or (ii) reasonably necessary for winding down the Sellers’ bankruptcy estates, including without limitation, all computer hardware and related equipment and software listed on Schedule 1.2(e).

“Excluded Contracts” has the meaning set forth in Section 1.2(c).

“Excluded Liabilities” has the meaning set forth in Section 1.4.

“Excluded Receivables” means all accounts and notes receivable of Sellers relating to Circuit City Stores, Inc.

“Execution Date” has the meaning set forth in the Preamble.

“Final Order” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, the implementation, operation or effect of which has not been stayed and as to which order (or any revision, modification or amendment thereof) the time to appeal or seek review, rehearing or writ of certiorari has expired and as to which no appeal or petition for review, reconsideration, rehearing or certiorari has been taken and is pending.

“Government Authority” means any agency, division, subdivision or governmental or regulatory authority or any adjudicatory body thereof, of the United States, or any state thereof.

“Hazardous Materials” means any hazardous or toxic substance or waste or any contaminant or pollutant regulated or otherwise creating liability under Environmental Laws, including, without limitation, “hazardous substances” as defined by the Comprehensive Environmental Response Compensation and Liability Act, as amended, “toxic substance” as defined by the Toxic Substance Control Act, as amended, “hazardous wastes” as defined by the Resource Conservation and Recovery Act, as amended, “hazardous materials” as defined by the Hazardous Materials Transportation Act, as amended, thermal discharges, radioactive substances, PCBs, natural gas, petroleum products or byproducts and crude oil.

“HSR Act” means the Hart-Scott-Rodino Anti-trust Improvements Act of 1976, as amended.

“Improvements” means the buildings, improvements and structures of Sellers now existing on the Real Property or demised under any lease of, or other Contract for the use of, real property, and any and all fixtures appurtenant thereto.

“Intellectual Property” shall mean (i) patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissue patent applications and patents issuing thereon, invention and patent disclosures, inventions, improvements and trade secrets, (ii) registered and unregistered trademarks, service marks, trade names, service names, brand names, derivative brands, fictional or assumed names, all trade dress rights, logos, slogans, uniform resource locators, Transferred Internet Domain Names and corporate names, together with the goodwill associated with the foregoing, and applications and registrations therefor and renewals thereof (iii) all copyrights and registrations and applications therefor and works of authorship and mask work rights, (iv) Technology, (v) brand related property and advertising materials, copy, commercials, images, package designs, product designs and artwork, (vi) records and documents, whether in hard copy or electronic, relating to any of the foregoing, (vii) any and all customer lists and contact information, including email addresses and (viii) any other proprietary rights used by Sellers in connection with the operation of the Business, as historically operated by Sellers. The definition of Intellectual Property includes all such assets on a worldwide basis and all foreign equivalent or counterpart rights having similar effect in any jurisdiction throughout the world.

“Interim Reports” has the meaning set forth in Section 4.1(d).

“Inventory” means all the finished goods, raw materials, work in process and other supplies owned by Sellers on the Closing Date.

“Inventory Locations” has the meaning set forth in Section 1.1(d).

“Inventory Taking” has the meaning set forth in Section 2.1(c).

“Lien” has the meaning given to that term in Section 101(37) of the Bankruptcy Code.

“Limited Liability Company Agreement” means the Limited Liability Company Agreement of Buyer, substantially in the form attached hereto as Exhibit A.

“Material Adverse Effect” means a state of facts, event, change or effect with respect to the Acquired Assets or the Assumed Liabilities, that has had, or is reasonably likely to result in, a material adverse effect on the value of the Acquired Assets, a material increase in the amount of the Assumed Liabilities or any material limitation on the rights to use the Acquired Intellectual Property, but excludes (a) any state of facts, event, change or effect caused by events, changes or developments relating to (i) general business or economic conditions, including such conditions related to the Business or manufacturing industries generally, (ii) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, except to the extent that any such conditions or acts have a material adverse effect on (x) the physical condition of the Acquired Assets, taken as a whole, or (y) the ability of the Acquired Assets, taken as a whole, to be physically used in a manner consistent with past-practice, (iii) financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in United States generally accepted accounting principles, (v) changes in law, rules, regulations, orders, or other binding directives issued by any governmental entity and applicable generally to the Business, or (vi) the taking of any action

contemplated by this Agreement or the Ancillary Agreements contemplated hereby (including, without limitation, the filing of the Petition of Relief and the Bankruptcy Cases), (b) any existing event, occurrence, or circumstance with respect to which the Buyer has knowledge as of the Execution Date, and (c) any adverse change in or effect on the business of the Seller Group that is cured by Sellers before the earlier of (i) the Closing Date or (ii) the date on which this Agreement is terminated pursuant to Section 8.1 hereof.

“Membership Interests” has the meaning set forth in Section 4.2(h).

“NPKK Channels” has the meaning specified in Section 5.10(b).

“Offered Employees” has the meaning set forth in Section 5.6(b).

“Orders” means the Bankruptcy Sale Order, the Bankruptcy Bidding Procedures Order, and the Bankruptcy Assignment Order.

“Owned Machinery and Equipment” has the meaning set forth in Section 1.1(b).

“PAP” has the meaning set forth in the Preamble.

“PC” has the meaning set forth in the Preamble.

“PCAP” has the meaning set forth in the Preamble.

“PCE” has the meaning set forth in the Preamble.

“Permits” has the meaning set forth in Section 1.1(h).

“Permitted Liens” mean: (a) Liens for Taxes, assessments or other similar charges that are not yet due and payable; (b) easements, licenses, unrecorded real estate agreements, restrictions and other matters of record which either (i) the title company has agreed to affirmatively insure against loss caused thereby in the applicable title policy, by way of ALTA coverage or other affirmative cover, reasonably acceptable to Buyer, or (ii) do not materially and adversely affect the operation of the Real Property in question as currently and previously used in the operation of the Seller Group’s business and (c) any state of facts a survey or other visual inspection would show that do not materially and adversely affect the operation of the Real Property in question as currently and previously used in the operation of the Seller Group’s business; and (d) Liens arising from the Assumed Liabilities.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or Government Authority.

“Petition Date” means the date of commencement of the Bankruptcy Cases.

“PGW” means Petters Group Worldwide, LLC, a Delaware limited liability company.

“PHC” has the meaning set forth in the Preamble.

“PINT” has the meaning set forth in the Preamble.

“PLA” has the meaning set forth in the Preamble.

“PNB” has the meaning set forth in the Preamble.

“PNOR” has the meaning set forth in the Preamble.

“Pogo Inventory” means all Inventory associated with the Polaroid PoGo™ Instant Mobile Printer.

“PWALT” has the meaning set forth in the Preamble.

“Polaroid Name” means any name including the word “Polaroid” and any other trade names, trademarks or service marks owned by Sellers or licensed to Sellers.

“Purchase Price” has the meaning set forth in Section 2.1.

“Real Property” has the meaning set forth in Section 1.1(a).

“Receivables Sharing Portion” means an amount equal to Twenty Five Percent (25%) of the gross proceeds of any all accounts and notes receivable of Sellers set forth in Section 1.1(q) which are actually collected in cash by Buyer.

“Rejection Notice” has the meaning set forth in Section 1.5(b).

“ROFR Offer” has the meaning set forth in Section 5.10(a).

“Seller Benefit Plans” has the meaning set forth in Section 1.2(d).

“Seller Controlled Group” has the meaning set forth in Section 1.2(d).

“Seller Group” means Sellers and the Acquired Subsidiaries.

“Seller Group Representatives” has the meaning set forth in Section 9.3(a).

“Seller Reports” has the meaning set forth in Section 4.1(d).

“Sellers” has the meaning set forth in the Preamble.

“Sellers’ Representative” has the meaning set forth in Section 10.16.

“Straddle Period” shall mean any taxable period beginning on, or before and ending after the Closing Date.

“Subject Affiliates” has the meaning set forth in Section 5.10.

“Subject Internet Domain Names” has the meaning set forth in Section 5.1(e).

“Subject Inventory” has the meaning set forth in Section 1.2(s).

“Supplies” means all supplies, items and materials (including spare parts) owned by Sellers on the Closing Date.

“Supplies Locations” has the meaning set forth in Section 1.1(e).

“Tax Records” has the meaning set forth in Section 1.2(m).

“Tax Return” means any report, declaration, return, information return, filing, claim for refund or other information relating to Taxes, including any Schedules, exhibits or attachments thereto, and any amendments to any of the foregoing required to be filed or maintained in connection with the calculation, determination, assessment or collection of any Taxes (including estimated Taxes).

“Taxes” means all taxes, however denominated, including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any Government Authority, whether payable by reason of contract, assumption, transferee liability, operation of law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under state, local or foreign law), which taxes shall include all income taxes, payroll and employee withholding, unemployment insurance, social security (or similar), sales and use, excise, franchise, gross receipts, occupation, real and personal property, stamp, transfer, workmen’s compensation, customs duties, registration, documentary, value added, alternative or add-on minimum, estimated, environmental (including taxes under Section 59A of the Code) and other assessments or obligations of the same or a similar nature, whether arising before, on or after the Closing Date.

“Technology” means any and all inventions, discoveries, ideas, processes, formulae, designs, models, industrial designs, know-how, confidential information and proprietary information, whether or not patented or patentable, writings and other copyrightable works and works in progress, databases and software.

“Termination Date” has the meaning set forth in Section 8.1(b).

“Territory” has the meaning set forth in Section 5.10(a).

“Transaction Taxes” has the meaning set forth in Section 6.1.

“Transferred Internet Domain Names” means all internet domain names used in connection with the Business that are transferred to Buyer by Sellers following the assignment to Sellers by Sellers’ Affiliates pursuant to Section 5.1(e).

“Transition Period” has the meaning set forth in Section 5.3(d).

“Use Restrictions” has the meaning set forth in Section 5.10(a).

“Year-End Reports” has the meaning set forth in Section 4.1(d).

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed by their respective officers thereunto duly authorized as of the Execution Date.

BUYER:

PLR HOLDINGS, LLC



By: Rafael Klotz
Its: Authorized Signatory

SELLERS:

POLAROID HOLDING COMPANY

POLAROID ASIA PACIFIC, LLC

By: Mary L. Jeffries
Its: President and Chief Executive Officer

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CORPORATION

POLAROID INTERNATIONAL HOLDING, LLC

By: Mary L. Jeffries
Its: President and Chief Executive Officer

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CONSUMER ELECTRONICS, LLC

POLAROID NORWOOD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: President and Chief Executive Officer

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CAPITAL, LLC

POLAROID NEW BEDFORD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID LATIN AMERICA I CORPORATION

POLAROID WALTHAM REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

By: Mary L. Jeffries
Its: Authorized Signatory