

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-46617**

Polaroid Corporation, et al.,

08-46617 (GFK)

Debtors.

(includes:

Polaroid Holding Company;

08-46621 (GFK)

Polaroid Consumer Electronics, LLC;

08-46620 (GFK)

Polaroid Capital, LLC;

08-46623 (GFK)

Polaroid Latin America I Corporation;

08-46624 (GFK)

Polaroid Asia Pacific LLC;

08-46625 (GFK)

Polaroid International Holding LLC;

08-46626 (GFK)

Polaroid New Bedford Real Estate, LLC;

08-46627 (GFK)

Polaroid Norwood Real Estate, LLC;

08-46628 (GFK)

Polaroid Waltham Real Estate, LLC)

08-46629 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

AMENDED SUMMARY OF SALE PROPOSAL

(Exhibit A has been slightly revised.)

The following summary, together with the attached Exhibit, represents the summary prepared by the above-entitled debtors (collectively, the “Debtors” or “Polaroid”) and referenced in Paragraph 2(a) of the Court’s Scheduling Order Re: Hearing on Debtors’ Motion For Authority to Sell Assets:

1. Identity of Proposed Purchaser/Successful Bidder. Lithograph Legends, LLC (the “Successful Bidder”) was selected as the prevailing bidder at the Auction that concluded on March 31, 2009. The controlling member of the Successful Bidder is Zohar III, Limited. Patriarch Partners XV, LLC (“Patriarch”) is the collateral manager of Zohar III, Limited

(“Zohar”). Lynn Tilton is the sole manager of the Successful Bidder and the managing member of affiliated entities, including Patriarch Partners and Zohar.

2. Identity of Back-Up Bidder(s). PLR Holdings, LLC, a joint venture composed of Hilco Consumer Capital, L.P. and Gordon Brothers Brands, LLC, was selected at the Auction as the back-up bidder (the “Back-Up Bidder(s)”).

3. Summary of Sale Proposal. The Successful Bidder is acquiring substantially all of the assets of the Debtors, including rights under certain contracts (the “Sale”), free and clear of all liens, claims, interests and encumbrances (collectively, “Liens”), with all such Liens to attach to the net sale proceeds of the Sale ultimately attributable to the property against or in which such Liens are asserted, all with the same validity, dignity, priority and effect and to the same extent as existed prior to the Sale and in all cases subject to any and all rights, claims and defenses that the Debtors may have with respect thereto. The terms of the sale are set forth in an certain asset purchase agreement to be entered into by and among the Debtors and the Successful Bidder (the “Asset Purchase Agreement”). Other than terms impacting the consideration for the Sale (such as the Buyer Interests and Excluded Assets, as defined below) and the executory contracts that the parties may ultimately designate for assumption and assignment or rejection, the Asset Purchase Agreement is in all material respects substantially consistent with the terms outlined in the asset purchase agreement between the Debtors and PHC Acquisitions, LLC, a wholly-owned subsidiary of Genii Capital S.A. (the “Stalking Horse Bidder”).

a. *Cash Consideration*: Forty-Four Million Eight Hundred and Fifty Thousand Dollars (\$44,850,000.00).

b. *Equity Consideration:* Non-voting common limited liability company interests of the Successful Bidder equal to twelve percent (12%) of the aggregate common limited liability company interests of Buyer (the “Buyer Interests”). The Buyer Interests have been valued by the Debtors and their professionals to be equal to Seven Million Eight Hundred Thousand Dollars (\$7,800,000.00). The Buyer Interests will be initially issued to Polaroid Holding Corporation, as Sellers’ Representative for the benefit of Sellers and their creditors (“Sellers’ Representative”), and shall be subject to the terms of a Limited Liability Company Agreement (the “LLC Agreement”).

c. *Excluded Assets:* The Successful Bidder has, like the Stalking Horse bid, excluded certain assets from its bid (the “Excluded Assets”). The Excluded Assets have been valued by the Debtors and their professionals at Eight Million Three Hundred and Twenty-Five Thousand Dollars (\$8,325,000.00). A summary of the Excluded Assets and differences between the assets that have been excluded in the Stalking Horse bid and the bid of the Successful Bidder as well as estimated values attributed by the Debtors to those assets are summarized on the Final Bid Comparison attached hereto as Exhibit A. It should be noted that the value ascribed to the Accounts Receivable on Exhibit A, which represent Excluded Assets, includes an agreement by the Successful Bidder to remit to Sellers’ Representative for the benefit of Sellers and their creditors twenty-five percent (25%) of any payment received by the Successful Bidder in respect of such accounts receivable.

4. Break-Up Fees and Expense Reimbursement. Pursuant to the Court’s Order Approving Break-Up Fees and Expense Reimbursement, the Stalking Horse Bidder is entitled to a Break-Up Fee in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00) and an Expense Reimbursement of up to Five Hundred Thousand Dollars

(\$500,000.00). In addition, the Debtors, in connection with the acceptance by the Debtors of the bid made by the Back-Up Bidder at the Auction, agreed to seek Court approval of a secondary break-up fee for the benefit of the Back-Up Bidder in the amount of One Million Dollars (\$1,000,000.00) in the event that the Back-Up Bidder was not selected as the successful bidder at the Auction.

5. Final Versions of Proposed Agreements. The Debtors and the Successful Bidder are finalizing the documents, including a revised Asset Purchase Agreement and the Limited Liability Company Agreement, and will make those documents available to parties that have filed objections to the Sale and, upon request, other parties-in-interest as soon as practicable after they become finalized.

DATED: April 3, 2009

LINDQUIST & VENNUM P.L.L.P.

By /e/ George H. Singer
James A. Lodoen (#173605)
George H. Singer (#262043)

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80 South Eighth Street
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ATTORNEYS FOR POLAROID

Final Bid Summary Compared to Stalking Horse Bid

	Genii			Patriarch		
	Inc.	Excl.	Value	Inc.	Excl.	Value
Initial Consideration						
Bid - Value of Equity			-			7,800,000
% of NEWCO						12.00%
Bid - Value of Debt			-			-
Bid - Value of Cash ¹			42,000,000			43,000,000
Valued Assets						
IP Related Assets (including brand)	x			x		
Accounts Receivable	x			x		250,000
Inventory - 130 / PoGo	x					
Inventory - 120 / 122 (Instant Film)	x				x	5,000,000
IT Equipment		x	200,000		x	200,000
Art Collection	x			x		
Polaroid ID Business (PIDS)		x	800,000	x		
Readville Equipment		x	75,000		x	75,000
Instant Battery Inventory		x	100,000		x	100,000
20x24 Film		x	255,000	x		
Polaroid Chemical Library	x			x		
New Bedford PIFMASS		x	150,000		x	150,000
Accrued but unpaid royalties	x				x	600,000
Euhler Hermes Credit Insurance Policy	x				x	750,000
Other Items Impacting Value						
Polaroid Japan					x	1,200,000
Baker Road Lease						
Other						
Value of Excluded Assets			1,580,000			8,325,000
Gross Proceeds to Estate			43,580,000			51,325,000
Estimated Residual Value to Estate			-			7,800,000
Total Value to Estate (excluding admin costs) ²			43,580,000			59,125,000
Difference to Stalking Horse Bid			-			15,545,000
¹ The total of the required break-up fee and expense compensation to the stalking horse bidder (Genii) is \$1,700,000, which has been netted against the total Patriarch consideration of \$44,700,000 for presentational purposes ² All bids exclude cash held on the Company's balance sheet of approximately \$30 million. Under a contemplated Patriarch transaction, total estimated proceeds to the estate, including cash, equals approximately \$90 million						

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CERTIFICATE OF SERVICE

Gretchen Luessenheide of the City of New Hope, County of Hennepin, State of Minnesota, being first duly sworn on oath, states that on April 3, 2009 she served the following document:

Amended Summary of Sale Proposal

electronically by Notice of Electronic Filing upon all parties who have requested electronic service in these cases by filing the same via ECF with the Bankruptcy Court in the District of Minnesota.

/e/Gretchen Luessenheide
Gretchen Luessenheide