

**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

**SECOND AMENDED DISCLOSURE STATEMENT WITH RESPECT TO
SECOND AMENDED CHAPTER 11 PLAN OF LIQUIDATION FOR THE DEBTORS
AS PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

**PAUL HASTINGS, JANOFSKY &
WALKER LLP**

191 N. Wacker Dr., 30th Floor
Chicago, Illinois 60606
Richard A Chesley (IL 6240877)
Gregory S. Otsuka (IL 6270388)
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

FAEGRE & BENSON LLP

2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, Minnesota 55402-3901
Dennis M. Ryan (No. 161275)
Theresa H. Dykoschak (No. 0349999)
Telephone: (612) 766-7000
Facsimile: (612) 766-1600

Attorneys for the Official Committee of Unsecured Creditors

**PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS
DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON
YOUR DECISION TO ACCEPT OR REJECT THE PLAN. THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS BELIEVES THAT THE PLAN IS IN
THE BEST INTERESTS OF CREDITORS, AND IS FAIR AND EQUITABLE, AND
URGES YOU TO VOTE TO ACCEPT THE PLAN.**

TABLE OF CONTENTS

	Page
ARTICLE I VOTING.....	7
A. Eligibility to Vote	7
B. Ballots	8
C. Voting Procedure	9
D. Voting Deadline.....	9
E. Importance of Your Vote	9
ARTICLE II BACKGROUND	10
A. Overview Of The Debtors’ Business And The Circumstances Leading To These Cases	10
B. Capital Structure Of The Debtors	12
C. Acorn and Ritchie Claims	14
1. Acorn Claim.....	14
2. Ritchie Claim	15
ARTICLE III SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES	16
A. Retention of Professionals by the Debtors	16
B. Formation of Committee and Retention of Committee Professionals	16
C. “First Day” Motions.....	17
1. Joint Administration	17
2. The Employee Wages Order	17
3. The Utilities Order.....	17
4. The Cash Management Order	18
5. The Cash Collateral Orders.....	18
6. The Ordinary Course Professionals Order.....	18
7. The Schedules and Statements Order	18
D. The Debtors’ Schedules and the Bar Date.....	18
E. Acorn and Ritchie Litigation	20
F. The PLR Asset Purchase Agreement	20
G. Watch City Development LLC.....	23
H. Remaining Assets to be Liquidated	23
I. Plan Exclusivity	24

J.	Motion to Convert.....	25
ARTICLE IV	CLASSIFICATION AND TREATMENT OF CLAIMS.....	25
A.	Classification	25
B.	Unclassified Claims: Administrative Claims and Priority Tax Claims	26
1.	Administrative Claims	26
2.	Priority Tax Claims	27
3.	Claims Related to Reclamation Rights	27
C.	Classes of Claims and Interests: Classification, Treatment and Voting Rights	28
1.	“Class 1” – Priority Claims – Not Impaired	28
2.	“Class 2” – Secured Claims – Not Impaired.....	28
3.	“Class 3” – General Unsecured Claims – Impaired	29
4.	“Class 3A” – Acorn/Ritchie Claims – Impaired	29
5.	“Class 4” – Debtor Intercompany Claims – Impaired.....	30
6.	“Class 4A” – Non-Debtor Intercompany Claims – Impaired	30
7.	“Class 5” – Convenience Claims (Includes Those Choosing the Convenience Class Election) – Not Impaired or Impaired by Agreement.....	31
8.	“Class 6” – Interests and Interest Related Claims – Impaired	32
ARTICLE V	IMPLEMENTATION OF THE PLAN	32
A.	Implementation of Plan	32
B.	Substantive Consolidation and Formation of the Polaroid Liquidating Trust	32
C.	Causes of Action.....	33
D.	Formation of the Polaroid Liquidating Trust.....	33
E.	Appointment and Term of the Liquidating Trustee	34
F.	Duties of the Liquidating Trustee	35
G.	No Recourse to Liquidating Trustee	38
H.	Liability, Indemnification.....	38
I.	Dissolution of the Committee.....	39
J.	Trust Oversight Committee	39
K.	Funding of the Plan.....	40
L.	Wind-down Reserve.....	41
M.	Secured Claims Reserve.....	41

N.	Distribution Fund	42
O.	Employee Programs	42
P.	Corporate and Limited Liability Company Action	43
Q.	Retention of Actions and Defenses	43
R.	Dissolution of the Debtors	43
S.	Saturday, Sunday or Legal Holiday	44
T.	Preservation of All Avoidance Actions and Causes of Action	44
ARTICLE VI	TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES	44
A.	Rejection of Remaining Executory Contracts and Unexpired Leases	44
B.	Rejection Damages Bar Date	44
C.	Insurance Policies	45
ARTICLE VII	DISTRIBUTIONS	45
A.	Disbursing Agent	45
1.	Liquidating Trustee as Disbursing Agent	45
2.	Alternative Disbursing Agent Qualification	45
B.	Time and Manner of Distributions	46
C.	Delivery of Distributions	46
D.	Undeliverable Distributions	47
E.	Claims Administration Responsibility	47
1.	Reservation of Rights to Object to Claims	47
2.	Objections to Claims	47
3.	Filing of Objections	48
4.	Determination of Claims	48
F.	Procedures for Treating and Resolving Disputed and Contingent Claims	48
1.	No Distributions Pending Allowance	48
2.	Claim Estimation	48
G.	Setoffs and Recoupment	49
H.	Allowance and disallowance of Claims Subject to Bankruptcy Code § 502	49
I.	Cancellation of Instruments and Agreements	49
J.	No Interest on Claims	49
K.	Withholding Taxes	49
L.	Reports	50

ARTICLE VIII	CONDITIONS PRECEDENT	50
A.	Conditions Precedent to Effective Date	50
B.	Revocation, Withdrawal or Non-Consummation of Plan	50
ARTICLE IX	FINANCIAL INFORMATION	51
A.	Status of Current Cash Position as of July 10, 2009.....	51
B.	Projected Distributable Cash	51
C.	Descriptions of Assets and Litigation	51
1.	Remaining Assets	51
2.	Estate Litigation	51
D.	Substantive Consolidation	52
E.	Risks Associated with Realizing on Litigation.....	53
ARTICLE X	CERTAIN FACTORS TO BE CONSIDERED REGARDING THE PLAN.....	53
A.	Assumptions Regarding Claims and Recovery Estimates	54
B.	Bankruptcy Considerations	54
C.	Overall Risks to Recovery by Holders of Claims.....	54
D.	Risks Regarding Potential Civil FORfeiture Action.....	55
E.	Risks Regarding the Amount of Priority Claims; Administrative Expenses	55
F.	Risks Regarding Amount of General Unsecured Claims.....	55
ARTICLE XI	POST-CONFIRMATION ISSUES.....	56
A.	Conversion or Dismissal	56
B.	Payment of Statutory Fees.....	56
C.	Authority to Effectuate Plan.....	56
D.	Binding Effect of Plan.....	56
E.	Governing Law	57
F.	Retention of Jurisdiction by the Bankruptcy Court	57
G.	Exculpation.....	58
H.	Injunctions	59
I.	Cancellation of Instruments and Agreements.....	60
J.	Securities Law	60
ARTICLE XII	CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN.....	60
A.	Federal Income Tax Consequences	61

1.	Federal Income Tax Consequences to Holders of Unsecured Claims	61
2.	Federal Income Tax Treatment of Interests	62
3.	Withholding and Reporting.....	62
ARTICLE XIII ALTERNATIVES TO CONFIRMATION OF THE PLAN		63
A.	Acceptance And Confirmation Of The Plan	63
B.	General Confirmation Requirements	63
C.	Best Interest Test	63
D.	Financial Feasibility Test	65
E.	Acceptance By Impaired Classes and Cramdown	65

INTRODUCTION

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the chapter 11 cases of Polaroid Corporation (“Polaroid”); Polaroid Holding Company (“Holdings”); Polaroid Consumer Electronics, LLC (“Consumer”); Polaroid Capital, LLC (“Capital”); Polaroid Latin America I Corporation (“Latin America”); Polaroid Asia Pacific LLC (“Asia Pacific”); Polaroid International Holding LLC (“International”); Polaroid New Bedford Real Estate, LLC (“New Bedford”); Polaroid Norwood Real Estate, LLC (“Norwood”) and Polaroid Waltham Real Estate, LLC (“Waltham”), debtors and debtors-in-possession in the above-captioned chapter 11 cases (each individually, a “Debtor” and collectively, the “Debtors”) submit the following *Disclosure Statement with respect to Chapter 11 Plan of Liquidation for the Debtors as Proposed by the Official Committee of Unsecured Creditors* (as may be amended, the “Disclosure Statement”) pursuant to the provisions of Chapter 11 of the Bankruptcy Code. This Disclosure Statement is to be used in connection with the solicitation of votes on the *Chapter 11 Plan of Liquidation of the Official Committee of Unsecured Creditors* (the “Plan”). Unless otherwise noted, all capitalized terms used herein shall have the meaning ascribed to them in the Plan (see Article I of the Plan entitled “Definitions”).

This Disclosure Statement is intended to be used in connection with the solicitation of acceptances or rejections of the Plan filed with the United States Bankruptcy Court for the District of Minnesota. A copy of the Plan is attached hereto as **Exhibit A**.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M. (PREVAILING CENTRAL TIME), _____, 2009, UNLESS EXTENDED BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MINNESOTA (THE “BANKRUPTCY COURT”).

AFTER NOTICE AND HEARING, THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO PERMIT THE HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS BEING SOLICITED HEREIN TO MAKE REASONABLY INFORMED DECISIONS IN EXERCISING THEIR RIGHT TO VOTE ON THE PLAN. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT, HOWEVER, DOES NOT MEAN THAT THE BANKRUPTCY COURT RECOMMENDS ACCEPTANCE OR REJECTION OF THE PLAN.

WHILE THIS DISCLOSURE STATEMENT DESCRIBES FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS CERTAIN BACKGROUND MATTERS AND THE MATERIAL TERMS OF THE PLAN, IT IS INTENDED AS A SUMMARY DOCUMENT ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. YOU SHOULD CAREFULLY READ THE PLAN AND THE EXHIBITS TO OBTAIN A FULL UNDERSTANDING OF THEIR PROVISIONS.

THE STATEMENTS AND INFORMATION CONCERNING THE DEBTORS AND THE POLAROID LIQUIDATING TRUST SET FORTH IN THIS DISCLOSURE

STATEMENT CONSTITUTE THE ONLY STATEMENTS OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE BEEN APPROVED BY THE BANKRUPTCY COURT FOR THE PURPOSE OF SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED. THE COMMITTEE ASSUMES NO DUTY TO UPDATE OR SUPPLEMENT THE DISCLOSURES CONTAINED HEREIN AND DOES NOT INTEND TO UPDATE OR SUPPLEMENT THE DISCLOSURES, EXCEPT TO THE EXTENT, IF ANY, NECESSARY AT THE HEARING ON CONFIRMATION OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN. CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY PROVE TO BE WRONG OR MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THERE CAN BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS CONTAINED HEREIN WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY FROM THOSE SHOWN, POSSIBLY BY MATERIAL AMOUNTS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THIS DISCLOSURE STATEMENT. PURSUANT TO THE PLAN, ANY SECURITIES OF THE DEBTORS ISSUED TO ANY PARTY UNDER, PURSUANT TO OR IN EFFECTUATING THE PLAN, AND THE OFFERING AND ISSUANCE THEREOF BY ANY PARTY, INCLUDING, WITHOUT LIMITATION, THE DEBTORS, ARE EXEMPT FROM SECTION 5 OF THE SECURITIES ACT OF 1933, IF APPLICABLE, AND FROM ANY STATE OR FEDERAL SECURITIES LAWS REQUIRING REGISTRATION FOR THE OFFER OR SALE OF A SECURITY OR REGISTRATION OR LICENSING OF AN ISSUER OF, UNDERWRITER OF, OR BROKER OR DEALER IN, A SECURITY, AND OTHERWISE ENJOY ALL EXEMPTIONS AVAILABLE FOR DISTRIBUTIONS OF SECURITIES UNDER A PLAN IN ACCORDANCE WITH ALL APPLICABLE LAW, INCLUDING WITHOUT LIMITATION SECTION 1145 OF THE BANKRUPTCY CODE.

THE COMMITTEE RESERVES THE RIGHT TO FILE AN AMENDED DISCLOSURE STATEMENT AND PLAN. ALL CREDITORS ARE HEREBY

ADVISED AND ENCOURAGED TO READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

A. SUMMARY OF THE PLAN

1. General Information

This Section provides a general summary of the structure of the Plan and of the classification and treatment of Claims and Interests under the Plan. The following summary of the Plan is qualified in its entirety by reference to the Plan, which is attached as **Exhibit A** to this Disclosure Statement, as may be amended or modified. Holders of Claims and Interests are, once again, urged to review the Plan in detail as it is the operative legal document with respect to the treatment of Claims and Interests and the rights holders of Claims and Interests. The primary objectives of the Plan proposed by the Committee in these Chapter 11 Cases are (i) to wind down and complete the liquidation of all of the Assets of the Debtors in an efficient and effective manner, (ii) to investigate and pursue, if applicable, or continue to pursue, all causes of action available to the Debtors, (iii) to review, analyze and, if applicable, object to any Claims and/or Interests filed against or scheduled by the Debtors, (iv) to make Distributions to holders of Allowed Claims pursuant to the terms of the Plan, (v) to otherwise maximize the value of recoveries to all creditors of the Debtors on a fair and equitable basis, and (vi) to close these Chapter 11 Cases.

2. Substantive Consolidation

The Plan provides for distributions to creditors of the ten companies that are debtors in possession in these Chapter 11 Cases. As more fully described herein, the Plan provides for the substantive consolidation of the ten Debtors on the Effective Date of the Plan for the limited purposes of allowance, treatment and distributions under the Plan. As a result of the substantive consolidation, on the Effective Date, all property, rights and claims of the Debtors shall be deemed pooled for purposes of allowance, treatment and distributions under the Plan. In addition, any guaranty obligations of one Debtor for another are eliminated such that a claimant is entitled to one, not two, claims.

3. Creation of Liquidation Trust

The Plan provides for the transfer of all of the Estates' Assets, including the Debtors' ownership interest in PLR IP Holdings, LLC ("PLR"), a joint venture with Hilco PLR Company, LLC ("Hilco") and Gordon Brothers Brands, LLC ("Gordon Brothers"), and liabilities, including Claims, into the Polaroid Liquidating Trust which will be formed pursuant to the Plan for the benefit of the Estates. The Polaroid Liquidating Trust will, among other things, have the responsibility for liquidating certain assets, pursuing causes of action, reconciling Claims and distributing the Assets of the Estates to the Holders of Allowed Claims in accordance with the Plan. The Polaroid Liquidating Trust will be under the full control of the Liquidating Trustee as provided in the Plan, subject to the limitations set forth in the Plan and the Liquidating Trust Agreement (including, without limitation, with respect to the rights of the Trust Oversight

Committee). Pursuant to the terms of the Plan and the Polaroid Liquidating Trust, Avidity Partners, LLC shall be appointed as the Liquidating Trustee of the Polaroid Liquidating Trust. It is anticipated that legal counsel for the Committee shall serve as legal counsel for the Polaroid Liquidating Trust. The members of the Trust Oversight Committee shall be designated no later than three (3) days prior to the hearing to confirm the Plan. Neither the Debtors nor any of their present or former officers, directors, shareholders, employees, professionals, agents or affiliates shall have any duties or responsibilities in respect of the Polaroid Liquidating Trust. The Bankruptcy Court will retain and have exclusive jurisdiction over any and all matters involving the Liquidating Trustee and/or the Polaroid Liquidating Trust and the Trust Oversight Committee.

4. Summary of Plan Treatment

Under the Plan, the Allowed Claims of the Debtors' Creditors will be paid as follows:

- Secured Claims. Each Holder of an Allowed Secured Claim against any Debtor or Debtors will, at the option of the Liquidating Trustee, either (i) have its Claim reinstated and rendered unimpaired in accordance with Bankruptcy Code § 1124(2), notwithstanding any contractual provision or applicable non-bankruptcy law that entitles such Holder to demand or to receive payment of such Claim prior to the stated maturity of such Claim from and after the occurrence of a default; (ii) receive Cash in an amount equal to the allowed amount of such Claim, in full and complete satisfaction of such Claim, on the later of the initial distribution date under the Plan and the date such Claim becomes an Allowed Claim, or as soon thereafter as is practicable; or (iii) receive the collateral securing its Claim in full and complete satisfaction of such Claim on the later of the initial distribution date under the Plan and the date such Claim becomes an Allowed Claim, or as soon thereafter as is practicable.
- Administrative Expense Claims. Allowed Administrative Claims, including Professional Fee Claims, will be paid in full.
- Priority Tax Claims. Allowed Priority Tax Claims will be paid in full.
- Other Priority Claims. Allowed Priority Claims will be paid in full.
- General Unsecured Claims. After (i) payment of the Priority Claims and the Convenience Class Claims and (ii) retention of amounts needed to pay or reserve for anticipated amounts of Post-Confirmation Expenses (including, but not limited to, any taxes imposed on the Polaroid Liquidating Trust or in respect of its Assets), Allowed General Unsecured Claims will receive a Pro Rata share of all Distributable Cash.
- Acorn/Ritchie Claims. Acorn's undisputed Claim relating to the principal and accrued prepetition interest on the \$10 million advance made to Polaroid Consumer Electronics, LLC, on April 18, 2008 shall be payable on the

Effective Date; provided, however, that if there are insufficient funds in the Secured Claims Reserve to pay all Allowed Secured Claims in full, Acorn will be required to return to the Polaroid Liquidating Trust all amounts in excess of Acorn's Pro Rata share. The distribution to holders of the Allowed Acorn/Ritchie Claims is dependent upon the outcomes of the Acorn Litigation and Ritchie Litigation.

- If the Acorn Litigation or Ritchie Litigation is unsuccessful in respect of avoiding the asserted liens and disallowing, recharacterizing or equitably subordinating the Claims of Acorn or Ritchie, such Claims shall, to the extent allowed, be secured claims and paid a Pro Rata share of the Secured Claims Reserve to the extent of their respective security interests.
- If the Acorn Litigation or Ritchie Litigation is successful in respect of avoiding the asserted liens but unsuccessful in disallowing, equitably subordinating or recharacterizing the Claims of Acorn or Ritchie, such Claims shall be unsecured claims and, along with Allowed General Unsecured Claims, will receive a Pro Rata share of all Distributable Cash.
- If the Acorn Litigation or Ritchie Litigation is successful in respect of avoiding the asserted liens and disallowing, equitably subordinating or recharacterizing the Claims of Acorn and/or Ritchie, such Claims shall be disallowed, equitably subordinated or recharacterized, as the case may be, and will receive no distribution or dividend on account of such Claims or interests.
- Debtor Intercompany Claims. Holders of Debtor Intercompany Claims shall receive no distribution or dividend based on account of such interests.
- Non-Debtor Intercompany Claims. The distribution to Holders of Non-Debtor Intercompany Claims is dependent upon the outcome of the litigation to avoid, disallow, equitably subordinate or recharacterize such Claims that the Committee anticipates the Liquidating Trustee will prosecute.
- If the Committee is successful in respect of avoiding, disallowing, equitably subordinating or recharacterizing the Intercompany Claims of non-Debtors, such Claims shall be eliminated for the purpose of determining distributions from the Debtors' Estates, and the holders of such Claims shall not be entitled to, and shall not, receive or retain any property or interest in property on account of such Intercompany Claims.
- If the Committee is unsuccessful in respect of avoiding, disallowing, equitably subordinating or recharacterizing any Class 4A Claims, such

Claims shall be Allowed Secured Claims to the extent of the security interests held against the Debtors and the Liquidating Trustee shall distribute to each Holder of such Secured Claims a Pro Rata share of the Secured Claims Reserve.

- If the Committee is successful in avoiding the claimed liens of the Class 4A Claims but is unsuccessful in respect of disallowing, equitably subordinating or recharacterizing the Class 4A Claims, such Claims shall be Allowed Unsecured Claims and the Liquidating Trustee shall distribute to each Holder of such Unsecured Claims a Pro Rata share of Distributable Cash.
- Interests. Holders of the Interests or Interest Related Claims shall receive no distribution or dividend based on account of such interests.

Any guaranty obligations of one Debtor for another are eliminated such that a claimant is entitled to one, not two, Claims. At this time, the Committee estimates the following recoveries for Holders of Claims. Such recovery estimates were made according to the assumptions detailed in Article X.A and subject to the risks discussed in Article X herein.¹

CLASS	ESTIMATED NUMBER OF CLAIMS IN CLASS	TOTAL CLAIMS FILED AND SCHEDULED EXCLUDING DUPLICATES	ESTIMATED AMOUNT OF CLAIMS BY CLASS	ESTIMATED PRO RATA RECOVERY
Class 1: Priority Claims	197	\$2,939,269*	\$2,450,000	100%
Class 2: Secured Claims	11	\$64,921,468	\$180,377	100%
Class 3: General Unsecured Claims	310	\$204,181,235	\$97,641,109	27% to 57%**
Class 3A: Acorn/Ritchie Claims	5	\$499,901,019	\$12,500,000	0%***
Class 4: Debtor Intercompany Claims	6	\$44,309,322	\$0.00	0%
Class 4A: Non-Debtor Intercompany Claims	19	\$406,807,314	\$0.00	0%

¹ The Committee explicitly reserves its right to file an amended Plan and Disclosure Statement and any Supplements thereto.

Class 5: Convenience Claims	170	\$115,411	\$115,411	100%
Class 6: Interest and Interest- Related Claims	N/A	N/A	N/A	N/A

* This figure includes Priority Tax Claims, as well as Administrative and Priority Claims.

** Excluded from the estimated recovery rate is the value of the PLR interest due to various factors, including non-transferability, illiquidity, certain terms of the joint venture related to rights of senior members, and other factors. The value of non cash assets with an estimated value of \$24.6 million is also excluded. However, if the recovery rates included the PLR interest valued at the mid point range of a hypothetical future value of 16.25 million (which is an estimated future value) and the non cash assets valued at a mid point range of an expected value of \$24.6 million, the recovery rates would increase to a range of 39 % to 82%.

*** Includes a Class 2 Claim of Acorn in the amount of \$12,500,000 to be paid in full

For detailed information, please refer to Plan, Article II (“Classification and Treatment of Claims”).

B. RECOMMENDATION

THE COMMITTEE BELIEVES THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY OTHER ALTERNATIVE AND THAT THE PLAN IS DESIGNED TO PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN ANY OTHER FORM OF LIQUIDATION. ANY OTHER ALTERNATIVE WOULD CAUSE SIGNIFICANT DELAY AND UNCERTAINTY, AS WELL AS ADDITIONAL ADMINISTRATIVE COSTS. THUS, THE COMMITTEE RECOMMENDS THAT YOU VOTE TO “ACCEPT” THE PLAN BY NO LATER THAN _____ P.M., PREVAILING CENTRAL TIME, ON _____, 2009, WHICH IS THE VOTING DEADLINE SET BY THE BANKRUPTCY COURT.

ARTICLE I

VOTING

A. ELIGIBILITY TO VOTE

The Plan divides creditors’ Claims against and shareholders’ Interests in the Debtors into various Classes and provides separate treatment for each Class. Except as provided below, any holder of a Claim whose claim is impaired under the Plan is entitled to vote if either (i) its Claim has been scheduled by the Debtors and such Claim is not scheduled as disputed, contingent or unliquidated, or (ii) such holder of a Claim has filed a proof of claim or interest on or before the bar date established by the Bankruptcy Court for filing such proofs of claim or interest. A holder of a disputed, contingent or unliquidated Claim, or the holder of a Claim that has been objected to, is not entitled to vote on the Plan unless such Claim has been allowed prior to the balloting deadline by the Bankruptcy Court after notice and hearing, or the Bankruptcy Court estimates such Claim for voting purposes prior to the balloting deadline. In addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection of the Plan by a

creditor was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

As provided in Bankruptcy Code § 1123(a)(1), Administrative Claims and Priority Tax Claims will not be classified for the purposes of voting or receiving distributions under the Plan. Rather, all such Claims will be treated separately as unclassified Claims and will be paid in full. Other Priority Claims will also be paid in full to the extent such Claims become Allowed Claims. Creditors in these Classes are unimpaired, are conclusively presumed to have accepted the Plan, and are not entitled to vote on the Plan. If and to the extent that any Class identified as being unimpaired is determined to be impaired, such Class shall be entitled to vote to accept or reject the Plan.

The following Classes of Claims and Interests under the Plan are Impaired: Class 3 (General Unsecured Claims), Class 3A (Acorn/Ritchie Claims), Class 4 (Debtor Intercompany Claims), Class 4A (Non-Debtor Intercompany Claims) and Class 6 (Interests and Interest Related Claims). Holders of Claims in Class 3, Class 3A and Class 4A are entitled to vote to accept or reject the Plan. Holders of Debtor Intercompany Claims in Class 4 and Interests and Interest Related Claims in Class 6 are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

The record date for determining any Creditor's eligibility to vote on the Plan is July 16, 2009. Only those Creditors entitled to vote on the Plan will receive a ballot with this Disclosure Statement.

CREDITORS WHOSE CLAIMS ARE BEING OBJECTED TO ARE NOT ELIGIBLE TO VOTE UNLESS SUCH OBJECTIONS ARE RESOLVED IN THEIR FAVOR OR, AFTER NOTICE AND A HEARING PURSUANT TO BANKRUPTCY RULE 3018(a), THE BANKRUPTCY COURT ALLOWS THE CLAIM TEMPORARILY FOR THE PURPOSE OF VOTING TO ACCEPT OR REJECT THE PLAN. ANY CREDITOR THAT WANTS ITS CLAIM TO BE ALLOWED TEMPORARILY FOR THE PURPOSE OF VOTING MUST TAKE THE STEPS NECESSARY TO ARRANGE AN APPROPRIATE HEARING WITH THE BANKRUPTCY COURT UNDER BANKRUPTCY RULE 3018(a).

B. BALLOTS

In voting for or against the Plan, please use only the ballot or ballots sent to you with this Disclosure Statement. Votes cast to accept or reject the Plan will be counted by Class. Please read the voting instructions on the reverse side of the ballot for a thorough explanation of voting procedures.

IF YOU BELIEVE THAT YOU ARE A HOLDER OF A CLAIM IN A VOTING CLASS FOR WHICH YOU DID NOT RECEIVE A BALLOT, IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT STEPHENIE S. PARK AT 312-499-6037. MS. PARK CANNOT PROVIDE YOU WITH LEGAL ADVICE.

The Committee's acceptance and counting of any vote or any ballot is not and shall not be an admission or acknowledgement of the Claim asserted therein or the appropriate treatment thereof under the Plan, and all rights in this regard are reserved for the benefit of the Liquidating Trust and the Liquidating Trustee.

C. VOTING PROCEDURE

Unless otherwise directed in your solicitation package, mail your completed ballots to:

Clerk of the Bankruptcy Court
200 U.S. Courthouse
316 North Robert St.
St. Paul, MN 55101

DO NOT RETURN BALLOTS TO THE BANKRUPTCY COURT. A ballot that does not indicate an acceptance or rejection of the Plan will not be counted either as a vote to accept or a vote to reject the Plan. If you cast more than one ballot voting the same Claim before 5 p.m. prevailing Central Time on the Voting Deadline (as defined below), the last ballot received before the Voting Deadline will be deemed to reflect your intent and thus will supersede any prior ballots. Additionally, you may not split your Claims within a particular Class under the Plan either to accept or reject the Plan. Therefore, a ballot or a group of ballots within a Plan Class received from a single creditor that partially rejects and partially accepts the Plan will not be counted.

Unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the change, you may not change your vote after it is cast. **DO NOT RETURN ANY STOCK CERTIFICATES, DEBT INSTRUMENTS OR OTHER SECURITIES WITH YOUR BALLOT. FACSIMILE, EMAIL OR ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE ACCEPTED.**

PLEASE PUT YOUR TAXPAYER IDENTIFICATION NUMBER ON YOUR BALLOT; THE DISBURSING AGENT MAY NOT BE ABLE TO MAKE DISTRIBUTIONS TO YOU WITHOUT IT.

D. VOTING DEADLINE

IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY 5:00 P.M., PREVAILING CENTRAL TIME ON _____, 2009 (the "Voting Deadline").

E. IMPORTANCE OF YOUR VOTE

Your vote is important. The Bankruptcy Code defines acceptance by a Class of Claims as acceptance by Holders of at least two-thirds in amount and a majority in number of Allowed Claims in that Class that have voted. **ONLY THOSE CREDITORS WHO ACTUALLY VOTE ARE COUNTED FOR PURPOSES OF DETERMINING WHETHER A CLASS HAS VOTED TO ACCEPT THE PLAN. FAILURE TO VOTE WILL LEAVE TO OTHERS THE DECISION TO ACCEPT OR REJECT THE PLAN.**

ARTICLE II

BACKGROUND

A. OVERVIEW OF THE DEBTORS' BUSINESS AND THE CIRCUMSTANCES LEADING TO THESE CASES

Polaroid Corporation was founded in 1937 by Edwin H. Land, a pioneer in instant film, camera and camera accessories. The company initially focused on the development and sale of polarized sunglasses and lenses and, in 1939, sold more than one million pairs of sunglasses. In 1948, Polaroid introduced the first commercial instant film camera, and since that time, has been a recognized technological leader and innovator in the instant film and camera industry and, more recently, a leading consumer electronics company. The "Polaroid" brand is a global consumer icon with substantial brand awareness and value. It ranks among the most recognizable brands in the world and triggers powerful, positive associations for consumers of all ages.

The Debtors designed, developed, manufactured and marketed instant and digital imaging products. Building on its 70-year heritage of visual innovation, the Debtors had an established and growing portfolio of digital imaging and lifestyle products, including portable zero-ink printers, LCD televisions, DVD players (standard, portable and BluRay®), digital cameras, instant cameras, digital picture frames and GPS technology.

In April 2005, Petters Group Worldwide, LLC ("PGW"), a private investment company wholly-owned by Thomas J. Petters ("Mr. Petters"), acquired 100% of Polaroid's equity for approximately \$426 million in a leveraged buy-out that attributed significant value to income projections of a growing consumer electronics business that never materialized. Since the acquisition, the Debtors transitioned from a historic pioneering company with significant brand equity focused on analog film into a twenty-first century global company focused on digital printing, consumer electronics and licensing.

Despite having one of the most recognized brand names in the world, the Debtors experienced a decline in net sales over the past several years, coupled with increasing operational and product development costs. The Debtors' net sales are less than half of what they were in FY 2005 and the company has sustained substantial aggregate net losses in excess of \$250 million since the business was acquired by PGW in April of 2005. In FY 2008 alone, the Debtors incurred an operating loss in excess of \$121 million. These losses created significant liquidity and cash flow issues for the business. Actual results from operations to date represent material variances from projected results and previously-established assumptions regarding revenues, cash flows and profitability.

The company funded these losses primarily through the use of existing cash resources, favorable one-time cash flow impacts from the wind-down of the instant film business and the sale of other assets. The operating losses have resulted primarily from the decline of the company's most profitable business, instant film, as a result of the growth in digital photography. The Debtors have been unable to offset the decline in instant film revenue and profit to date with

new products (such as the recently introduced ZINKTM-based products) or with lower margin Polaroid-branded consumer electronics products, such as LCD televisions and digital cameras.

On top of the challenging economic environment, the Debtors have also been impacted by the business and legal problems related to its ownership by PGW and dealings of Mr. Petters. On September 24, 2008, the Federal Bureau of Investigation (“FBI”), together with the Internal Revenue Service – Criminal Investigation Division (“IRS”) and the United States Postal Inspection Service (“USPI”) executed a search warrant on the Petters Headquarters and publicly announced an investigation of Petters Company, Inc. (“PCI”), an affiliate of PGW, Mr. Petters and other employees allegedly involved in a fraudulent Ponzi scheme. Mr. Petters was arrested on October 3, 2008 on charges of mail and wire fraud, conspiracy and money-laundering. Other executives implicated in this scheme have also been arrested on various charges and have plead guilty to certain crimes.

On December 1, 2008, Mr. Petters, PCI and PGW were indicted by a federal grand jury on charges of: (i) mail fraud, (ii) wire fraud, (iii) conspiracy to commit mail fraud and wire fraud, (iv) money laundering, and (v) conspiracy to commit money laundering, in violation of 18 U.S.C. §§ 371, 1343, 1956, and 1957. *See* Indictment, Doc. No. 75, *U.S.A. v. Petters et al.*, Case No. 08-cr-00364 (RHK-AJB) (D. Minn.). Court documents allege that Mr. Petters used PCI and PGW, as well as their subsidiary entities, to orchestrate a massive Ponzi scheme to defraud investors out of more than \$3 billion.

The public disclosure of the investigation into the alleged fraudulent Ponzi scheme operated by Mr. Petters, PCI and PGW, had an immediate adverse impact on the businesses owned by PGW. On October 6, 2008, the United States District Court for the District of Minnesota froze the assets of PCI, PGW and their affiliates, subsidiaries, divisions, successors or assigns owned 100% or controlled by Mr. Petters, including Polaroid and appointed a receiver for such entities. Sun Country Airlines, another PGW acquisition, filed for chapter 11 protection on the same day, citing the recent disclosure of the investigation of Mr. Petters, PCI and PGW as the reason for the necessity of entering bankruptcy. Beginning on October 11, 2008, PCI, PGW and several additional Petters entities the (“Petters Debtors”) sought chapter 11 protection in Minnesota.

Facing a tight credit market and suffering from the reputational repercussions of the civil and criminal investigations of Mr. Petters, PCI and PGW, the Debtors were unable to obtain the capital that was necessary to continue operations outside of bankruptcy. Following their purchase by PGW, the Debtors had historically obtained financing through PGW, but with the initiation of the criminal case against Mr. Petters and his affiliates, this avenue of financing was closed to them. Adding to the Debtors’ burden, shortly before his arrest, Mr. Petters pledged certain of Debtors’ assets to Acorn and Ritchie as security for his and his affiliates’ debts and investments. These pledges, which the Debtors and the Committee dispute, purported to impose and secure substantial antecedent obligations for which no or inadequate consideration was conferred. In light of the foregoing, the Debtors filed for chapter 11 protection on December 18, 2008.

B. CAPITAL STRUCTURE OF THE DEBTORS

1. Debt Instruments

Prior to the Petition Date, the Debtors' liquidity depended primarily on cash provided from its operations, access to capital markets, intercompany financing, bank lines of credit and other financing transactions. One or more of the Debtors are a party to various alleged secured and unsecured obligations (for all of which, the Committee expressly reserves the right to challenge, including the secured nature of such obligations), which are as follows:

<u>Debtor</u>	<u>Creditor</u>	<u>Date</u>	<u>Original Principal</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Claimed Interest</u>
Polaroid Corporation	Petters Company, Inc.	04/27/2007, amended and restated 09/11/2008	\$20,000,000	24%	10/26/2011	All Personal Property
Polaroid Corporation	Petters Capital, LLC	10/22/2007	\$4,000,000	15%	10/26/2011	All Personal Property
Polaroid Corporation	Petters Capital, LLC	10/29/2007	\$6,000,000	15%	10/26/2011	All Personal Property
Polaroid Corporation	Petters Capital, LLC	11/05/2007	\$5,000,000	15%	10/26/2011	All Personal Property
Polaroid Corporation	Petters Capital, LLC	11/12/2007	\$5,000,000	15%	10/26/2011	All Personal Property
Polaroid Corporation and Polaroid Consumer Electronics, LLC	PAC Funding, LLC	04/18/2008	\$10,000,000	14.50%	08/18/2008	US Inventory, US Accounts
Polaroid Corporation and Polaroid Consumer Electronics, LLC	Acorn	N/A	N/A	N/A	N/A	US Inventory, US Accounts.
Polaroid Corporation and Polaroid Consumer Electronics, LLC	Acorn	N/A	N/A	N/A	N/A	US, Mexican and Canadian trademarks.
Polaroid Corporation	Ritchie	N/A	N/A	N/A	N/A	Brazilian, Chinese and Indian trademarks.

Polaroid Corporation	Petters Capital, LLC	04/27/2005	\$125,000,000	15%	10/26/2011	Unsecured
Polaroid Consumer Electronics, LLC	Petters Company, Inc.	03/31/2005, amended and restated 09/11/2008	\$8,982,645	14%	03/31/2013	Unsecured
Polaroid Consumer Electronics, LLC	Thomas Petters, Inc.	04/28/2005, amended and restated 09/11/2008	\$10,005,000	14%	10/26/2011	Unsecured

2. Equity

The Debtors are all subsidiary or affiliated entities of Polaroid Holding Company. The common stock of Holding is owned and controlled 100% by PGW and not publicly traded.

C. ACORN AND RITCHIE CLAIMS

1. Acorn Claim

On or about November 1, 2004, Acorn agreed to extend up to \$200 million in credit to PAC Funding, LLC (“PAC Funding”) pursuant to the terms and conditions of a credit agreement and other loan documents. PAC Funding is a company that was, directly or indirectly, owned and controlled by Thomas J. Petters. The credit agreement was amended several times over the next three years to extend the loan period and to increase the commitment amount under the credit facility to a final value of \$300 million.

At some point prior to February 29, 2008, Acorn discovered that there were a number of material defaults under the credit agreement, including potential fraudulent misrepresentations by PAC Funding and/or Mr. Petters. On February 29, 2008, Acorn, PAC Funding and Mr. Petters entered into a forbearance agreement that, among other things, caused Polaroid and Consumer to execute and deliver a promissory note in the principal amount of \$15 million in favor of PAC Funding (the “Original Polaroid Note”), secured by a junior interest in inventory and accounts located in the United States and related proceeds (the “Acorn Collateral”). Acorn entered into a separate security interest with Polaroid and Consumer, taking a senior interest in the Acorn Collateral, which was intended to secure not only the Original Polaroid Note but also other obligations owed by PAC Funding to Acorn.

On April 9, 2008, Polaroid effectuated a wire transfer of \$15,271,500 to PAC Funding in payment of the Original Polaroid Note, and the funds were subsequently transferred to Acorn.

Nine days later, the Original Polaroid Note was cancelled and replaced with a new promissory note in the principal amount of \$10 million (the "New Polaroid Note"). In connection with the New Polaroid Note, Acorn entered into a new security agreement purporting to secure the New Polaroid Note and other obligations owing by PAC Funding with the Acorn Collateral.

On May 12, 2008, Acorn and PAC Funding entered into a final amendment to the credit agreement. In connection with this amendment, Mr. Petters caused Polaroid and Consumer to execute a security agreement with Acorn in which they pledged the Acorn Collateral as well as an interest in the Polaroid trademarks and related rights in North America.

On or about August 12, 2008, Acorn declared a default and accelerated all amounts due. Acting on its alleged secured position, Acorn subsequently attempted to collect Polaroid accounts receivable directly from customers. On March 12, 2009, Acorn filed a proof of claim in the Polaroid and Consumer bankruptcy cases in the amount of \$290,500,705.10.

The Claims of Acorn are subject to a bona fide dispute. The Debtors believe that they received no or inadequate benefit for the security interests granted to Acorn and the obligations imposed under agreements delivered in favor of Acorn by Mr. Petters. Accordingly, the Debtors initiated the Acorn Litigation to, among other things, set aside, avoid and recover certain fraudulent and preferential transfers made and obligations incurred to or for the benefit of Acorn and avoid its liens and security interests; have the agreements giving rise to the Acorn Claims declared null and void or otherwise unenforceable; and disallow, recharacterize and/or subordinate any Claims Acorn asserts or may assert against the Estates.

2. Ritchie Claim

Starting on or about February 19, 2008, Ritchie entered into several purchase agreements with Mr. Petters, PGW and PCI for over \$160 million in short-term notes bearing an annual interest rate that ranged from 67% to 362.10%. The maturity dates on the notes were extended on one or more occasions so that the principal amount and accrued and unpaid interest under all of the notes were due and payable on August 31, 2008. With the exception of a single note that was paid off, all of the notes were in default as of that date.

On September 18, 2008 Mr. Petters, PGW and PCI entered into an extension agreement with Ritchie. Pursuant to the terms of that agreement, Polaroid was made to pledge all of its rights, interests, powers and privileges in and to valuable intellectual property and other rights, including its trademarks in Brazil, China and India, and related proceeds as collateral to Ritchie in order to secure substantial antecedent obligations owed by Mr. Petters, PGW and PCI.

On or about September 26, 2008, Ritchie declared a default and accelerated all amounts due under the notes. On February 18, 2009, Ritchie filed a proof of claim in the Polaroid and Consumer bankruptcy cases in the amount of \$250,000,000. On May 20, 2009, Ritchie filed amended claims in the amount of \$209,400,314.16.

The Claims of Ritchie are subject to a bona fide dispute. The Debtors believe that they received no or inadequate benefit for the security interests granted to Ritchie and obligations imposed under agreements delivered in favor of Ritchie by Mr. Petters. Accordingly, the

Debtors initiated the Ritchie Litigation to, among other things, set aside, avoid and recover certain fraudulent and preferential transfers made and obligations incurred to or for the benefit of Ritchie and avoid its liens and security interests; have the agreements giving rise to the Ritchie Claims declared null and void or otherwise unenforceable; and disallow, recharacterize and/or subordinate any claims Ritchie asserts or may assert against the Estates.

ARTICLE III

SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES

This section of the Disclosure Statement describes important developments that occurred in the Debtors' Chapter 11 Cases.

A. RETENTION OF PROFESSIONALS BY THE DEBTORS

The Debtors retained Lindquist & Vennum P.L.L.P. ("Lindquist") as their attorneys pursuant to section 327(a) of the Bankruptcy Code in connection with these Chapter 11 Cases. The Debtors also retained Lindquist as their attorneys in those bankruptcy cases. The Debtors also retained Houlihan Lokey Howard & Zukin Capital, Inc. as their financial advisors and investment banker and Sotheby's, Inc. as appraiser pursuant to section 327(a). Additionally, pursuant to section 327(e) of the Bankruptcy Code, the Debtors retained James A. Rubenstein, Cass S. Weil and Moss & Barnett, A Professional Association ("Moss & Barnett") as special counsel for claims made or to be made by or against Michael L. O'Shaughnessy, O'Shaughnessy Holding Company, LLC and their affiliates. Moss & Barnett also represents Douglas A. Kelley in his capacity as chapter 11 trustee for the Debtors in connection with the Class 4: Non-Debtor Intercompany Claims, dismissal or conversion of the Debtors' Chapter 11 Cases, the Debtors' recent motion for the use of cash collateral and other matters that may arise going forward.

B. FORMATION OF COMMITTEE AND RETENTION OF COMMITTEE PROFESSIONALS

The Office of the United States Trustee formed the Committee in these Chapter 11 Cases on January 8, 2009. The Committee was originally comprised of the following members: (i) WCD Property LLC, (ii) Marketstar Corporation, (iii) Alps Electric Company, Ltd., (iv) Thule Organization Solutions, Inc., (v) OS Electronics Company, Ltd., (vi) Proview Technology (Shenzhen) Company, Ltd., and (vii) Axis Design. Subsequently, Axis Design resigned. The Committee retained Paul, Hastings, Janofsky & Walker LLP and Faegre & Benson LLP as counsel.

On May 28, 2009, the Committee filed an application (the "Avidity Application") with the Bankruptcy Court seeking to employ Avidity Partners, LLC ("Avidity") as financial advisor to the Committee with such engagement being effective as of May 15, 2009. On June 4, 2009, the United States Trustee filed his Report and Recommendation Opposing Application of Official Committee of Unsecured Creditors to Retain Avidity Partners, LLC as its Financial Advisor. The Bankruptcy Court had a hearing on June 23, 2009 approving the Avidity Application.

Upon the Effective Date of the Plan, the Committee anticipates that Avidity will serve as Liquidating Trustee of the Polaroid Liquidating Trust. Avidity Partners, LLC has been retained at the following rates, which shall apply if Avidity is confirmed as the Liquidating Trustee:

	<u>Per Hour</u>
Senior Managing Director	\$450
Managing Directors	\$350
Director	\$250

C. **“FIRST DAY” MOTIONS**

As in many large chapter 11 cases, the Debtors filed a variety of customary motions on the Petition Date which were designed to facilitate their smooth transition into bankruptcy.

1. **Joint Administration**

On December 23, 2008, the Bankruptcy Court entered a final order allowing the joint administration of these Chapter 11 Cases solely for procedural purposes to reduce the financial and other resources spent on administering the Chapter 11 Cases.

2. **The Employee Wages Order**

On the Petition Date, the Debtors believed that it was critical for them to retain their current employees, as their knowledge and understanding of the Debtors’ operations would be essential for the Debtors to continue to operate during the Chapter 11 Cases. Any delay in paying pre-petition or post-petition compensation or benefits to the Debtors’ employees would have destroyed the Debtors’ relationship with their employees and irreparably harmed employee morale at a time when the dedication, confidence and cooperation of the Debtors’ employees was most critical. On December 23, 2008, the Bankruptcy Court entered a final order granting the Debtors authority to pay pre-petition compensation and benefits owed to employees (including, but not limited to, vacation pay, health insurance and other benefits) in the ordinary course of the Debtors’ businesses. The final order granting the requested relief “capped” payments made under this order at \$10,950 for wages and salaries.

3. **The Utilities Order**

The Bankruptcy Court entered a final order on December 23, 2008, prohibiting the Debtors’ utility providers from discontinuing, altering or refusing service and authorizing the Debtors to provide each utility provider with adequate assurance of future performance in the form of a cash deposit. The proposed aggregate amount of such deposits was to be \$268,412, equal to the Debtors’ calculation of two weeks worth of utility services, based on the historical average over the past 12 months and adjusted to reflect anticipated usage post-petition.

4. The Cash Management Order

On December 23, 2008, the Bankruptcy Court entered a final order authorizing the Debtors to continue using their established cash management system, bank accounts, and documents related to the bank accounts, in lieu of closing existing accounts and establishing an entirely new post-petition cash management system, to avoid disruption. The final order granted the Debtors an additional 45 days to invest and deposit funds in accordance with the requirements of section 345 of the Bankruptcy Code.

5. The Cash Collateral Orders

The Bankruptcy Court entered an interim order on December 23, 2008 authorizing the Debtors to use cash collateral to fund their payroll obligations. The Debtors received several objections from various parties that claimed an interest in the cash collateral. These objections were resolved by granting replacement liens to parties that claimed an interest in the prepetition cash collateral, and the Bankruptcy Court entered a final order granting the relief requested on January 27, 2009.

On June 23, 2009, the Debtors filed an additional motion seeking the consensual use of cash collateral in which PCI, Petters Capital, LLC and Petters Company, LLC each could theoretically assert an interest, in the amount of \$1.69 million on an interim basis and \$2.41 million through and including August 30, 2009. The Bankruptcy Court entered an interim order authorizing the use of cash collateral through July 16, 2009, the date of the final hearing on the motion.

6. The Ordinary Course Professionals Order

On December 23, 2008, the Bankruptcy Court entered a final order authorizing the Debtors to employ ordinary course professionals during the chapter 11 cases and to pay such professionals 80% of fees and 100% of expenses.

7. The Schedules and Statements Order

On December 23, 2008, the Bankruptcy Court entered a final order extending the time to file all remaining schedules, statements and other required documents. The Debtors filed the remaining documents on February 10, 2009.

D. THE DEBTORS' SCHEDULES AND THE BAR DATE

The Debtors have filed their Schedules with the Bankruptcy Court. The Bar Date or last date for filing proofs of Claim was fixed as May 20, 2009, unless a different date was set for a particular Claim. Pursuant to the Plan, objections to Claims can be made for a period of 180 days after the Effective Date, subject to enlargement of this period. This deadline may be further extended by order of the Bankruptcy Court upon the filing of a motion on notice to the Bankruptcy Rule 2002 service list.

As of February 10, 2009:

Polaroid's Schedules reflect the following:

Secured Claims:	\$72,842,082.00
Priority Claims:	\$4,867,049.74
Unsecured Claims:	\$224,109,221.76

As of February 9, 2009:

Holdings' Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$0.00

Consumer's Schedules reflect the following:

Secured Claims:	\$10,790,548.00
Priority Claims:	\$0.00
Unsecured Claims:	\$43,644,891.41

Capital's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$17,444,125.00

Latin America's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$36,632.00

Asia Pacific's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$0.00

International's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$25,601.00

New Bedford's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$3,800.00

Norwood's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$0.00

Waltham's Schedules reflect the following:

Secured Claims:	\$0.00
Priority Claims:	\$0.00
Unsecured Claims:	\$10,586,797.00

As of the date of the filing of the Plan, claims have been filed against the Debtors in the aggregate amount of \$1,223,175,038, excluding claims that appear to be duplicative of other claims filed in the Chapter 11 Cases or claims listed on the Schedules. Objections to Claims may be filed both before and after the Confirmation Date. On and after the Effective Date, only the Polaroid Liquidating Trust and the Liquidating Trustee shall have legal standing and the sole right to commence and pursue objections to Claims on behalf of the Estates.

E. ACORN AND RITCHIE LITIGATION

Acorn and Ritchie currently allege that they have a security interest in certain of the Debtors' assets for credit extended to one or more of the Petters Companies prior to the Petition Date. Acorn and Ritchie have filed proofs of claims against Polaroid and Consumer in the amount of \$290,500,705.10 and \$209,400,314.16, respectively. The Debtors dispute their claims and on February 12, 2009, initiated adversary proceedings in the Bankruptcy Court against Acorn and Ritchie alleging, among other things, the fraudulent transfer against based on both actual and constructive fraud. *See Adv. No. 09-04031 and Adv. No. 09-04032.* By these proceedings, the Debtors seek, among other things, the avoidance and recovery of liens and other assets, as well as the disallowance, recharacterization and/or subordination of claims that Acorn and Ritchie assert against the Debtors' Estates. On March 3, 2009, the Committee intervened in the Acorn Litigation and the Ritchie Litigation.

The Acorn Litigation and Ritchie Litigation are at very preliminary stages. Depending on the outcome of the proceedings, the Claims of Acorn and Ritchie may be treated as secured, unsecured, subordinated, recharacterized or disallowed altogether.

F. THE PLR ASSET PURCHASE AGREEMENT

On January 28, 2009, the Debtors filed the *Notice of Hearing and Motion for Order Pursuant to 11 U.S.C. §§ 105(a), 363 and 365 (1) Approving Auction and Bidding Procedures; (2) Approving Break-Up Fee, Expense Reimbursement and Other Buyer Protections; (3)*

Approving Form and Manner of Notice; (4) Authorizing Sale of Assets Free and Clear of Liens, Claims and Encumbrances, Subject to Higher and Better Offers; (5) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (6) Granting Related Relief [Docket No. 71] (the “Sale Motion”). Among other things, the Sale Motion sought approval for an auction of substantially all of the Debtors’ assets (the “Acquired Assets”), with an acquisition entity formed by Genii Capital, S.A. (“Genii”) to serve as the stalking horse bidder for a purchase price of \$42 million plus the assumption of specified assumed liabilities.

The Bankruptcy Court approved the auction and bidding procedures requested in the Sale Motion on February 18, 2009 [Docket No. 119]. On March 30 and 31, 2009, the Debtors conducted the auction for Polaroid’s assets (the “Auction”). Two bidders emerged during the Auction – Lithograph Legends, LLC, the acquisition entity of Patriarch Partners, LLC (“Patriarch”) and PLR, the acquisition entity of Hilco and Gordon Brothers. At the end of the Auction, the Debtors accepted Patriarch’s bid valued at \$59.125 million and sought approval for a sale to Patriarch at the hearing on April 6, 2009. Several parties, including the Committee, objected to the sale because they believed that PLR’s bid, valued at \$61.462 million, was higher and better than Patriarch’s final bid. After conferring with the Debtors and the various creditor constituencies, the Bankruptcy Court authorized a continuation of the Auction. An order was entered on April 7, 2009 [Docket No. 266] that outlined a process by which Patriarch and PLR could each submit a sealed, improved bid to the Debtors’ financial advisor, along with a signed asset purchase agreement, final LLC agreement and related schedules, by 4:00 p.m. C.D.T. on April 7, 2009.

After reviewing the sealed, improved bids, the Debtors, the Committee and the other creditor constituencies unanimously approved PLR’s improved bid as the highest and best, and they prepared to submit the bid for approval before the Bankruptcy Court at the hearing scheduled for April 9, 2009. Hours before the April 9 hearing, Patriarch submitted a “revised bid” that topped the PLR bid. The Debtors, supported by the Committee and other creditor constituencies, objected to confirmation of the PLR bid, and the Bankruptcy Court entered an order on April 9, 2009 [Docket No. 302] that authorized a reconvened Auction before the Bankruptcy Court on April 16, 2009, with the most recent Patriarch offer to serve as the starting bid.

The parties gathered before the Bankruptcy Court on April 16, 2009 and concluded 27 rounds of bidding when the Auction ended and the Debtors selected the final bid by Patriarch, valued on a net basis at \$86,400,000, as the highest and best bid. The Bankruptcy Court conducted the hearing on the sale immediately following the Auction, and the Debtors presented the Patriarch bid for approval. The Committee and other creditor constituencies objected to the sale to Patriarch, asserting that the PLR bid valued on a net basis at \$85,912,000 had other features that made that bid highest or otherwise best. After a review of the facts and consideration of the positions taken by the Committee and other creditor constituencies, the Bankruptcy Court denied the Debtors’ motion to sell to Patriarch. The Debtors then moved to approve a sale to PLR, and the Bankruptcy Court granted the motion and entered the *Order Authorizing: (I) Sale of Certain of the Debtors’ Assets, Free and Clear of Liens, Claims,*

Encumbrances and Interests; and (II) the Granting of Related Relief [Docket No. 332] (the “Sale Order”) on April 17, 2009.

As approved by the Sale Order, the key terms of the PLR APA are as follows:

Acquired Assets

PLR acquired certain assets from the Debtors including but not limited to: inventory, supplies, intellectual property, computer hardware, any assignable permits, authorization and licenses, copies or originals of books, files, documents and records relating to the Acquired Assets, goodwill, payment intangibles, general intangibles, outstanding ownership interests, transferable interests in letters of credit, licenses, fees, royalties, commissions and the Corporate Archives. PLR also acquired certain of the Debtors’ owned real property, equipment, machinery, furniture, fixtures, contracts, causes of action, and accounts receivable.

Assumed Liabilities

PLR purchased the Acquired Assets free and clear of any liens, charges, encumbrances or other attachments to the full extent provided by section 363(f) of the Bankruptcy Code. PLR assumed liability for the pre-petition cure amounts and post-closing obligations related to the Acquired Contracts and transaction taxes, warranty and return obligations, and other liabilities in respect of the Acquired Assets after closing.

Retained Assets and Liabilities

The PLR APA provides for certain assets to be retained by the Debtors including but not limited to cash, deposit accounts, prepaid expenses, marketable securities, rights to claims or refunds, overpayments or rebates of taxes, insurance benefits, intercompany claims, instant film inventory, specified equipment, certain receivables, certain real property, any contracts not specifically assumed, certain causes of action and the Polaroid Collection (as defined below). The APA also requires that the Debtors retain any liability that has not been assumed by PLR, including but not limited to any liabilities or obligations relating to excluded assets or assets sold or produced before the closing, former employees of the Debtors, environmental hazards or professional fees incurred by the Debtors in the course of the Chapter 11 Cases.

Purchase Price

The APA provides that purchase price for the Acquired Assets was \$55 million in cash, plus a 25% equity stake in PLR, plus 85% of the gross proceeds of accounts receivable actually collected in cash by PLR. The purchase price is based on an inventory cost of \$18.6 million and remains subject to an adjustment of up 35% of any deficiency if the inventory cost is less than \$18.6 million on the closing date.

Following the entry of the Sale Order by the Bankruptcy Court, Patriarch, Ritchie and Acorn each appealed the Sale Order to the United States District Court for the District of Minnesota (the "District Court"). Patriarch and Acorn sought to stay the effectiveness and transactions approved by the Sale Order pending the outcome of the appeal. On April 22, 2009, the Bankruptcy Court issued an order denying Patriarch's and Acorn's request to stay effectiveness of the Sale Order. The District Court subsequently issued an order denying Patriarch's request for a stay pending appeal. In light of the District Court's ruling, Patriarch dismissed its appeal. The appeals of Ritchie and Acorn seeking a stay pending appeal became moot on May 7, 2009 when the Debtors closed on the sale transaction represented by the PLR APA and approved by the Bankruptcy Court in the Sale Order.

Acorn filed an appeal with the District Court in which it sought to reverse the Sale Order to the extent that it authorized the Debtors to sell their assets to PLR free and clear of Acorn's purported liens. All interested parties have filed their briefs, and the District Court has scheduled oral argument on the appeal for July 27, 2009. Acorn has indicated that if the Disclosure Statement is approved, it will withdraw its appeal.

Ritchie also filed a Notice of Appeal in the District Court indicating that it appeals the Sale Order. A scheduling order has not been entered, and no appellate briefs have been filed related to Ritchie's appeal.

G. WATCH CITY DEVELOPMENT LLC

In or about June of 2006, Waltham and Waltham Development Partners, LLC ("Related") and, together with Waltham, the "Polaroid JV Partners") entered into a fifty-fifty joint venture ("Watch City") to own, develop and otherwise manage the property located at 1265 Main Street, Waltham, MA (the "Waltham Property"). As part of the joint venture arrangement, the Polaroid JV Partners obligated themselves to make additional capital contributions of up to \$4.25 million (the "Capital Call"), and Holdings guaranteed Waltham's obligations for the Capital Call (the "Polaroid Guaranty"). Holdings also executed a separate "bad boy guarantee" of certain of the non-recourse loan carve-outs under certain mezzanine financing of up to \$50 million related to the Waltham Property.

Watch City subsequently transferred the Waltham Property to WCD Property LLC ("WCDP"), an indirect, wholly-owned subsidiary of Watch City. WCDP leased the Waltham Property to Polaroid, Holdings, and Waltham (the "Tenants") until June 23, 2009. For the purpose of completing certain decommissioning work, the Tenants amended the lease so that they would pay an abated base rent until December 31, 2008, after which the Tenants would be charged double rent. Before completing the decommissioning work, the Debtors filed for bankruptcy protection. The Debtors rejected the WCDP lease pursuant to the Court's order dated January 13, 2009, and WCDP filed a proof of claim for past due rent and costs associated with completing the decommissioning of the Waltham Property.

To avoid potential liability under the Capital Call and the Polaroid Guaranty, the Debtors have requested Court authorization for Waltham to be redeemed of its interest in Watch City for \$1.00 (the "Redemption Agreement"), thereby terminating Waltham's membership and making Related the sole member of the company. In exchange, Related will release and agree to

indemnify the Tenants from all obligations under the Polaroid Guaranty and related to Waltham's membership interest in Watch City, except for obligations relating to WCDP's claim and to the "bad boy guarantee." Related and the Polaroid JV Partners will also relinquish substantially all existing and potential claims against each other and their affiliates.

H. REMAINING ASSETS TO BE LIQUIDATED

Since the closing of the PLR sale transaction, the Debtors, in consultation with the Committee, have performed work in connection with the monetization and liquidation of assets excluded from the PLR asset purchase transaction. On May 7, 2009, the Bankruptcy Court approved transactions relating to the sale of miscellaneous equipment and other assets that have produced \$774,000 in proceeds for the benefit of the Estates. Pursuant to the PLR APA, the Debtors retained certain other tangible and intangible assets to be sold, liquidated or administered, including but not limited to:

- the excluded contracts listed on Schedule 1.2(c) of the APA;
- the miscellaneous excluded assets listed on Schedule 1.2(e) of the APA;
- the art, archival documents, images and scientific notes listed on Schedule 1.2(q) of the APA;
- certain information technology equipment specified on Schedule 1.2(e) of the APA;
- the collection of art, artifacts, archival documents, archival images, scientific notes, papers and memorabilia known as the "Polaroid Collection," which consists of numerous photographs, polaroids, scientific notes, engineering drawings and samples located at an environmentally controlled art storage facility in Somerville, Massachusetts and various other locations;
- Polaroid ID Systems, an operating division of Polaroid, and all assets and contracts related to the commercial business identification business located in Fort Wayne, Indiana;
- any and all instant battery units located at PC's Readville, Massachusetts warehouse, estimated as of the date of the Schedules to be 517,154 units;
- all rights, title and interest in and to the physical collection of chemical samples known as the "Polaroid Chemical Library," which are located at the Zink Imaging, Inc., 6900 Konica Drive, Whitsett, North Carolina;
- accrued and unpaid royalties;
- Euler Hermes Credit Insurance Policy No. 4159442 issues in favor of Polaroid with respect to the Circuit City account; and

- the inventory recorded on the books of the Debtors under Company Code 122, physically located in Japan.

I. PLAN EXCLUSIVITY

Pursuant to Bankruptcy Code § 1121, the Debtors are afforded periods of 120 and 180 days from the Petition Date during which they have the exclusive rights, respectively, to file and to solicit acceptances of a plan or plans of reorganization. The Court extended the Debtors' exclusivity periods on two occasions for short periods of time, as the Debtors indicated that they contemplated filing jointly a plan with the Committee. Accordingly, the Debtors had the exclusive right to file a plan until June 8, 2009. During the period prior to June 8, 2009, the Committee worked with the Debtors in an effort to file a joint plan. Subsequent to filing their motions to extend the exclusivity periods, however, the Debtors determined that they would not jointly file a plan with the Committee.

J. MOTION TO CONVERT

On June 1, 2009, the United States Trustee filed a motion to convert the Chapter 11 Cases to chapter 7, and the Debtors filed a stipulation in support of the U.S. Trustee's motion on June 19, 2009. The Committee does not believe that conversion is in the best interest of all creditors and filed responses to both the United States Trustee's motion and the Debtors' stipulation. The United States Trustee withdrew his motion to convert on July 10, 2009..

ARTICLE IV

CLASSIFICATION AND TREATMENT OF CLAIMS

A. CLASSIFICATION

The classification of Claims (except for Administrative Claims and Priority Tax Claims) and Interests listed below is for all purposes, including, without limitation, voting, confirmation and distributions under the Plan and under Bankruptcy Code §§ 1122 and 1123(a)(1). Any guaranty obligations of one Debtor for another are eliminated such that a claimant is entitled to one, not two, Claims. Consistent with section 1122 of the Bankruptcy Code, a Claim or Interest shall be deemed classified by the Plan in a particular Class only to the extent such Claim or Interest satisfies the definition of such Class and shall be deemed classified in a different Class to the extent any remainder or other portion of such Claim or Interest satisfies the definition of such different Class. A Claim is in a particular Class only to the extent such Claim is an Allowed Claim in such Class and has not been paid or otherwise settled before the Effective Date. The classification of Claims and Interests pursuant to the Plan is as follows:

<u>CLASS</u>	<u>STATUS</u>	<u>VOTING RIGHTS</u>
Class 1: Priority Claims	Not Impaired	Not Entitled to Vote
Class 2: Secured Claims	Not Impaired	Not Entitled to Vote

Class 3: General Unsecured Claims	Impaired	Entitled to Vote
Class 3A: Acorn/Ritchie Claims	Impaired	Entitled to Vote
Class 4: Debtor Intercompany Claims	Impaired	Not Entitled to Vote
Class 4A: Non-Debtor Intercompany Claims	Impaired	Entitled to Vote
Class 5: Convenience Claims	Not Impaired or Impaired by Agreement	Not Entitled to Vote
Class 6: Interests and Interest Related Claims	Impaired	Not Entitled to Vote

B. UNCLASSIFIED CLAIMS: ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

As provided in Bankruptcy Code § 1123(a)(1), Administrative Claims and Priority Tax Claims shall not be classified for the purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims on the terms set forth in Article II of the Plan. The Debtors' current estimate of the aggregate amount of the Administrative and Priority Tax Claims is approximately \$1,032,000, excluding Professional Fee Claims and administrative expenses incurred in the ordinary course.

1. Administrative Claims

a. Non-Professional Fee Claims

The Liquidating Trustee shall pay each Holder of an Allowed Administrative Claim (excluding Professional Fee Claims) the full amount of such Allowed Administrative Claim, without interest, in Cash, as soon as practicable on or after the Effective Date or within thirty (30) days after such Administrative Claim becomes an Allowed Claim. Notwithstanding anything in the Plan to the contrary, a Holder of an Allowed Administrative Claim may be paid on such other date or dates and upon such other terms as may be agreed upon by such Holder and the Liquidating Trustee. Without limiting the foregoing, all outstanding fees payable to the Office of the United States Trustee under 28 U.S.C. § 1930 that have not been paid as of the Effective Date shall be paid by the Liquidating Trustee no later than thirty (30) days after the Effective Date or when due in the ordinary course.

b. Professional Fee Claims

The Liquidating Trustee shall pay Professionals who are entitled to reimbursement or allowance of fees and expenses from the Debtors' Estates pursuant to Bankruptcy Code §§ 503(b)(2) - (b)(6), in Cash, in the amount awarded to such Professionals by Final Order of the Bankruptcy Court, as soon as practicable after the later of the Effective Date and the date upon which any order awarding fees and expenses becomes a Final Order, in accordance with the terms of any order entered by the Bankruptcy Court governing the payment of fees and expenses

during the course of the Chapter 11 Cases, and after application of any retainer received by the Professionals.

Any final application for allowance of a Professional Fee Claim for services rendered and costs incurred through the Effective Date must be filed with the Bankruptcy Court and served on counsel for the Polaroid Liquidating Trust and the Liquidating Trustee at the addresses listed in Article IX.N of the Plan and on the Office of the United States Trustee so that it is received no later than forty-five (45) days after the Effective Date, or such Professional Fee Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Polaroid Liquidating Trust, the Liquidating Trustee and their successors, their assigns or their Assets. Allowed Professional Fee Claims must be paid in full or reserved for in Cash to pay Professional Fee Claims pending allowance by the Bankruptcy Court prior to any payment to Holders of Allowed Claims in Class 3 (General Unsecured Claims) or Class 3A (Acorn/Ritchie Claims).

The estimated unpaid Professional Fee Claims forecasted through August 2009 is \$4,500,000.

c. Administrative Claims and Administrative Expense Request Deadline

Each Holder of an Administrative Claim must file an Administrative Expense Request requesting payment of such Administrative Claim with the Bankruptcy Court by no later than (i) _____, 2009 for any Claims covered by the Bar Date Order, or (ii) the Administrative Expense Request Deadline for all other Administrative Claims that are not subject to the Bar Date Order; provided, however, that any such Administrative Expense Request need not be filed with a hearing date. Nothing in the Plan extends a Bar Date established in the Bar Date Order. The Liquidating Trustee shall pay each Holder of an Allowed Administrative Claim against any Debtor the full amount of such Allowed Administrative Claim, without interest, in Cash (a) as soon as practicable after the Effective Date, but no later than 20 days after the Effective Date, or (b) within thirty (30) days after such Administrative Claim becomes an Allowed Claim. Notwithstanding anything in the Plan to the contrary, a Holder of an Allowed Administrative Claim against any Debtor may be paid on such other date or dates and upon such other terms as may be agreed upon by such Holder and the Liquidating Trustee, subject to the consent of the Trust Oversight Committee.

2. Priority Tax Claims

The Liquidating Trustee shall pay, at the Liquidating Trustee's discretion, each Holder of an Allowed Priority Tax Claims either (i) in full in Cash at the later of (a) as soon as practicable on or after the Effective Date or (b) within thirty (30) days after such Priority Tax Claim becomes an Allowed Claim. All Allowed Priority Tax Claims against the Debtors which are not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof. The Liquidating Trustee can prepay any Allowed Priority Tax Claim at any time after the Effective Date without any penalty or charge.

Holders of Allowed Priority Tax Claims will not be entitled to receive any payment on account of any penalty arising with respect to, or in connection with such Claims. Any Claim for

any such penalty, or demand for any such penalty, will be deemed disallowed by confirmation of the Plan.

3. Claims Related to Reclamation Rights

To the extent that Holders of Claims on account of the goods that are the subject of the Reclamation Rights took all actions necessary to preserve or assert a Claim, including the filing of valid Proofs of Claims on account of such goods, those Claims will be administered in accordance with the Plan and to the extent such Claims are Allowed Claims, will be treated with the priority afforded under the Bankruptcy Code.

C. CLASSES OF CLAIMS AND INTERESTS: CLASSIFICATION, TREATMENT AND VOTING RIGHTS

Holders of Claims and Interests are divided into Classes and treated as follows:

1. "Class 1" – Priority Claims – Not Impaired

a. Classification

Class 1 consists of all Allowed Priority Claims.

b. Treatment

The Liquidating Trustee shall pay each Holder of an Allowed Class 1 Claim, in relative order of priority pursuant to Bankruptcy Code § 507, in full, in Cash, without interest, on the later of thirty (30) days after (i) the Effective Date or (ii) the date on which such Claim becomes an Allowed Claim. The Committee's current estimate of the aggregate amount of Class 1 Claims, excluding Administrative and Priority Tax Claims, is approximately **\$1,418,000**.

c. Voting

Class 1 is not Impaired. Holders of Claims in Class 1 are conclusively deemed to have accepted the Plan pursuant to Bankruptcy Code § 1126(f). Therefore, Holders of Claims in Class 1 are not entitled to vote to accept or reject the Plan.

2. "Class 2" – Secured Claims – Not Impaired

a. Classification

Class 2 consists of all Secured Claims.

b. Treatment

Each Holder of an Allowed Class 2 Claim shall, at the option of the Liquidating Trustee, subject to the consent of the Trust Oversight Committee, (i) receive Cash in an amount equal to such Claim, in full and complete satisfaction of such Claim, on the later of the initial distribution date under the Plan and the date such Claim becomes an Allowed Claim, or as soon thereafter as

is practicable; or (ii) receive the collateral securing its Claim in full and complete satisfaction of such Claim on the later of the initial distribution date under the Plan and the date such Claim becomes an Allowed Claim, or as soon thereafter as is practicable. Each Holder of an Allowed Class 2 Claim shall also have a General Unsecured Claim to the extent its Allowed Class 2 Claim is not fully and completely satisfied through the receipt of cash or collateral as described in the preceding sentence. The Committee's current estimate of the aggregate amount of Class 2 Claims is approximately **\$180,377** excluding Secured Claims of \$64,741,091 which the Committee believes should be subordinated, or are otherwise without merit.

c. Voting

Class 2 is not Impaired. Holders of Allowed Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to Bankruptcy Code § 1126(f). Therefore, Holders of Claims in Class 2 are not entitled to vote to accept or reject the Plan, except to the extent such Holders have a General Unsecured Claim.

3. "Class 3" – General Unsecured Claims – Impaired

a. Classification

Class 3 consists of all General Unsecured Claims except for those in the Convenience Class.

b. Treatment

The Liquidating Trustee shall distribute to each Holder of an Allowed Class 3 Claim a Pro Rata share of Distributable Cash. The Committee's current estimate of the aggregate amount of Class 3 Claims is between **\$97,641,109** to **\$204,181,235**.

c. Voting

Class 3 is Impaired. Therefore, Holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan or choose the Convenience Class Election.

4. "Class 3A" – Acorn/Ritchie Claims – Impaired

a. Classification

Class 3A consists of all Claims of Acorn and Ritchie, all of which, except for that described below, are treated for purposes of this Plan as unsecured and which the Debtors and the Committee seek to avoid, disallow, equitably subordinate and recharacterize in the Acorn Litigation and Ritchie Litigation, respectively, except for Acorn's Claim in the approximate amount of \$12,500,000. The current estimate of the aggregate amount of Class 3A Claims is approximately **\$499,901,019.26**. Except for the \$12,500,000 Acorn Claim, the Claims in Class 3A are disputed by the Debtors and the Committee.

b. Treatment

Acorn's undisputed Claim, estimated at **\$12,500,000.00** relating to the principal and accrued prepetition interest on the \$10 million advance made to Polaroid Consumer Electronics, LLC, on April 18, 2008 shall be payable on the Effective Date; provided, however, that if there are insufficient funds in the Secured Claims Reserve to pay all Allowed Secured Claims in full, Acorn shall be required to return to the Polaroid Liquidating Trust all amounts over Acorn's Pro Rata share. For the remaining Claims in Class 3A, if the Acorn Litigation or Ritchie Litigation is unsuccessful in respect of avoiding, disallowing, equitably subordinating or recharacterizing any Claims of Acorn and Ritchie, such Claims shall be Secured Claims to the extent of their security interests held against the Debtors and the Liquidating Trustee shall distribute to each Holder of such Secured Claims a Pro Rata share of the Secured Claims Reserve. If the Acorn Litigation or Ritchie Litigation is successful in avoiding the claimed liens of Acorn and Ritchie but is unsuccessful in respect of disallowing, equitably subordinating or recharacterizing the Acorn and Ritchie Claims, such Claims shall be Unsecured Claims and the Liquidating Trustee shall distribute to each Holder of such Unsecured Claims a Pro Rata share of Distributable Cash, in accordance with Article VI of the Plan.

c. Voting

Class 3A is Impaired. Therefore, Holders of Allowed Class 3A Claims are entitled to vote to accept or reject this Plan.

5. "Class 4" – Debtor Intercompany Claims – Impaired

a. Classification

Class 4 consists of all Intercompany Claims held by Debtors. The Committee's current estimate of the aggregate amount of Class 4 Claims is approximately **\$44,309,322**.

b. Treatment

For those Intercompany Claims that are Claims of any Debtor against another Debtor, in connection with, and as a result of, the substantive consolidation of the Debtors' Estates and the Chapter 11 Cases, on the Confirmation Date or such other date as may be set by an order of the Court, but subject to the occurrence of the Effective Date, such Claims shall be eliminated for the purpose of determining distributions from the Debtors' Estates, and the holders of such Claims shall not be entitled to, and shall not, receive or retain any property or interest in property on account of such Class 4 Claims.

c. Voting

Class 4 will receive no distribution under this Plan. Holders of Intercompany Claims in Class 4 are conclusively deemed to have rejected this Plan pursuant to Bankruptcy Code § 1126(g). Therefore, Holders of Intercompany Claims in Class 4 are not entitled to vote to accept or reject this Plan.

6. “Class 4A” – Non-Debtor Intercompany Claims – Impaired

a. Classification

Class 4A consists of all Intercompany Claims held by non-Debtors, including the Petters Debtors in the amount of \$328,072,099. The Committee’s current estimate of the aggregate amount of Class 4A Claims is approximately **\$406,807,314**.

b. Treatment

For those Intercompany Claims that are Claims of any non-Debtor against another Debtor, the Committee intends to seek to avoid, disallow, equitably subordinate or recharacterize such Claims. To the extent that the Committee is unsuccessful in respect of avoiding, disallowing, equitably subordinating or recharacterizing any Class 4A Claims, such Claims shall be Secured Claims to the extent of their security interests held against the Debtors and the Liquidating Trustee shall distribute to each Holder of such Secured Claims a Pro Rata share of the Secured Claims Reserve. If the Committee is successful in avoiding the claimed liens of the Class 4A Claims but is unsuccessful in respect of disallowing, equitably subordinating or recharacterizing the Class 4A Claims, such Claims shall be Unsecured Claims and the Liquidating Trustee shall distribute to each Holder of such Unsecured Claims a Pro Rata share of Distributable Cash, in accordance with Article VI of the Plan. Any Interests or rights to acquire Interests in the Debtors are eliminated and have no right of payment.

Prior to the hearing on the confirmation of the Plan, the Committee will file a motion with the Bankruptcy Court to request that the Bankruptcy Court estimate that the value of the Class 4A Non-Debtor Intercompany Secured Claims is zero (\$0).

c. Voting

Class 4A is Impaired. Therefore, Holders of Allowed Class 4A Claims are entitled to vote to accept or reject this Plan.

7. “Class 5” – Convenience Claims (Includes Those Choosing the Convenience Class Election) – Not Impaired or Impaired by Agreement

a. Classification

Class 5 consists of all Convenience Claims, including Claims of a single holder of a type that would otherwise be included in Class 3 that are either (i) \$2,000 or less in the aggregate or (ii) greater than \$2,000 in the aggregate but as to which the holder thereof has made a Convenience Class Election. The Committee’s current estimate of the aggregate amount of Class 5 Claims is approximately **\$115,411**.

b. Treatment

The Liquidating Trustee shall distribute to each Holder of an Allowed Class 5 Claim Cash equal to 100% of the Face Amount thereof up to a maximum of \$2,000 total payout in full satisfaction of such Claim.

c. Voting

Holders of Class 5 Claims are conclusively deemed to have accepted the Plan either (i) pursuant to Bankruptcy Code § 1126(f) for such Claims within Article I.A.29(i) of the Plan, or (ii) pursuant to an affirmative vote to accept the Plan for such Claims within Article I.A.29(ii) of the Plan who chose the Convenience Claims Election.

8. “Class 6” – Interests and Interest Related Claims – Impaired

a. Classification

Class 6 consists of all Interests and Interest Related Claims.

b. Treatment

Holders of Interests and Interest Related Claims in Class 6 shall receive no distribution or dividend on account of such Interests. On the Effective Date, all Interests and Interest Related Claims in Class 6 shall be deemed canceled, null and void, and of no force and effect.

c. Voting

Class 6 is Impaired and will receive no distribution under the Plan. Holders of Interests and Interest Related Claims in Class 6 are conclusively deemed to have rejected the Plan pursuant to Bankruptcy Code § 1126(g). Therefore, Holders of Interests and Interest Related Claims in Class 6 are not entitled to vote to accept or reject the Plan.

ARTICLE V

IMPLEMENTATION OF THE PLAN

A. IMPLEMENTATION OF PLAN

The Committee proposes to implement and consummate the Plan on and after the Effective Date.

B. SUBSTANTIVE CONSOLIDATION AND FORMATION OF THE POLAROID LIQUIDATING TRUST

Prior to the Effective Date, the Debtors shall continue to wind down their businesses subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. The Plan contemplates and is predicated upon substantive consolidation of the Debtors' Assets, including the Debtors' ownership interest in PLR, and liabilities, including Claims, and the

transfer of such Assets and liabilities. As described below in Article IX.D, the Committee believes that substantive consolidation is appropriate under the facts presented and the applicable law.

On the Effective Date, the Liquidating Trustee shall, in accordance with all applicable law, be issued one share of common stock for Polaroid Corporation and thereafter shall be the sole shareholder, officer and director of Polaroid Corporation, replacing the existing shareholders, officers and directors of Polaroid Corporation, and all other shares of any class of stock of each of the Debtors shall be deemed canceled as of the Effective Date. Pursuant to the substantive consolidation provisions herein on the Effective Date, all assets and liabilities of the remaining debtors shall be merged into Polaroid Corporation and the other Debtors shall be consolidated into (becoming assets and liabilities of) Polaroid Corporation and all remaining debtor entities shall cease to exist. Any guaranty obligations of one Debtor for another are eliminated such that a claimant is entitled to one, not two, claims. Within the respective times determined by the Liquidating Trustee as necessary or appropriate under the circumstances (including with respect to the pursuit of Causes of Action in the name of the Estates), Polaroid Corporation shall be dissolved without any further action by the former stockholders, officers, or directors of the Debtors. The Liquidating Trustee may, in his or her discretion, file all necessary certificates of dissolution and take any other actions necessary or appropriate to reflect the dissolutions of each of the Debtors under the state law where the respective Debtors were incorporated. All applicable regulatory or governmental agencies shall accept any certificates of dissolution or other papers filed by the Liquidating Trustee on behalf of the Debtors and shall take all steps necessary to allow and reflect the prompt dissolution of the Debtors as provided herein, without the payment of any fee, tax, or charge and without need for the filing of reports or certificates, except as the Liquidating Trustee may determine in his or her sole discretion.

Entry of the Confirmation Order shall constitute the approval, pursuant to sections 105(a), 1123(a)(5)(B) and 1123(a)(5)(c) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Debtors' Assets and liabilities, including Claims.

C. CAUSES OF ACTION

All Causes of Action shall be transferred into the Liquidating Trust. All Causes of Action shall be investigated and may be prosecuted, settled in accordance with sections (g) and (h) in Article V.F herein or abandoned by the Liquidating Trustee. Notwithstanding anything to the contrary herein, no Distribution shall be made to the Holder of any Claim, including by way of setoff or recoupment by such claimant, if the Debtors, the Committee, or the Liquidating Trustee has taken action to recover, or given notice to the applicable party of intent to take such action, on a Cause of Action against the holder of such Claim (or the direct or indirect transferor to, or transferee of, such holder), until such Cause of Action is resolved by Final Order or otherwise in accordance with this section. The Liquidating Trustee will be substituted as the party in interest instead of the Debtors or Committee for all Causes of Action pending on the Effective Date and shall have standing for all purposes.

D. FORMATION OF THE POLAROID LIQUIDATING TRUST

The Polaroid Liquidating Trust shall be established as a Minnesota common law trust for the sole purpose of liquidating the Estates and making distributions to Holders of Allowed Claims, in accordance with the Plan and Treas. Reg. § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the IRS, all parties shall treat the Polaroid Liquidating Trust as a liquidating trust for all federal income tax purposes.

The Polaroid Liquidating Trust Agreement shall contain provisions customary to trust agreements utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to govern the rights, powers, obligations, and appointment and removal of the Liquidating Trustee, and to ensure the treatment of the Polaroid Liquidating Trust as a liquidating trust for federal income tax purposes, all consistent with the Plan.

As set forth herein and in the Plan, the liquidation and winding up of the Polaroid Liquidating Trust and the Debtors shall become the responsibility of the Liquidating Trustee, who shall thereafter have responsibility for the management, control and operation thereof, and who may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to the Plan. Subject to further order of the Bankruptcy Court, the Liquidating Trustee shall act as liquidating agent of and for the Polaroid Liquidating Trust and the Estates from and after the Effective Date, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to the Plan.

The Liquidating Trustee, at the direction of the Trust Oversight Committee, shall be permitted to make any investments that a liquidating trust, within the meaning of Treas. Reg. § 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise. The Liquidating Trustee, at the direction of the Trust Oversight Committee, may expend the Cash of the Polaroid Liquidating Trust (a) as reasonably necessary to meet contingent liabilities and to maintain the value of the respective assets of the Polaroid Liquidating Trust during liquidation, (b) to pay Post-Confirmation Expenses according to the Administrative Budget (including, but not limited to, any United States Trustee fees, Liquidating Trustee fees, professional fees and taxes imposed on the Polaroid Liquidating Trust), and (c) to satisfy other respective liabilities incurred by the Polaroid Liquidating Trust in accordance with the Plan or the Polaroid Liquidating Trust Agreement.

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and Holders of Allowed Claims) shall treat the transfer of Assets and liabilities to the Polaroid Liquidating Trust, in accordance with the terms of the Plan, as a transfer to Holders of Allowed Claims followed by a transfer by such Holders to the Polaroid Liquidating Trust, and the beneficiaries of the Polaroid Liquidating Trust shall be treated as the grantors and owners thereof. The beneficiaries of the Polaroid Liquidating Trust shall be the Creditors of the Estates.

The Polaroid Liquidating Trust shall terminate no later than the fifth (5th) anniversary of the Effective Date; provided, however, that within a period of three (3) months prior to such termination date, the Bankruptcy Court, upon motion by a party in interest in consultation with the Trust Oversight Committee, may extend the term of the Polaroid Liquidating Trust if it is necessary to facilitate or complete the liquidation of the trust's assets. Notwithstanding the foregoing, multiple extensions can be obtained so long as Bankruptcy Court approval is obtained within three (3) months prior to the expiration of each extended term; provided, however, that the aggregate of all such extensions shall not exceed three (3) years, unless the Liquidating Trustee receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the Polaroid Liquidating Trust as a liquidating trust within the meaning of Treas. Reg. § 301.7701-4(d) for federal income tax purposes.

E. APPOINTMENT AND TERM OF THE LIQUIDATING TRUSTEE

The Committee shall appoint and designate the initial Liquidating Trustee, which is anticipated to be Avidity Partners, LLC. The Committee and the initial Liquidating Trustee shall have entered into a Liquidating Trustee employment agreement to be filed with the Bankruptcy Court at least ten (10) days prior to the Confirmation Hearing. The initial Liquidating Trustee, and each successor Liquidating Trustee, shall serve until the earlier of (i) the later to occur of (a) the entry of the Final Decree, (b) the dissolution of the Polaroid Liquidating Trust, and (c) the payment of the final distributions to Holders of Allowed General Unsecured Claims and, if applicable, Allowed Acorn/Ritchie Claims pursuant to the Plan; or (ii) the expiration of the term of such Liquidating Trustee's employment agreement or such Liquidating Trustee's resignation, death, incapacity, removal or termination by the Trust Oversight Committee pursuant to the Liquidating Trust Agreement or order of the Bankruptcy Court. The Liquidating Trustee may also be removed by the Bankruptcy Court upon motion for good cause shown by any Creditor.

Upon creation of the Polaroid Liquidating Trust, the Liquidating Trustee shall be the trustee of the Polaroid Liquidating Trust for all purposes and in all respects, with all necessary and appropriate power and authority to act for, on behalf of and in the name of the Polaroid Liquidating Trust.

F. DUTIES OF THE LIQUIDATING TRUSTEE

In addition to the duties set forth elsewhere herein or in the Plan and his or her duties as the trustee of the Polaroid Liquidating Trust, the Liquidating Trustee, in consultation with and at the direction of the Trust Oversight Committee, shall have the following duties:

1. to sell, liquidate and/or recover any and all Assets of the Estates and of the Polaroid Liquidating Trust;
2. to manage, control and operate the Polaroid Liquidating Trust;
3. to investigate and, if necessary and appropriate, to prosecute, enforce (or to not prosecute or enforce), or to compromise, release or settle any Causes of Action on behalf of the Estates and the Polaroid Liquidating Trust;

4. to invest the Cash and other Assets of the Polaroid Liquidating Trust and the Estates;
5. to create the Wind-down Reserve and allocate funds to such reserve;
6. to file any and all reports, pleadings and other documents;
7. to make any and all distributions required or permitted to be made under the Plan;
8. to procure an errors and omissions policy of not less than \$10 million pursuant to which the Liquidating Trust will be insured for any errors and omissions of the Liquidating Trustee and/or the Trust Oversight Committee;
9. to pay out of the Polaroid Liquidating Trust any and all Claims, liabilities, losses, damages, costs and expenses incurred in connection therewith or as a result thereof, including all Post-Confirmation Expenses accruing from and after the Effective Date, in accordance with the Administrative Budget;
10. to employ, supervise and compensate any employees of the Polaroid Liquidating Trust;
11. to carry out all member duties and obligations in connection with the operating agreement of PLR until the Liquidating Trust's interest in PLR has been liquidated;
12. to make and file tax returns for any of the Debtors and the Polaroid Liquidating Trust;
13. to commence and pursue dissolution or winding up proceedings for the Polaroid Liquidating Trust;
14. to request the entry of a Final Decree;
15. to take any and all actions, including any action set forth in Article IV.R of the Plan, necessary to dissolve and cancel the existence of each of the Debtors in the State of Delaware, and in any other jurisdiction in which a Debtor is qualified to do business; and
16. to take any and all other actions necessary or appropriate to implement the Plan and the liquidation and winding up of the Debtors, the Estates and the Polaroid Liquidating Trust in accordance with applicable law, provided, that nothing herein or in the Plan shall permit the Liquidating Trustee to terminate or cancel the Debtors' director and officer liability insurance coverage for periods prior to the Effective Date; and provided further that, the Liquidating Trustee shall not renew or extend such insurance coverage, or other new or substitute coverage, without the approval of the Trust Oversight Committee.

In connection with the execution of his or her duties under the Plan, the Liquidating Trustee, in consultation with and at the direction of the Trust Oversight Committee, shall be authorized:

- a. to execute such documents and to take such other actions as are necessary to effectuate the Plan and perform his or her duties as liquidating agent of and for the Estates and the Polaroid Liquidating Trust, including to execute such documents and take such other action on behalf of the Polaroid Liquidating Trust or any of the Debtors;
- b. to open, close and manage bank accounts, and to enter into business transactions within or without the ordinary course of business;
- c. to authorize and benefit from any insurance policies and rights of indemnification;
- d. to retain and pay professionals (including any of the Debtors' or the Committee's Professionals) or other Persons to assist the Liquidating Trustee in the liquidation of the Debtors' Assets, subject to prior Bankruptcy Court approval, and to designate another Person to be the Disbursing Agent;
- e. to incur any reasonable and necessary expenses (up to the amounts set forth in the Administrative Budget) in the performance of his or her duties as liquidating agent of and for the Estates and the Polaroid Liquidating Trust;
- f. to prepare and deliver to the Trust Oversight Committee the Administrative Budget of the Polaroid Liquidating Trust with respect to each six-month period following the Effective Date and any amendments or modifications thereto;
- g. to settle, without approval of the Trust Oversight Committee, any Claim or Cause of Action where the Claim or Cause of Action has an asserted value of less than \$250,000 or for which the difference between the asserted value and the actual value of the Claim or Cause of Action is less than \$50,000;
- h. to seek an order of the Bankruptcy Court approving the compromise, release or settlement of any Cause of Action that has an asserted value of \$250,000 or more or for which the difference between the asserted value and the actual value of the Claim or Cause of Action is \$50,000 or more, provided that the Trust Oversight Committee must approve any action to seek Bankruptcy Court approval and that nothing herein shall require the Liquidating Trustee to seek any such order; and
- i. to employ such other procedures, not inconsistent with the Plan, necessary for the Liquidating Trustee to perform his or her duties hereunder.

In the event that the Trust Oversight Committee withholds its approval on a matter for which its authorization or approval is required, the Liquidating Trustee may request an order from the Bankruptcy Court allowing it to proceed with the disputed action. The Liquidating Trustee shall be deemed the Estates' representative in accordance with section 1123 of the

Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code (including, without limitation, commencing, prosecuting or settling Causes of Action and asserting claims, defenses, offsets and privileges), to the extent not inconsistent with the Plan or the status of the Polaroid Liquidating Trust as a liquidating trust within the meaning of Treas. Reg. § 301.7701-4(d) for federal income tax purposes. In discharging the foregoing responsibilities, the Liquidating Trustee shall be entitled to exercise and rely upon his or her business judgment. The Liquidating Trustee shall not be obligated to take any action or to pursue any Causes of Action unless justified in his or her reasonable determination by fact and law, nor shall the Liquidating Trustee be obligated to take any action that could reasonably cause him or her personal liability. Without limiting the generality of the foregoing, the Liquidating Trustee may consider the interests of Holders of Allowed Claims in receiving prompt distributions and such other factors as may be reasonable in the exercise of his or her business judgment and after consultation with the Trust Oversight Committee. Such authorization and benefits shall also extend to any, each and every successor Liquidating Trustee, without reservation or limitation.

The reasonable and necessary fees and actual and necessary expenses, including those related to the errors and omission policy, of the Polaroid Liquidating Trust, the Liquidating Trustee, the Trust Oversight Committee and the professionals or other Persons retained by the Liquidating Trustee and the Trust Oversight Committee on behalf of the Liquidating Trust shall be paid by the Liquidating Trustee from the Wind-down Reserve, provided that the Liquidating Trustee and all professionals or other Persons retained by the Liquidating Trustee or Trust Oversight Committee each shall be required to file a fee application with the Bankruptcy Court on a monthly basis and shall not receive payment until the Bankruptcy Court has entered an order authorizing payment of such Person's requested compensation and expense reimbursement. No fees or expenses shall be paid from the Wind-down Reserve for any professionals retained by the Liquidating Trustee, the Polaroid Liquidating Trust or the Trust Oversight Committee to pursue a Cause of Action to disallow, equitably subordinate or recharacterize the Ritchie Claim; provided, however, that the Liquidating Trustee shall not be barred from engaging professionals on a contingency fee or other basis - or seeking authorization from the Bankruptcy Court to use funds not allotted to the Wind-down Reserve.

G. NO RECOURSE TO LIQUIDATING TRUSTEE

Notwithstanding that the allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is allowed in an amount for which there is insufficient Cash in the relevant fund or reserve to provide a recovery equal to that received by other holders of Allowed Claims in the relevant Class, no Claim holder shall have recourse to the Protected Parties, or their successors or assigns, or the holder of any other Claim, or any of their respective property. However, nothing in the Plan shall modify any right of a holder of a Claim under section 502(j) of the Bankruptcy Code. **THUS, THE BANKRUPTCY COURT'S ENTRY OF AN ESTIMATION ORDER MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.**

H. LIABILITY, INDEMNIFICATION

No Protected Party shall be liable for the act or omission of any other Protected Party. The Liquidating Trustee or any member of the Trust Oversight Committee shall not be liable for any act or omission taken or omitted to be taken in his or her capacity as Liquidating Trustee or as a member of the Trust Oversight Committee, as the case may be, other than acts or omissions resulting from the Liquidating Trustee's or Trust Oversight Committee member's willful misconduct, gross negligence or fraud. The Liquidating Trustee and the Trust Oversight Committee may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with their respective attorneys, accountants, financial advisors and agents, and the Liquidating Trustee and the Trust Oversight Committee shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons other than acts or omissions resulting from the willful misconduct, gross negligence or fraud of the Liquidating Trustee or the Trust Oversight Committee, as the case may be. Notwithstanding such authority, the Liquidating Trustee and the Trust Oversight Committee shall not be under any obligation to consult with their respective attorneys, accountants, financial advisors or agents, and any determination not to do so shall not result in the imposition of liability on the Liquidating Trustee or the Trust Oversight Committee, as the case may be, and their respective designees, unless such determination is based on willful misconduct, gross negligence or fraud. The Polaroid Liquidating Trust and the Estates shall indemnify and hold harmless the Liquidating Trustee, the Trust Oversight Committee and their respective designees and professionals, and all duly designated agents and representatives thereof (in their capacity as such), from and against and in respect of all liabilities, losses, damages, claims, costs and expenses (including, but not limited to, attorneys' fees and costs) arising out of or due to such actions or omissions, or consequences of their actions or omissions with respect or related to the performance of the duties of the Liquidating Trustee or the Trust Oversight Committee, as the case may be, or the implementation or administration of the Plan; provided, however, that no such indemnification will be available to such Persons for such actions or omissions if a court of competent jurisdiction has determined by final order that the challenged conduct occurred as a result of willful misconduct, gross negligence or fraud.

I. DISSOLUTION OF THE COMMITTEE

Upon the Effective Date, the Committee shall dissolve automatically, whereupon its members, Professionals and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to: (i) obligations arising under confidentiality agreements, joint interest agreements and protective orders entered during the Chapter 11 Cases, which shall remain in full force and effect according to their terms; (ii) applications for Professional Fee Claims; (iii) requests for compensation and reimbursement of expenses pursuant to Bankruptcy Code § 503(b) for making a substantial contribution in any of the Chapter 11 Cases; and (iv) any pending motions, or any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order. The Professionals retained by the Committee and the respective members thereof shall not be entitled to compensation and reimbursement of expenses for services rendered to the Committee after the Effective Date, except for services rendered in connection with applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date.

J. TRUST OVERSIGHT COMMITTEE

On the Effective Date, the Committee shall be reconstituted as the Trust Oversight Committee, which will be composed of three (3) members selected by the Committee, who shall be designated no later than three (3) days prior to the hearing to confirm the Plan. The Trust Oversight Committee shall have the duties set forth herein and in the Plan to maximize distributions to Holders of Allowed Claims. On the Effective Date, the Trust Oversight Committee shall succeed in all respects to all of the rights, privileges and immunities of the Committee, including, without limitation, the attorney-client privileges and any other evidentiary privileges of the Committee.

The Trust Oversight Committee shall have the duty to take actions in accordance with the provisions of the Plan and in furtherance of the execution of the Plan. Additionally, the Trust Oversight Committee shall have the following rights and duties:

1. to approve any release or indemnity in favor of any third party granted or agreed to by the Liquidating Trustee;
2. to authorize the Liquidating Trustee to commence any Cause of Action or Avoidance Action;
3. to approve the settlement of any Cause of Action or Avoidance Action and to approve any application by the Liquidating Trustee for an order in connection with any such settlement;
4. to approve the allowance of any Disputed Claim;
5. to approve the sale of any Assets by the Liquidating Trustee and to approve any application by the Liquidating Trustee for an order in connection with any such sale of Assets;
6. to review all financial information relating to the Polaroid Liquidating Trust and the Estates, which shall be promptly provided by the Liquidating Trustee upon request by the Trust Oversight Committee;
7. to review and assert objections to motions filed or claims asserted;
8. to monitor distributions to creditors; and
9. to take such other actions as it deems necessary and appropriate with respect to the implementation of the Plan.

The duties and powers of the Trust Oversight Committee shall terminate upon the later to occur of (i) the entry of the Final Decree, (ii) the dissolution of the Polaroid Liquidating Trust, and (iii) the payment of the final distributions to Holders of Allowed General Unsecured Claims pursuant to the Plan.

The Trust Oversight Committee shall have the right to retain counsel of its choice, and the reasonable and necessary fees and expenses of such counsel as well as the reasonable and necessary expenses of the members of the Trust Oversight Committee shall be paid by the Liquidating Trustee from the Wind-down Reserve, provided that counsel to the Trust Oversight Committee shall be required to file a fee application with the Bankruptcy Court on a monthly basis and shall not receive payment until the Bankruptcy Court has entered an order authorizing payment of such counsel's requested compensation and expense reimbursement.

K. FUNDING OF THE PLAN

The Cash Distributions to be made pursuant to the Plan will be made and the Cash necessary to fund the Polaroid Liquidating Trust and the Wind-down Reserve will be derived from (i) Cash proceeds received by the Debtors from the liquidation of their Assets as of the Effective Date and other funds then available, and (ii) any payments to be received by the Debtors from the further liquidation of Assets and the prosecution and enforcement of Causes of Action of the Debtors, and other funds available after the Effective Date. In addition, the Liquidating Trustee, with Bankruptcy Court approval, shall have the right to make non-Cash distributions to Holders of Claims.

To the extent not otherwise provided for herein or ordered by the Court, the Liquidating Trustee, with the consent of the Trust Oversight Committee, shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for accrued expenses and for the payment of prospective expenses and liabilities of the Estates and the Polaroid Liquidating Trust after the Effective Date. Without limitation, these reserves shall include funds for the Wind-down Reserve, the Secured Claims Reserve, Professional Fee Claims, Administrative Claims, Priority Tax Claims, Priority Claims, Secured Claims, Convenience Claims and Disputed Claims.

Notwithstanding any contrary provision contained herein, the Liquidating Trustee shall not be obligated to physically segregate and maintain separate accounts for reserves or for the Distribution Fund. Separate reserves and funds may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, to enable the Liquidating Trustee to determine Distributable Cash, reserves and amounts to be paid to parties in interest.

L. WIND-DOWN RESERVE

On the Effective Date, or as soon thereafter as reasonably practicable, the Liquidating Trustee shall create the Wind-down Reserve and shall transfer \$4.5 million, which amount the Committee believes should be acceptable to Ritchie and Acorn, into such reserve from the assets transferred by the Debtors to the Polaroid Liquidating Trust. The Liquidating Trustee shall pay Plan administration costs and costs of holding and liquidating any non-Cash property, including but not limited to taxes, professional fees and the errors and omissions policy, from the Wind-down Reserve. The funds in the Wind-down Reserve shall be spent in accordance with the Wind-down Reserve Budget attached as **Exhibit B** to the Plan; provided, however, that the Wind-down Reserve Budget may be amended from time to time and that the Liquidating Trustee is bound only to the total amount of the Wind-down Reserve Budget and not to the amounts budgeted for each line item. To the extent that the Liquidating Trustee, in consultation with the Trust Oversight Committee, determines that the \$4.5 million allocated to the Wind-down

Reserve is insufficient for such purposes, the Liquidating Trustee may seek authorization from the Bankruptcy Court to allocate the net proceeds of the continuing liquidation of the Debtors' assets and any other Distributable Cash, to the extent necessary for such purposes, to the Wind-down Reserve. After all costs associated with the Wind-down Reserve have been paid, and/or upon the reasonable determination of the Liquidating Trustee, in consultation with the Trust Oversight Committee, that the funds in the Wind-down Reserve exceed the amounts necessary to pay the expenses for which such fund is established, the remaining or excess funds, as applicable, in the Wind-down Reserve shall be designated Distributable Cash.

M. SECURED CLAIMS RESERVE

On the Effective Date, the Liquidating Trustee shall establish and maintain the Secured Claims Reserve for the payment of the disputed Claims in Class 3A (Acorn/Ritchie Claims) and Class 4A (Non-Debtor Intercompany Claims). The Secured Claims Reserve shall consist of all Assets of the Polaroid Liquidating Trust not transferred to the Wind-down Reserve or used to pay Administrative Claims, Priority Tax Claims, Class 1 Claims or Class 5 Claims. Holders of Class 3A and Class 4A Claims shall retain a perfected, first-priority lien on all funds in the Secured Claims Reserve, subject to all defenses to the enforcement and validity of the liens and claims asserted by Holders of such Claims in the respective adversary proceedings. Notwithstanding the foregoing, in addition to the distribution to Acorn described in Article IV.C.4(b), Acorn shall only be entitled to retain a perfected, first-priority lien up to the amount of \$25 million.

Except for the distribution of Acorn described in Article IV.C.4(b), the Liquidating Trustee may not make any distributions from the Secured Claims Reserve until all Secured Claims Objections have been resolved, absent consent from the Holders of the Secured Claims and the approval by the Bankruptcy Court. If and to the extent that any Class 3A or Class 4A Claims are determined to be Allowed Secured Claims, not subject to disallowance, subordination or recharacterization, and payable pursuant to Articles II.C.4 and II.C.6 hereof, after the date that the last Secured Claim Objection is resolved, the Liquidating Trustee may distribute to each Holder of such Secured Claims a Pro Rata share of the Secured Claim Reserve, with the balance, if any, to be turned over to the Liquidating Trust as Distributable Cash.

In the event that all Class 3A and Class 4A Claims are determined not to be Allowed Secured Claims, the Liquidating Trustee shall immediately, and without further order of the Bankruptcy Court, release or cause to be released all funds from the Secured Claims Reserve to be converted into Distributable Cash.

Notwithstanding the foregoing, nothing in this paragraph shall prohibit the Liquidating Trustee from making distributions as provided for in the Plan.

N. DISTRIBUTION FUND

After all payments have been made or properly reserved for holders of Administrative Expense Claims, Priority Tax Claims, Priority Claims, Secured Claims, Acorn/Ritchie Claims, Non-Debtor Intercompany Claims and Convenience Claims, and all costs associated with the Wind-down Reserve have been paid, and/or upon the reasonable determination of the

Liquidating Trustee that the funds in the Wind-down Reserve and any other reserves established by the Liquidating Trustee exceed the amounts necessary for such reserves, the remaining Distributable Cash shall be allocated to the Distribution Fund. Distribution of Cash, if any, to Holders of Class 3 General Unsecured Claims and Holders of Class 3A Acorn/Ritchie Claims and Class 4A Non-Debtor Intercompany Claims, to the extent that such claims are determined to be Allowed General Unsecured Claims, shall be made solely from the Distribution Fund.

O. EMPLOYEE PROGRAMS

The Liquidating Trustee is authorized to take any actions and make payment of the actual amount, if any, required to be contributed to or on account of an employee program to permit the termination of such programs and discharge all benefit liabilities to participants and beneficiaries of such programs, including, without limitation, continuation of the termination of the Debtors' 401(k) plan. Employee programs approved by the Court will not terminate on the Effective Date. The Debtors do not maintain any programs for retirees.

P. CORPORATE AND LIMITED LIABILITY COMPANY ACTION

On the Effective Date, the matters under the Plan involving or requiring corporate or limited liability company action of the Debtors, including, but not limited to, actions requiring a vote or other approval of the board of directors, members or shareholders, as applicable, and execution of all documentation incident to the Plan, notwithstanding any otherwise applicable non-bankruptcy law or the Organization Documents of the Debtors, shall be deemed to have been authorized by the Confirmation Order and to have occurred and be in effect from and after the Effective Date without any further action by the Bankruptcy Court or the officers, directors, members or shareholders, as applicable, of the Debtors.

Q. RETENTION OF ACTIONS AND DEFENSES

All claims, rights, defenses, offsets, recoupments, causes of action, actions in equity or otherwise, whether arising under the Bankruptcy Code or federal, state or common law, which constitute property of the Estates within the meaning of section 541 of the Bankruptcy Code, as well as all claims, rights, defenses, offsets, recoupments and causes of action arising under chapter 5 of the Bankruptcy Code (including, without limitation, the Causes of Action and the Intercompany Claims) with respect to the Debtors or their Estates, shall be and hereby are preserved for the benefit of the beneficiaries of the Polaroid Liquidating Trust, and shall be and hereby are deemed to be part of the assets transferred and assigned to the Liquidating Trust as of the Effective Date. Prosecution and settlement of such claims, rights, defenses, and causes of action shall be the responsibility of the Liquidating Trustee, with the consent of the Trust Oversight Committee, pursuant to the provisions of the Liquidating Trust Agreement, and the Liquidating Trustee shall pursue those claims, rights, defenses and causes of action, as appropriate, in accordance with the Trust Oversight Committee's sole judgment of what is in the best interests, and for the benefit of, the beneficiaries of the Liquidating Trust; provided, however, that nothing in this Plan is intended to or does confer upon the Liquidating Trustee standing to pursue claims or causes of action that do not constitute property of the Estates.

Nothing in this Plan or the Confirmation Order shall limit, impair or otherwise restrict the rights of the Liquidating Trustee, with the consent of the Trust Oversight Committee, to bring any claim or cause of action against any Person (not otherwise released pursuant to this Plan) for any reason whatsoever, including, without limitation, the failure of this Plan to identify and/or describe such potential claim(s) or causes of action(s) with specificity. In addition to the general reservation of rights, the Liquidating Trustee or the Trust Oversight Committee reserve the right to modify the Plan at any time prior to or after substantial consummation of the Plan to include such specificity, if necessary, or otherwise desirable, pursuant to section 1127(b) of the Bankruptcy Code.

R. DISSOLUTION OF THE DEBTORS

As soon as is reasonably practicable after the tenth day following the Effective Date and upon the filing by or on behalf of the Debtors of a certification to that effect with the Bankruptcy Court, notwithstanding any otherwise applicable non-bankruptcy law or the Organization Documents of the Debtors, the Debtors shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each of the Debtors or payments to be made in connection therewith. After the liquidation and the winding up of the various Estates, the completion of distributions under the Plan and the entry of the Final Decree, the Liquidating Trustee shall file any documents necessary and proper pursuant to applicable state law to dissolve the Polaroid Liquidating Trust, and the Polaroid Liquidating Trust shall dissolve and cease to exist.

S. SATURDAY, SUNDAY OR LEGAL HOLIDAY

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

T. PRESERVATION OF ALL AVOIDANCE ACTIONS AND CAUSES OF ACTION

From and after the Effective Date, the Polaroid Liquidating Trust and the Liquidating Trustee, subject to any approval of the Trust Oversight Committee as may be required pursuant to the Plan, may litigate or settle any avoidance, recovery or subordination actions under Bankruptcy Code §§ 502, 510, 522(f), 522(h), 542, 543, 544, 545, 547, 548, 549, 550, 551, 553 or 724 or any other Causes of Action or rights to payments or claims that belong to the Debtors that may be pending on the Effective Date or instituted by the Liquidating Trustee after the Effective Date, expressly including the Causes of Action and claims included in the Acorn Litigation and Ritchie Litigation and any other Causes of Action and claims subsequently brought against Acorn and Ritchie, except as otherwise expressly provided in the Plan. Pursuant to Bankruptcy Code § 1123(b)(3)(B), no other Person may pursue any such Causes of Action.

ARTICLE VI

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. REJECTION OF REMAINING EXECUTORY CONTRACTS AND UNEXPIRED LEASES

On the Confirmation Date, except for (i) any Executory Contract that was previously assumed or rejected by an order of the Bankruptcy Court pursuant to Bankruptcy Code § 365 or otherwise assigned and (ii) any Executory Contract that has not previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to Bankruptcy Code §§ 365 and 1123, effective as of the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejection pursuant to Bankruptcy Code §§ 365 and 1123 as of the Confirmation Date.

B. REJECTION DAMAGES BAR DATE

Except to the extent another Bar Date applies pursuant to an order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts under the Plan must be filed with the Bankruptcy Court and a copy served on counsel for the Debtors, counsel for the Committee, the Trust Oversight Committee and the Liquidating Trustee, within thirty (30) days from the entry of the Confirmation Order, or such Claim shall be forever barred and shall not be entitled to a Distribution or be enforceable against the Debtors, their Estates, the Polaroid Liquidating Trust, the Liquidating Trustee, their successors, their assigns or their Assets. Any Claim arising from the rejection of an Executory Contract shall be treated as a Claim in Class 3 (General Unsecured Claims). Nothing in the Plan extends or modifies any previously applicable Bar Date.

C. INSURANCE POLICIES

To the extent any or all of the insurance policies set forth on **Exhibit A** to the Plan are considered to be Executory Contracts, then notwithstanding anything contained in the Plan to the contrary, the Plan shall constitute a motion to assume the insurance policies set forth on **Exhibit A** to the Plan. The Polaroid Liquidating Trust shall satisfy the requirements of 365(b)(1) for all such assumed Executory Contracts. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to Bankruptcy Code § 365(a) and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, the Estates and all parties in interest in these Chapter 11 Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy set forth on **Exhibit A** to the Plan. To the extent the Bankruptcy Court determines otherwise with respect to any insurance policy, the Debtors reserve the right to seek rejection of such insurance policy or other available relief. The Plan shall not affect contracts that have been assumed and assigned by order of the Bankruptcy Court prior to the Confirmation Date. For the avoidance of doubt, the certain insurance policies (including any insurance policies that are not executory contracts, insurance policies that may have expired prior to the Petition Date, insurance policies in

existence on the Petition Date, and insurance policies entered into by the Debtors after the Petition Date) of the Debtors set forth on **Exhibit A** to the Plan and all rights thereunder and rights under any other insurance policies under which the Debtors may be beneficiaries (including the rights to make, amend, prosecute and benefit from claims) are retained and will be transferred to the Polaroid Liquidating Trust pursuant to the Plan.

ARTICLE VII

DISTRIBUTIONS

A. DISBURSING AGENT

1. Liquidating Trustee as Disbursing Agent

The Liquidating Trustee shall be the Disbursing Agent and the Disbursing Agent shall make all distributions under the Plan.

2. Alternative Disbursing Agent Qualification

No Person other than the Liquidating Trustee shall be authorized by the Bankruptcy Court to serve as Disbursing Agent unless and until the Liquidating Trustee and the Trust Oversight Committee consent in writing to that Person serving as Disbursing Agent and that Person (i) executes and files a statement with the Bankruptcy Court agreeing to perform all of the duties of the Disbursing Agent under the Plan, and (ii) consents to the jurisdiction of the Bankruptcy Court in respect to all matters relating to the performance of his or her duties as the Disbursing Agent under the Plan or order of the Bankruptcy Court.

B. TIME AND MANNER OF DISTRIBUTIONS

Except for the distribution of Acorn described in Article IV.C.4(b), the Liquidating Trustee may not make any distributions to Holders of Claims in Classes 3, 3A or 4A before all Secured Claims Objections have been resolved. The Liquidating Trustee shall have the power, subject to Trust Oversight Committee consent, to make interim distributions to Holders of Allowed General Unsecured Claims if all Secured Claims Objections have been resolved and the Liquidating Trustee determines that such interim distributions are warranted and economical; provided, however, that the Liquidating Trustee shall make interim distributions at least annually to the extent the Liquidating Trustee determines there are sufficient available excess funds in the Distribution Fund. If the Liquidating Trustee determines to make interim distributions to Holders of Allowed General Unsecured Claims, the Liquidating Trustee will determine the amount to be distributed by taking into account such factors as ongoing expenses and costs, taxes, and reserves necessary to provide for the resolution of Disputed Claims. Amounts withheld will be placed in an interest-bearing account which shall fund ongoing expenses and costs relating to such reserves, including, without limitation, taxes in respect of Disputed Claims, if any.

At the option of the Liquidating Trustee, any distributions under the Plan may be made either in Cash, by check drawn on a domestic bank, by wire transfer or by ACH or, in the case of

non-Cash distributions, in such manner approved by the Bankruptcy Court. Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a Distribution of Cash in whole cents (rounded to the nearest whole cent when and as necessary). Any distribution of less than \$10.00 will be considered de minimis, and Holders of Allowed Claims that are entitled to any distribution of less than \$10.00 will not receive any distribution unless and until the aggregate of such distributions exceeds \$10.00. Such funds shall remain with and vest in the Polaroid Liquidating Trust for distribution to other Holders of Allowed Claims.

C. DELIVERY OF DISTRIBUTIONS

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent (i) at the addresses set forth on the Proofs of Claim filed by such Holder (or at the last known addresses of such Holder if no motion requesting payment or Proof of Claim is filed or the Debtors, the Polaroid Liquidating Trust or the Polaroid Claims Agent have been notified in writing of a change of address), (ii) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, or (iii) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address.

D. UNDELIVERABLE DISTRIBUTIONS

If a distribution to a Holder of a Claim is returned as undeliverable, no further distributions to such Holder of a Claim shall be made unless and until the Liquidating Trustee and the Disbursing Agent is notified of the then-current address of such Holder, at which time (subject to the terms of the last sentence of Article VI.D of the Plan) all missed distributions shall be made to such Holder without interest. Amounts in respect of undeliverable distributions shall be returned to the Liquidating Trustee until such distributions are claimed. All funds or other undeliverable distributions returned to the Liquidating Trustee in respect of any Claim and not claimed within four (4) months of return shall be forfeited and remain with and vest in the Polaroid Liquidating Trust for distribution to other Holders of Allowed Claims. Any unclaimed funds held by the Polaroid Liquidating Trust at the time the Final Decree is entered shall be deposited in the Clerk's Registry Fund.

E. CLAIMS ADMINISTRATION RESPONSIBILITY

1. Reservation of Rights to Object to Claims

Unless a Claim is expressly described as an Allowed Claim pursuant to or under the Plan, or otherwise becomes an Allowed Claim prior to or after the Effective Date, the Polaroid Liquidating Trust and the Liquidating Trustee (on behalf of the Estates) reserve any and all objections to any and all Claims and motions or requests for the payment of Claims, whether administrative expense, priority, secured or unsecured, including, without limitation, any and all objections to the validity or amount of any and all alleged Administrative Claims, Priority Tax Claims, Priority Claims, Secured Claims, General Unsecured Claims, Interest Related Claims, Interests, Liens and security interests, whether under the Bankruptcy Code, other applicable law

or contract. The Polaroid Liquidating Trust's and/or the Liquidating Trustee's failure to object to any Claim or Interest in the Chapter 11 Cases shall be without prejudice to the Polaroid Liquidating Trust's and the Liquidating Trustee's rights to contest or otherwise defend against such Claim or Interest in the Bankruptcy Court when and if such Claim or Interest is sought to be enforced by the Holder of such Claim or Interest.

2. Objections to Claims

Prior to the Effective Date, the Debtors shall be responsible for pursuing any objection to the allowance of any Claim. From and after the Effective Date, the Liquidating Trustee will retain responsibility for administering, disputing, objecting to, compromising or otherwise resolving and making distributions, if any, with respect to all Claims. Unless otherwise provided in the Plan or by order of the Bankruptcy Court, any objections to Claims by the Liquidating Trustee will be filed and served not later than 180 days after the Effective Date, provided that the Polaroid Liquidating Trust or the Liquidating Trustee may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based upon a reasonable exercise of his or her business judgment. A motion seeking to extend the deadline to object to any Claim shall not be deemed an amendment to the Plan.

3. Filing of Objections

An objection to a Claim or Interest shall be deemed properly served on the Holder of such Claim or Interest if the Polaroid Liquidating Trust or the Liquidating Trustee affects service in accordance with Bankruptcy Rule 3007.

4. Determination of Claims

Except as otherwise agreed by the Polaroid Liquidating Trust or the Liquidating Trustee, any Claim as to which a Proof of Claim or motion or request for payment was timely filed in the Chapter 11 Cases may be determined and (so long as such determination has not been stayed, reversed or amended and as to which determination (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending) liquidated pursuant to (i) an order of the Bankruptcy Court, (ii) applicable bankruptcy law, (iii) agreement of the parties, (iv) applicable non-bankruptcy law or (v) the lack of (a) an objection to such Claim, (b) an application to equitably subordinate such Claim, and (c) an application to otherwise limit recovery with respect to such Claim, filed by the Debtors, the Polaroid Liquidating Trust or the Liquidating Trustee on or prior to any applicable deadline for filing such objection or application with respect to such Claim. Any such Claim so determined and liquidated shall be deemed to be an Allowed Claim for such liquidated amount and shall be satisfied in accordance with the Plan. Nothing contained in this Article VII.E shall constitute or be deemed a waiver of any claim, right or Causes of Action that the Debtors or the Liquidating Trustee may have against any Person in connection with or arising out of any Claim or Claims, including, without limitation, any rights under 28 U.S.C. § 157.

F. PROCEDURES FOR TREATING AND RESOLVING DISPUTED AND CONTINGENT CLAIMS

1. No Distributions Pending Allowance

No payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim; provided, however, that in the event that only a portion of such Claim is an Allowed Claim, the Liquidating Trustee may make, in his or her discretion, a distribution pursuant to the Plan on account of the portion of such Claim that becomes an Allowed Claim.

2. Claim Estimation

The Debtors or the Liquidating Trustee may request estimation or liquidation of any Disputed Claim that is contingent or unliquidated pursuant to Bankruptcy Code § 502(c); provided, however, that the Bankruptcy Court shall determine (i) whether such Disputed Claim is subject to estimation pursuant to Bankruptcy Code § 502(c), and (ii) the timing and procedures for such estimation proceedings, if any. Prior to the hearing on the confirmation of this Plan, the Committee will file a motion with the Bankruptcy Court to request that the Bankruptcy Court estimate that the value of the Class 4A Non-Debtor Intercompany Secured Claims is zero (\$0).

G. SETOFFS AND RECOUPMENT

The Liquidating Trustee may, pursuant to Bankruptcy Code §§ 553 and 558 or applicable non-bankruptcy law, but shall not be required to, setoff against or recoup from any Claim on which payments are to be made pursuant to the Plan, any claims or Causes of Action of any nature whatsoever the Debtors may have against the Holder of such Claim; provided, however, that neither the failure to effect such offset or recoupment nor the allowance of any Claim shall constitute a waiver or release by the Debtors of any setoff or recoupment the Debtors may have against the Holder of such Claim, nor of any other claim or Cause of Action.

H. ALLOWANCE AND DISALLOWANCE OF CLAIMS SUBJECT TO BANKRUPTCY CODE § 502

Allowance and disallowance of Claims shall be in all respects subject to the provisions of Bankruptcy Code § 502, including, without limitation, subsections (b), (d), (e), (g), (h) and (i) thereof.

I. CANCELLATION OF INSTRUMENTS AND AGREEMENTS

Upon the occurrence of the Effective Date, except as otherwise provided herein, all promissory notes, shares, certificates, instruments, indentures, stock or agreements evidencing, giving rise to or governing any Claim or Interest shall be deemed canceled and annulled without further act or action under any applicable agreement, law, regulation, order or rule; the obligations of the Debtors under such promissory notes, share certificates, instruments, indentures or agreements shall be discharged and the Holders thereof shall have no rights against

the Debtors, the Liquidating Trustee, the Estates or the Polaroid Liquidating Trust; and such promissory notes, share certificates, instruments, indentures or agreements shall evidence no such rights, except the right to receive the distributions provided for in the Plan.

J. NO INTEREST ON CLAIMS

Unless otherwise specifically provided for in the Plan, the Confirmation Order or a post-petition agreement in writing between the Debtors and a Holder of a Claim and approved by an order of the Bankruptcy Court, post-petition interest shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. In addition, and without limiting the foregoing, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

K. WITHHOLDING TAXES

The Liquidating Trustee shall be entitled to deduct any federal, state or local withholding taxes from any payments under the Plan. As a condition to making any distribution under the Plan, the Liquidating Trustee may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as the Liquidating Trustee may deem necessary to comply with applicable tax reporting and withholding laws.

L. REPORTS

From the Effective Date until a Final Decree is entered, the Liquidating Trustee shall submit quarterly reports to the United States Trustee setting forth all receipts and disbursements of the Polaroid Liquidating Trust as required by the United States Trustee guidelines.

ARTICLE VIII

CONDITIONS PRECEDENT

A. CONDITIONS PRECEDENT TO EFFECTIVE DATE

The Plan shall not become effective unless and until each of the following conditions shall have been satisfied in full in accordance with the provisions specified below:

1. The Bankruptcy Court shall have approved a disclosure statement with respect to the Plan in form and substance acceptable to the Committee in their sole and absolute discretion;
2. The Confirmation Order shall be in form and substance acceptable to the Committee in its absolute discretion;
3. The Confirmation Order shall have been entered by the Bankruptcy Court and shall not be subject to any stay of effectiveness, the Confirmation Date shall have occurred and

no request for revocation of the Confirmation Order under Bankruptcy Code § 1144 shall have been made or, if made, shall remain pending; and

4. The appointment of the Liquidating Trustee shall have been confirmed by order of the Bankruptcy Court.

B. REVOCATION, WITHDRAWAL OR NON-CONSUMMATION OF PLAN

If, after the Confirmation Order is entered, each of the conditions precedent to the Effective Date have not been satisfied or duly waived on or by ninety (90) days after the Confirmation Date, then upon motion by the Committee, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions precedent to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. A condition precedent to the Effective Date may only be waived by a writing executed by the Committee. If the Confirmation Order is vacated pursuant to Article VIII.B of the Plan, the Plan shall be null and void in all respects, and nothing contained in the Plan shall (i) constitute a waiver or release of any Claims against or Interests in the Debtors, (ii) prejudice in any manner the rights of the Holder of any Claim against or Interest in the Debtors, (iii) prejudice in any manner the rights of the Debtors in the Chapter 11 Cases, or (iv) constitute a release, indemnification or exculpation by the Debtors, the Estates or any other party pursuant to the Plan.

ARTICLE IX

FINANCIAL INFORMATION

A. STATUS OF CURRENT CASH POSITION AS OF JULY 10, 2009

The Debtors' cash position as of July 10, 2009 is approximately \$82,000,000, which includes sale proceeds from the PLR transaction of \$55 million (before certain transaction costs, including the break -up fee of \$1.70 million). As of the Petition Date, the Debtors had cash on hand of \$25,375,769.90. Since May 31, 2009, the Debtors' cash position will be adjusted for proceeds from the sale of assets, receipt of receivables related to the PLR sale transaction, payment of professional fees, and other expenses in the ordinary course. The Debtors' cash position is forecasted to be approximately \$80,750,000 as of August 31, 2009.

B. PROJECTED DISTRIBUTABLE CASH

The Estates' total Distributable Cash in respect of Allowed Claims in Class 3 (General Unsecured Claims) is projected to be approximately \$56,000,000 (after payment of Secured, Priority, Administrative and Convenience Class Claims and other costs to wind down the Estates in the estimated amount of \$15,750,000, professional fees, estimated in the amount of \$4,500,000 and the Trust funding in the amount of \$4,500,000.

C. DESCRIPTIONS OF ASSETS AND LITIGATION

1. Remaining Assets

The Debtors have certain non-Cash assets, excluding the PLR interest, which assets the Committee estimates have a value of approximately \$24.6 million², which the Liquidating Trustee intends to liquidate for the highest possible return. The Liquidating Trustee specifically reserves the right to retain any of the non-Cash assets for distribution to Holders of Claims, subject to the approval of the Bankruptcy Court.

2. Estate Litigation

Except as otherwise provided in the Plan, any and all rights or Causes of Action and Avoidance Actions under any theory of law or fact, including, without limitation, under the Bankruptcy Code, accruing to or assertable by the Debtors shall remain Assets of the Estates and on the Effective Date shall be transferred to and vested in the Polaroid Liquidating Trust with the Liquidating Trustee as the duly appointed representative of the Estates. Pursuant to Bankruptcy Code § 1123(b)(3)(B), only the Polaroid Liquidating Trust and the Liquidating Trustee, subject to any necessary oversight and approval of the Trust Oversight Committee as may be required under the Plan, shall have the right to pursue or not to pursue, or, subject to the terms of the Plan, compromise or settle any Causes of Action and Avoidance Actions owned or held by the Debtors or their Estates as of the Effective Date.

From and after the Effective Date, the Polaroid Liquidating Trust and the Liquidating Trustee, subject to necessary oversight and approval by the Trust Oversight Committee as may be required under the Plan, may litigate or settle any avoidance, recovery or subordination actions under Bankruptcy Code §§ 510, 543, 544, 545, 547, 548, 549, 550, 551, 553 or 724(a) or any other Causes of Action or rights to payments or claims that belong to the Debtors that may be pending on the Effective Date or instituted by the Polaroid Liquidating Trust and the Liquidating Trustee after the Effective Date, except as otherwise expressly provided in the Plan. The Liquidating Trustee may settle without need of Bankruptcy Court approval any Avoidance Actions and may seek an order of the Bankruptcy Court approving the compromise, release or settlement of any such Avoidance Action, subject to any necessary oversight and approval of the Trust Oversight Committee as may be required under the Plan. Subject to the Confirmation Order, the Bankruptcy Court shall retain jurisdiction to adjudicate any and all Causes of Action, Claims and Avoidance Actions and approve of any such settlement, whether commenced prior to or after confirmation of the Plan. Except as otherwise provided in the Plan, the Liquidating Trustee shall have no obligation to obtain the approval or authorization of the Bankruptcy Court or file a report to the Bankruptcy Court concerning the sale, transfer, assignment or disposition of Assets; provided that the Liquidating Trustee, subject to any necessary oversight and approval of the Trust Oversight Committee as may be required under the Plan, may seek an order of the Bankruptcy Court approving any sale or disposition of Assets by the Liquidating Trustee to facilitate such transactions.

² Subject to adjustment for the value of the PLR equity, any revaluation of the art collection, further sale of remaining assets, expenses of liquidation, etc.

Except as otherwise provided in the Plan, from and after the Effective Date, the Polaroid Liquidating Trust and the Liquidating Trustee shall, subject to any necessary oversight and approval of the Trust Oversight Committee as may be required under the Plan, have sole authority to commence, litigate or settle any Avoidance Actions and/or Causes of Action and shall have standing for all purposes. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Avoidance Actions and Causes of Action and approve of any such settlement (if required), whether commenced prior to or after confirmation of the Plan.

The Debtors and the Committee are in the process of analyzing the Avoidance Actions and/or Causes of Action. All Creditors who received payments from the Debtors within 90 days of the Petition Date (or one year if the Creditor was an "Insider," as such term is defined in Bankruptcy Code § 101(31)), are subject to being sued for recovery of preferences under Bankruptcy Code § 547.

D. SUBSTANTIVE CONSOLIDATION

To analyze the relative estimated recoveries on a stand-alone and a consolidated basis, many assumptions must be made related to both the allocation of assets to the various Debtors and the amount of potentially valid claims against each of the Debtors. The validity of those assumptions is necessarily uncertain at this stage. However, based upon the applicable law and the relevant facts and circumstances, the interrelationship among the Debtors supports substantively consolidating the estates. The Company and the Debtors' counsel have confirmed that at least the two Debtors with the most assets and claims, Polaroid and Consumer, operated with little regard for the separateness of the entities. Indeed, Electronics is a division of Corporation for tax purposes. In addition, Corporation and its affiliates had extensive intercompany receivables and payables to fund their operations evidencing the lack of separateness relative to the operations. A significant amount of the claims against the various Debtor entities are duplicative or such claims are made on a joint and several basis. The costs to administer the separate estates of each of the Debtors will increase the costs of administration, and the differences between the relative recovery rates of a stand-alone plan versus a substantively consolidated plan may not be at a level which justifies the increased cost of administration which would itself diminish the relative recoveries.

E. RISKS ASSOCIATED WITH REALIZING ON LITIGATION

A portion of the property to be distributed to the creditors pursuant to the Plan includes litigation claims. In addition to the risks described above, in general, the outcome of such litigation is impossible to predict. It is possible that the Estates may recover nothing at all on account of such litigation. The risks in such litigation include, but are not limited to, those associated with defenses and counter-claims of opposing parties to the litigation; the delay and expense associated with discovery and trial of factually intensive and complex disputes; the additional delay and expense inherent in appellate review; difficulties in pursuing claims pertaining to the Debtors because they are no longer operating entities; the diminishing availability of former employees to serve as witnesses because they have moved from the geographic area or have otherwise become unavailable; the impossibility of predicting judicial outcomes; and the difficulty collecting favorable judgments.

NEITHER THE DEBTORS NOR THE COMMITTEE MAKE ANY REPRESENTATION CONCERNING THE ACCURACY OF THE PROJECTED FINANCIAL INFORMATION OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. MANY OF THE ASSUMPTIONS ON WHICH THESE PROJECTIONS ARE BASED ARE SUBJECT TO SIGNIFICANT ECONOMIC UNCERTAINTIES. IT IS LIKELY THAT SOME ASSUMPTIONS WILL NOT MATERIALIZE BECAUSE OF UNANTICIPATED EVENTS AND CIRCUMSTANCES. ACCORDINGLY, THE ACTUAL RESULTS ACHIEVED THROUGHOUT THE PROJECTION PERIOD ARE LIKELY TO VARY FROM THE PROJECTED RESULTS. THE VARIATIONS MAY BE MATERIAL AND ADVERSE OR POSITIVE.

THE COMMITTEE DOES NOT ANTICIPATE AT THIS TIME THAT IT WILL UPDATE THESE PROJECTIONS AT THE HEARING ON CONFIRMATION OF THE PLAN OR OTHERWISE MAKE SUCH PROJECTIONS PUBLIC.

ARTICLE X

CERTAIN FACTORS TO BE CONSIDERED REGARDING THE PLAN

Holders of Claims against the Debtors should read and consider carefully the factors set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

A. ASSUMPTIONS REGARDING CLAIMS AND RECOVERY ESTIMATES

1. The following are the assumptions made by the Committee in estimating recoveries under the Plan:
2. All Ritchie and Acorn Claims are subordinated.
3. All Debtor and Non-Debtor Intercompany Claims are eliminated.
4. Assets other than cash have a value estimated by the Debtors, which value may be more or less than estimated.
5. Allowed General Unsecured Claims are not greater than **\$97,641,109**; however, this is only an estimate and any variance will impact recoveries.
6. Allowed General Unsecured Claims for rejection of executory contracts and leases have an estimated value; however the bar date for rejection damages will not occur until after the Effective Date, and any variance will impact recoveries.

B. BANKRUPTCY CONSIDERATIONS

An objection to confirmation of the Plan could prevent confirmation or delay confirmation for a significant period of time. In such case, the Effective Date may not occur and payments to creditors may not commence for several months. In addition, if the Plan is not confirmed, the Chapter 11 Cases may be converted to cases under chapter 7, in which event the Committee believes that Creditor recoveries will be substantially diminished.

THE COMMITTEE BELIEVES THAT THE EFFECTIVE DATE WILL OCCUR THE FIRST BUSINESS DAY AFTER THE CONFIRMATION ORDER BECOMES FINAL, ALTHOUGH THERE CAN BE NO ASSURANCE THAT EACH OF THE CONDITIONS TO THE EFFECTIVE DATE WILL BE SATISFIED BY SUCH DATE.

C. OVERALL RISKS TO RECOVERY BY HOLDERS OF CLAIMS

In addition to the risks described in Article IX.E hereof, the ultimate recovery under the Plan to Holders of Allowed General Unsecured Claims, Allowed Acorn/Ritchie Claims and Allowed Non-Debtor Intercompany Claims depends upon the ability of the Liquidating Trustee to realize the maximum value of the Assets of the Debtors and to realize a favorable litigation outcome or settlement of the Causes of Action. It is extremely difficult to value litigation and, as discussed above, litigation outcomes cannot be predicted.

The recovery under the Plan to Holders of Allowed General Unsecured Claims, Allowed Acorn/Ritchie Claims and Allowed Non-Debtor Intercompany Claims also depends on the performance of PLR. PLR is not liquid and its value is dependent upon future results, so the fair market value of the Debtors' interest in PLR is not ascertainable.

D. RISKS REGARDING POTENTIAL CIVIL FORFEITURE ACTION

In its Memorandum in Support of the U.S. Trustee's Motion to Convert the Bankruptcy, the United States Attorney for the District of Minnesota stated that "it is critical to retain the [Polaroid] assets in a forum, subject to Court supervision, in which interested parties and victim creditors may assert competing interests in an orderly and systematic fashion" and that "[w]ithout these safeguards, the United States will have significant concerns."

During the June 23, 2009 hearing on the United States Trustee's conversion motion, the U.S. Attorney stated "the United States has not initiated any forfeiture proceedings in this case" and "is not threatening anyone with forfeiture." The Debtors' attorney, however, stated that, in his view, there "is a very serious risk that the Polaroid cash and perhaps other assets are attached by the U.S. Attorney to be held pursuant to a distribution in forfeiture proceedings."

E. RISKS REGARDING THE AMOUNT OF PRIORITY CLAIMS; ADMINISTRATIVE EXPENSES

The Committee's projections assume that unpaid Administrative Claims and Priority Claims against the Debtors will be approximately \$ 2,450,000, excluding Professional Fee Claims and administrative expenses incurred in the ordinary course. This amount is only an

estimate. The Bar Date for filing Administrative Claims will not occur until 30 days after entry of the Confirmation Order. It is anticipated that additional Administrative Claims will be filed against the Debtors.

F. RISKS REGARDING AMOUNT OF GENERAL UNSECURED CLAIMS

As of June 17, 2009, there are approximately **\$1,223,175,039** of Claims scheduled and filed against the Debtors excluding multiple and duplicate Claims. The Claims administration process is in its initial stages, and the Committee anticipates many of these Claims will be disallowed or reduced. The Claim estimates do not include contract rejection claims for which the time to file a Claim has not expired or Claims listed without dollar amounts. It is also possible that the dollar amount of General Unsecured Claims could increase if the Bankruptcy Court determines that any claimant did not receive adequate notice of the Bar Date and therefore allows such claimant's late-filed Claim. In addition, if the Lender Litigation is unsuccessful in respect of avoiding, equitably subordinating or recharacterizing the Claims of Acorn and Ritchie and the non-Debtor Intercompany Claims, Holders of Acorn/Ritchie Claims and non-Debtor Holders of Intercompany Claims will either be classified as secured claims or be entitled to share Pro Rata in the Distribution Fund with Holders of General Unsecured Claims.

Many of these Claims are subject to objection, defenses or counterclaims, and the Estates intend to vigorously contest such Claims as appropriate. Accordingly, the Pro Rata recoveries for the Holders of General Unsecured Claims against the Debtors are uncertain.

ARTICLE XI

POST-CONFIRMATION ISSUES

A. CONVERSION OR DISMISSAL

The Plan provides that if the Confirmation Order is vacated, the Plan will be null and void in all respects and nothing contained therein will (i) constitute a waiver of any Claims against or Interests in any of the Debtors, (ii) prejudice in any manner the rights of the Holder of any Claim against or Interests in any of the Debtors, or (iii) prejudice in any manner the rights of any of the Debtors in the Chapter 11 Cases.

B. PAYMENT OF STATUTORY FEES

All fees payable through the Effective Date pursuant to 28 U.S.C. § 1930 will be paid by the Debtors on the Effective Date. All fees payable after the Effective Date pursuant to 28 U.S.C. § 1930 will be paid by the Liquidating Trustee out of the Wind-down Reserve.

C. AUTHORITY TO EFFECTUATE PLAN

Upon the Confirmation Order becoming a Final Order, all matters provided under the Plan shall be deemed to be authorized and approved without the requirement of further approval from the Bankruptcy Court, the Debtors or any of the Debtors' board of directors, members or shareholders, as applicable.

D. BINDING EFFECT OF PLAN

Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan shall bind all Holders of Claims and Interests, whether or not such Holders voted to accept or reject the Plan. Except as expressly set forth in the Plan, on and after the Confirmation Date, subject to the occurrence of the Effective Date, every Holder of a Claim or Interest shall be precluded and permanently enjoined from asserting against the Debtors, the Debtors' Estates, the Polaroid Liquidating Trust, the Liquidating Trustee and their respective Assets and properties and the Committee and its members (solely in their capacity as members of the Committee) and their respective advisors and attorneys, any claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred before the Petition Date or between the Petition Date and the Effective Date, in connection with, related to, effecting or arising out of the Debtors, the Debtors' operations, the bankruptcy filing, the Chapter 11 Cases, the negotiation, approval, implementation and administration of the Plan, any sale or liquidation of the Debtors' Assets, or the property to be distributed under the Plan by the Liquidating Trustee, except by reason of their gross negligence or willful misconduct, and in all respects, each shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

E. GOVERNING LAW

Except to the extent a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless specifically stated, the rights, duties and obligations arising under the Plan, any agreements, documents and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreements shall control), and, with respect to the Debtors incorporated or organized in Minnesota and the Polaroid Liquidating Trust, corporate and limited liability company governance matters shall be governed by, and construed and enforced in accordance with the laws of the State of Minnesota, without giving effect to conflicts of law principles.

F. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

The Plan shall not in any way limit the Bankruptcy Court's post-confirmation jurisdiction as provided under the Bankruptcy Code. Pursuant to Bankruptcy Code §§ 105(a) and 1142, the Bankruptcy Court shall retain and have exclusive jurisdiction (to the extent granted by applicable law, including any provisions permitting mandatory or discretionary withdrawal of such jurisdiction) over any matter arising out of or related to the Chapter 11 Cases and the Plan, including, without limitation, the following:

1. all matters relating to the assumption or rejection or the assumption and assignment of executory contracts or unexpired leases, or Claims or disputes relating thereto;
2. all matters relating to the ownership of a Claim or Interest;

3. all matters relating to the distribution to holders of Allowed Claims and to the determination of Claims;
4. any and all matters involving the Liquidating Trustee and/or the Polaroid Liquidating Trust and the Trust Oversight Committee;
5. all matters relating to or arising in connection with the allowance or estimation of Claims filed, both before and after the Confirmation Date, including any objections to the classification of any Claim;
6. to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified and/or vacated;
7. all matters relating to the construction and implementation of this Plan and the provisions thereof, and to hear and determine all requests for orders in aid of execution, implementation or consummation of this Plan;
8. all matters relating to disputes arising in connection with the interpretation, implementation or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with this Plan;
9. to consider any modifications of this Plan, to cure any defect or omission or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
10. all applications for allowance of compensation and reimbursement of Professional Fee Claims under this Plan or under Bankruptcy Code §§ 328, 330, 331, 503(b), 1103 and 1129(a)(4);
11. to hear and determine all motions requesting allowance of an Administrative Claim;
12. to determine requests for the payment of Claims entitled to priority under Bankruptcy Code § 507(a)(2), including compensation and reimbursement of expenses of parties entitled thereto;
13. all Causes of Action, Avoidance Actions and other suits and adversary proceedings to recover assets of the Polaroid Liquidating Trust (including, but not limited to, the Lender Litigation), as successor-in-interest to any of the Debtors and property of the Estates, wherever located, and to adjudicate any and all other Causes of Action, Avoidance Actions, suits, adversary proceedings, motions, applications and contested matters that may be commenced or maintained pursuant to the Chapter 11 Cases or this Plan, proceedings to adjudicate the allowance of Disputed Claims, and all controversies and issues arising from or relating to any of the foregoing;

14. all matters concerning state, local and federal taxes in accordance with Bankruptcy Code §§ 346, 505 and 1146;
15. any other matter not inconsistent with the Bankruptcy Code;
16. all applications for allowance of compensation and reimbursement of expenses from professionals or Persons retained post-confirmation by the Liquidating Trustee or the Trust Oversight Committee on behalf of the Liquidating Trust;
17. all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
18. to enter the Final Decree closing the Chapter 11 Cases; and
19. to enforce all orders previously entered by the Bankruptcy Court.

G. EXCULPATION

None of the Protected Parties shall have or incur any liability for, and each Protected Party is hereby released from, any claim, cause of action or liability to any other Protected Party, to any Holder of a Claim or an Interest in their capacity as such, for any act or omission taken in connection with, arising from or relating to the Chapter 11 Cases, the formulation, negotiation and/or pursuit of confirmation of the Plan, the consummation of the Plan, and/or the administration of the Plan and/or the property to be distributed under the Plan, except for claims, causes of action or liabilities arising from the gross negligence, willful misconduct or fraud of any Protected Party, in each case subject to determination of such by final order of a court of competent jurisdiction and provided that any Protected Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action or liability. Without limiting the generality of the foregoing, each Protected Party shall be entitled to and granted the protections and benefits of Bankruptcy Code § 1125(e).

H. INJUNCTIONS

Except as otherwise expressly provided in the Plan or in the Confirmation Order, and except in connection with the enforcement of the terms of the Plan or any documents provided for or contemplated in the Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtors or the Estates that arose prior to the Effective Date are permanently enjoined from: (a) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) or any property of any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) with respect to any such Claim or Interest; (b) the enforcement, attachment, collection or recovery by

any manner or means, directly or indirectly, of any judgment, award, decree or order against any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) or any property of any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) with respect to any such Claim or Interest; (c) creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) or any property of any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) with respect to any such Claim or Interest; (d) effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) or any property of any Protected Party (other than the Liquidating Trustee, the Polaroid Liquidating Trust and the Trust Oversight Committee) with respect to any such Claim or Interest, unless approved by the Bankruptcy Court; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan with respect to such Claim or Interest. Nothing contained in Article VII.A of the Plan shall prohibit the Holder of a Claim or Interest with respect to which a Proof of Claim was timely filed from litigating its right to seek to have such Claim or Interest declared an Allowed Claim or Interest and paid in accordance with the distribution provisions of the Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Claim or Interest of any of the obligations of the Debtors, the Liquidating Trustee or the Polaroid Liquidating Trust under the Plan. The Confirmation Order shall also constitute an injunction enjoining any Person from enforcing or attempting to enforce any Causes of Action against any Protected Party or any property of any Protected Party based on, arising from or related to any failure to pay, or make provision for payment of, any amount payable with respect to any Priority Tax Claim on which the payments due under Article VI.K of the Plan have been made or are not yet due under Article VI.K of the Plan.

I. CANCELLATION OF INSTRUMENTS AND AGREEMENTS

Upon the occurrence of the Effective Date, except as otherwise provided in the Plan, all promissory notes, shares, certificates, instruments, indentures or stock, or agreements evidencing, giving rise to or governing any Claim or Interest, shall be deemed canceled and annulled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors under such promissory notes, share certificates, instruments, indentures or agreements (including any applicable Organization Documents) shall be discharged.

J. SECURITIES LAW

Under Bankruptcy Code § 1145, the issuance of the equity interest in the Polaroid Liquidating Trust to the Liquidating Trustee under the Plan shall be exempt from registration under the Securities Act of 1933, as amended, and all applicable state and local laws requiring registration of securities.

ARTICLE XII

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Circular 230 Disclaimer: To ensure compliance with requirements imposed by the Internal Revenue Service (the "IRS"), we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code of 1986, as amended (the "IRC"), or (ii) promoting, marketing or recommending to another party any transaction or tax matter(s) addressed herein.

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtors and to Holders of General Unsecured Claims and Interests. This summary does not address the federal income tax consequences to Holders whose Claims are paid in full, in Cash, or which are otherwise not Impaired under the Plan (i.e., Allowed Administrative Claims, Priority Claims, Priority Tax Claims and Secured Claims).

This summary is based on the IRC, the Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS currently in effect. These authorities are all subject to change, possibly with retroactive effect, and any such change could alter or modify the federal income tax consequences described below.

This summary does not address foreign, state or local income tax consequences, or any estate or gift tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign companies, nonresident alien individuals, S corporations, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, investors in pass-through entities, broker-dealers and tax-exempt organizations). Accordingly, this summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim or Interest.

Due to the possibility of changes in law, differences in the nature of various Claims, differences in individual Claim or Interest Holders' methods of accounting, and the potential for disputes as to legal and factual matters, the federal income tax consequences described herein are subject to significant uncertainties. No ruling has been applied for or obtained from the IRS, and no opinion of counsel has been requested or obtained by the Committee or the Debtors with respect to any of the tax aspects of the Plan.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS OR INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH SUCH HOLDER. THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR

ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

A. FEDERAL INCOME TAX CONSEQUENCES

1. Federal Income Tax Consequences to Holders of Unsecured Claims

In accordance with the Plan, each Holder of a General Unsecured Claim against the Debtors or an Acorn/Ritchie Claim, provided that the Acorn or Ritchie Litigation is unsuccessful in respect of avoiding, disallowing, equitably subordinating or recharacterizing the Claims of Acorn and Ritchie, (such Holders are referred to in this section as “Unsecured Creditors”) shall be entitled to receive his, her or its Pro Rata share of the proceeds of the Debtors’ Assets. Each Holder of an Allowed Unsecured Claim will recognize gain or loss upon receipt of such Pro Rata share equal to the difference between the “amount realized” by such Creditor and such Creditor’s adjusted tax basis in his, her or its Claim. The amount realized is equal to the value of such Creditor’s Pro Rata share of the proceeds of the Debtors’ Assets. Any gain or loss realized by an Unsecured Creditor should constitute ordinary income or loss to such creditor unless such Claim is a capital asset in the hands of such Unsecured Creditor. If a Claim is a capital asset and it has been held for more than one year, such creditor will realize long-term capital gain or loss.

The federal income tax consequences to Unsecured Creditors will differ and will depend on factors specific to each such Creditor, including, but not limited to: (i) whether the Unsecured Creditor’s Claim (or a portion thereof) constitutes a Claim for principal or interest, (ii) the origin of the Unsecured Creditor’s Claim, (iii) the type of consideration received by the Unsecured Creditor in exchange for the Claim, (iv) whether the Unsecured Creditor is a United States person or a foreign person for United States federal income tax purposes, (v) whether the Unsecured Creditor reports income on the accrual or cash basis method, and (vi) whether the Unsecured Creditor has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH UNSECURED CREDITOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND IN SOME CASES UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH CREDITOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AS A RESULT OF THE PLAN.

2. Federal Income Tax Treatment of Interests

In accordance with the Plan, Holders of Interests will not receive anything on account of such Interest and will recognize loss in an amount equal to such Holder’s adjusted tax basis in the Interest. The character of any recognized loss will depend upon several factors, including, but not limited to, the status of the Holder, the nature of the Interest of Holdings in the Holder’s hands, the purpose and circumstances of its acquisition, the Holder’s holding period, and the extent to which the Holder had previously claimed a deduction for the worthlessness of all or a portion of the Interest.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH HOLDER OF AN INTEREST OF POLAROID. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND IN SOME CASES UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH HOLDER OF AN INTEREST OF THE DEBTORS OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF AN INTEREST OF THE DEBTORS AS A RESULT OF THE PLAN.

3. Withholding and Reporting

Payments of interest, dividends and certain other payments are generally subject to backup withholding at the rate of 28% unless the payee of such payment furnishes such payee's correct taxpayer identification number (social security number or employer identification number) to the payor. The Liquidating Trustee may be required to withhold the applicable percentage of any payments made to a Holder who does not provide his, her or its taxpayer identification number. Backup withholding is not an additional tax, but an advance payment that may be refunded to the taxpayer by the IRS to the extent that the backup withholding results in an overpayment of tax by such taxpayer in such taxable year.

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND IN SOME CASES UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

ARTICLE XIII

ALTERNATIVES TO CONFIRMATION OF THE PLAN

The Committee believes that the Plan provides a recovery to creditors that is greater than or equal to the probable recoveries by creditors if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

A. ACCEPTANCE AND CONFIRMATION OF THE PLAN

The Committee believes that the Plan satisfies all the requirements for confirmation.

B. GENERAL CONFIRMATION REQUIREMENTS

Bankruptcy Code § 1129(a) contains several requirements for confirmation of a plan. Among those requirements are that a plan be proposed in good faith, that certain information be disclosed regarding payments made or promised to be made to insiders, and that the plan comply

with the applicable provisions of chapter 11. The Committee believes that the Plan complies with these requirements, including those requirements discussed below.

C. BEST INTEREST TEST

Each Holder of a Claim or Interest in an Impaired Class must either (i) accept the Plan or (ii) receive or retain under the Plan Cash or property of a value, as of the Effective Date of the Plan, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Bankruptcy Court will determine whether the Cash and property issued under the Plan to each class equals or exceeds the value that would be allocated to the Holders in a liquidation under chapter 7 of the Bankruptcy Code (the “Best Interest Test”). The Committee believes that the Holders of Claims against and Interests in the Debtors will have an equal or greater recovery as a result of the sale of the Debtors’ Assets as discussed herein and under the Plan than could be realized in a chapter 7 liquidation for the following reasons.

The Polaroid Liquidating Trust is liquidating and therefore is not seeking to require Creditors to accept non-cash consideration so that the Estates could pursue going-concern value. Accordingly, the only question is whether the creditors will have recovered more (or at least as much) under the Plan than they would recover through an asset liquidation by a chapter 7 trustee.

To determine the value that a Holder of a Claim or Interest in an Impaired Class would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the Debtors’ Assets if the Debtors’ Chapter 11 Cases had been converted to a chapter 7 liquidation case and the Debtors’ Assets were liquidated by a chapter 7 trustee (the “Liquidation Value”). The Liquidation Value would consist of the net proceeds from the disposition of the Debtors’ Assets, augmented by Cash held by the Debtors and reduced by certain increased costs and Claims that arise in a chapter 7 liquidation case that do not arise in a chapter 11 reorganization case.

As explained below, the Liquidation Value available for satisfaction of Claims and Interests in the Debtors would be reduced by: (a) the costs, fees and expenses of the liquidation under chapter 7, which would include disposition expenses and the compensation of a trustee and his or her counsel and other professionals retained, (b) the fees of the chapter 7 trustee, and (c) certain other costs arising from conversion of the Chapter 11 Cases to chapter 7.

The Committee believes that Creditors have benefited and will continue to clearly benefit from the liquidation by the Debtors. If the Assets are liquidated by a chapter 7 trustee, the Committee projects that the maximum recovery would be substantially less. The Debtors have already reduced the significant majority of their Assets to Cash through auction or private sales approved by the Bankruptcy Court, including most significantly, the sale to PLR pursuant to the PLR APA. Therefore, the Debtors have already established systems and protocols for the efficient disposition of the Assets of the Estates and are in the process of liquidating their limited remaining Assets.

Moreover, under the Plan the Committee believes that the increased costs and expenses of a chapter 7 liquidation, including the fees payable to a chapter 7 trustee and his or her

professionals, can be avoided. Although the Debtors have already incurred many of the expenses associated with generating the proceeds, the Cash to be distributed to Creditors would be reduced by the chapter 7 trustee's statutory fee, which is calculated on a sliding scale from which the maximum compensation is determined based on the total amount of moneys disbursed or turned over by the chapter 7 trustee. Bankruptcy Code § 326(a) permits reasonable compensation not to exceed 3% of the proceeds in excess of \$1 million distributable to creditors.³ The chapter 7 trustee's professionals, including legal counsel and accountants, would add substantial administrative expenses that would be entitled to be paid ahead of Allowed Claims against the Debtors. Moreover, these chapter 7 trustee fees would reduce the Assets available for distribution to the Estates' Creditors from additional recoveries such as preferential payments, expunged administrative claims and the proceeds of successful Estate litigation or settlement.

In contrast, the Liquidating Trustee will be highly familiar with the Debtors' operations and the issues pertaining thereto; therefore, the Estates will avoid the significant administrative burden associated with the familiarization process of a chapter 7 trustee and his or her legal and accounting professionals. Further, under the Plan, all Causes of Action will be pursued by the Liquidating Trustee, subject to any necessary oversight and approval of the Trust Oversight Committee as may be required under the Plan. The Liquidating Trustee is extensively familiar with the facts and legal theories pertaining to the Debtors' Causes of Action. Conversely, a chapter 7 trustee would have no initial familiarity with the Estates' litigation or claims and have less capability to maximize the value of such Causes of Action.

It is also anticipated that a chapter 7 liquidation would result in a significant delay in payments being made to creditors. Bankruptcy Rule 3002(c) provides that conversion of chapter 11 cases to chapter 7 will trigger a new bar date for filing claims against the Estates, and that the new bar date will be 90 days after the first date set for the meeting of creditors called under section 341 of the Bankruptcy Code. Not only would a chapter 7 liquidation delay distribution to creditors, but it is possible that additional claims that were not asserted in the Chapter 11 Cases, or were late-filed, could be filed against the Estates. The Debtors have received and are analyzing late-filed claims and may file claims objections in the near future. Reopening the bar date in connection with conversion to chapter 7 would provide these and other claimants an additional opportunity to timely file claims against the Estates.

For the reasons set forth above, the Committee believes that the Plan provides a superior recovery for Holders of Claims, and the Plan meets the requirements of the Best Interest Test.

D. FINANCIAL FEASIBILITY TEST

Even if the Plan is accepted by each Class of Claims voting on the Plan, and even if the Bankruptcy Court determines that the Plan satisfies the Best Interest Test, the Bankruptcy Code requires that, in order for the Plan to be confirmed by the Bankruptcy Court, it must be

³ Bankruptcy Code § 326(a) permits a chapter 7 trustee to receive 25% of the first \$5,000 distributed to creditors, 10% of additional amounts up to \$50,000, 5% of additional distributions up to \$1 million and reasonable compensation up to 3% of distributions in excess of \$1 million. For example, the tiered fee structure could result in fees (excluding the expenses of the chapter 7 trustee and his or her professionals) of \$1,013,250, or 3.166%, on a hypothetical distribution of \$33 million.

demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

The Committee forecasts that the Cash payments to be made pursuant to the Plan will be funded through the amounts obtained from the sale of substantially all their Assets and from the further liquidation of their limited remaining Assets. Since a form of liquidation is proposed in the Plan and no further financial reorganization of the Debtors is contemplated, the Committee believes that the Plan meets the feasibility requirement.

E. ACCEPTANCE BY IMPAIRED CLASSES AND CRAMDOWN

Bankruptcy Code § 1129(b) provides that a plan can be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of claims has accepted it. The process by which nonaccepting classes are forced to be bound by the terms of a plan is commonly referred to as “cramdown.” For example, if Class 4A votes not to accept the Plan, the Bankruptcy Court may confirm the Plan at the request of the Debtors notwithstanding the Plan’s rejection (or deemed rejection) by impaired classes as long as the Plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired Class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A class of claims under a plan accepts the plan if the plan is accepted by creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims in the class that actually vote on the plan. A class of interests accepts the plan if the plan is accepted by holders of interests that hold at least two-thirds in amount of the allowed interests in the class that actually vote on a plan.

A class that is not “impaired” under a plan is conclusively presumed to have accepted the plan. Solicitation of acceptances from such a class is not required. A class is “impaired” unless (i) the legal, equitable and contractual rights to which a claim or interest in the class entitles the holder are not modified, or (ii) the effect of any default is cured and the original terms of the obligation are reinstated.

A plan is fair and equitable as to a class of secured claims that rejects the plan if the plan provides (i)(a) that the holders of claims included in the rejecting class retain the liens securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and (b) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, at least equal to the value of the holder’s interest in the estate’s interest in such property; (ii) for the sale, subject to Bankruptcy Code § 363(k), of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (i) or (ii) of this paragraph; or (iii) for the realization of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on

account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim, or (ii) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest, or (ii) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

Class 3 (General Unsecured Claims), Class 3A (Acorn/Ritchie Claims) and Class 4A (Non-Debtor Intercompany Claims) are impaired and shall be entitled to vote to accept or reject the Plan. If and to the extent that any Class identified as being not Impaired is Impaired (whether as a result of the terms of the Plan or any modification or amendment thereto), such Class shall be entitled to vote to accept or reject the Plan.

Class 1 (Priority Claims) and Class 2 (Secured Claims) are not Impaired by the Plan. Pursuant to Bankruptcy Code § 1126(f), Classes 1 and 2 are conclusively presumed to have accepted the Plan, and the votes of Holders of Claims in Classes 1 and 2 will therefore not be solicited. Class 5 (Convenience Claims) is conclusively presumed to have accepted the Plan because Holders of Allowed Convenience Claims will either be paid in full or will have affirmatively chosen the Convenience Class Election.

The votes of Class 4 (Debtor Intercompany Claims) and Class 6 (Interests and Interest Related Claims) are not being solicited because such Holders are not entitled to receive or retain under the Plan any interest in property on account of such Claims and Interests. Class 4 and Class 6 are therefore deemed to have rejected the Plan pursuant to Bankruptcy Code § 1126(g). The Plan provides fair and equitable treatment to these Holders because there are no Classes junior to this class and no Class senior to this Class is being paid more than in full on its Allowed Claims.

If any impaired Class fails to accept the Plan, the Committee intends to request that the Bankruptcy Court confirm the Plan pursuant to Bankruptcy Code § 1129(b) with respect to those Classes.

SIGNATURES

Dated: July 14, 2009

Respectfully submitted,

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: 

Printed Name: Kelly Mundorff

Title: Member

Exhibit A

Chapter 11 Plan of Liquidation of the Committee