UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	**Jointly Administered under Case No. 08-46617**
Polaroid Corporation, et al.,	Court Files No.'s:
Debtors.	08-46617 (GFK)
(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

REVISED NOTICE OF PREVAILING BIDDER

Attached for filing please find the Asset Purchase Agreement between the Debtors and PLR Holdings, LLC, dated April 16, 2009.

DATED: April 17, 2009

LINDQUIST & VENNUM P.L.L.P.

By: /e/ George H. Singer
James A. Lodoen (173605)
George H. Singer (0262043)
4200 IDS Center
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ATTORNEYS FOR THE DEBTORS

EXECUTION COPY

ASSET PURCHASE AGREEMENT

by and among

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

and

PLR ACQUISITION, LLC

Dated as of April 16, 2009

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 16, 2009 (the "Execution Date"), is made by and among POLAROID HOLDING COMPANY, a Delaware corporation ("PHC"), POLAROID CORPORATION, a Delaware corporation ("PC"), POLAROID CONSUMER ELECTRONICS, LLC, a Delaware limited liability company ("PCE"), POLAROID CAPITAL, LLC, a Delaware limited liability company ("PCAP"), POLAROID LATIN AMERICA I CORPORATION, a Delaware corporation ("PLA"), POLAROID ASIA PACIFIC, LLC, a Delaware limited liability company ("PAP"), POLAROID INTERNATIONAL HOLDING, LLC, a Delaware limited liability company ("PINT"), POLAROID NEW BEDFORD REAL ESTATE, LLC, a Delaware limited liability company ("PNB"), POLAROID NORWOOD REAL ESTATE, LLC, a Delaware limited liability company ("PNOR"), and Polaroid Waltham Real Estate, LLC, a Delaware limited liability company ("PWALT" and, together with PHC, PC, PCE, PCAP, PLA, PAP, PINT, PNB and PNOR, the "Sellers" and each, individually, a "Seller"), and PLR ACQUISITION, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms used in this Agreement are defined or cross-referenced in Article 11.

RECITALS

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

WHEREAS, the Bankruptcy Cases are currently pending and being jointly administered under Bankruptcy Case No. 08-46617;

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

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

WHEREAS, Sellers, together with their consolidated subsidiaries, design, develop and market instant and digital imaging products and consumer electronics products (the "Business");

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

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

STATEMENT OF AGREEMENT

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

ARTICLE 1

PURCHASE AND SALE OF THE ACQUIRED ASSETS

SECTION 1.1 Transfer of Acquired Assets.

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

(a) the owned real property of Sellers listed on Schedule 1.1(a) (the owned real property of Sellers listed on Schedule 1.1(a) being the "Real Property"), together with all appurtenant, subsurface and mineral rights, licenses, rights-of-way, privileges and easements belonging to, appertaining to or benefiting the Real Property in any way and all Improvements erected thereon;

(b) all (i) owned equipment, machinery, furniture, fixtures and improvements, tooling and spare parts of Sellers specifically identified by Schedule 1.1(b) (the "Owned Machinery and Equipment") (the locations at which any such Owned Equipment and Machinery are kept are set forth on Schedule 1.1(b)), and (ii) rights of Sellers to the warranties and licenses received from manufacturers and sellers of the Owned Machinery and Equipment;

(c) those Contracts listed on Schedule 1.1(c) (collectively, the "Acquired Contracts") and all deposits made under any Acquired Contract;

(d) all (i) Inventory of Sellers, including, without limitation, all (A) Inventory at the locations listed on Schedule 1.1(d) (the "Inventory Locations"), (B) Inventory held by third parties on a consignment basis, (C) Inventory held by third-party processors, and (D) Inventory located on any Real Property, and (ii) rights of Sellers to the warranties received from suppliers with respect to such Inventory;

(e) all Supplies of Sellers (the locations at which any such Supplies are kept are set forth on Schedule 1.1(e)) (the "Supplies Locations"), including, without limitation, the Supplies located on any Real Property;

(f) all Intellectual Property owned by Sellers or licensed to Sellers pursuant to an Acquired Contract or otherwise used by Sellers in connection with the operation of the Business, as historically operated by Sellers (collectively, the "Acquired Intellectual Property"), including, without limitation, all rights to the name "Polaroid" (and all rights to any other trade names, trademarks and service marks owned by Sellers; and the Intellectual Property filings listed on Schedule 1.1(f));

(g) computer hardware, excluding for all purposes the Excluded Computer-Related Assets;

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

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

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

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

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

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

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

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

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

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

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

For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, the Acquired Assets shall include all right, title and interest of Sellers in, to and under: (a) any and all Contracts between Sellers or any of them, on the one hand, and Zink Imaging, Inc. (whether in its own name or as successor-in-interest by merger to Zink Imaging, LLC) and/or any of its Affiliates (Zink Imaging, Inc. and its Affiliates, collectively, the "Zink Entities"), on the other hand, including (i) that certain Asset Purchase Agreement dated January 9, 2006, as amended, (ii) that certain Intellectual Property License Agreement dated January 9, 2006, as amended, and (iii) that certain Agreement dated August 29, 2008 granting, among other things, to Sellers certain exclusive rights, (b) any and all equity interests in any Zink Entity owned by any Seller, and (c) any and all Claims and Causes of Action of any Seller against any Zink Entity (other than to the extent such Claims and Causes of Action could be asserted by any Seller as a defense, counterclaim or a right of recoupment or setoff in response to any Cause of Action or Claim brought, commenced, filed or asserted by or on behalf of any Zink Entity against any Seller). Buyer acknowledges that the Acquired Assets shall not include any right, title or interest of PGW or any of its Affiliates (other than Sellers) in equity interests in any Zink Entity owned by PGW or any of its Affiliates (other than Sellers).

SECTION 1.2 Excluded Assets.

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

(a) any asset of a Seller that otherwise would constitute an Acquired Asset but for the fact that it is conveyed, leased or otherwise disposed of, in the ordinary course of such Seller's business and consistent with the terms of this Agreement, during the time from the Execution Date until the Closing Date;

(b) all of Sellers' prepaid expenses, marketable securities and Cash and all of Sellers' right, title and interest in and to all deposit or similar accounts in which Sellers deposit cash or any other assets;

(c) all Contracts that are not Acquired Contracts, including, without limitation, those Contracts listed on Schedule 1.2(c) (the "Excluded Contracts");

(d) all Employee Benefit Plans currently or previously sponsored or maintained by Sellers or any of Sellers' ERISA Affiliates (together with Sellers, the "Seller Controlled Group") or their respective predecessors or with respect to which the Seller Controlled Group or their respective predecessors has made or is required to make payments, transfers or contributions in respect of any present or former employees, directors, officers, shareholders, consultants or independent contractors of Sellers or any of Sellers' ERISA Affiliates or their respective predecessors (collectively, the "Seller Benefit Plans"), and all insurance policies, fiduciary liability policies, benefit administration contracts, actuarial contracts, trusts, escrows, surety bonds, letters of credit and other contracts primarily relating to any Seller Benefit Plan;

(e) all of the assets set forth on Schedule 1.2(e);

(f) all rights to Claims for refunds,

(g) overpayment or rebates of Taxes;

(h) all of Sellers' Causes of Action and any and all proceeds thereof, other than the Acquired IP Causes of Action;

(i) all of Sellers' rights under any insurance policy or contract of insurance or indemnity (or similar agreement) under which a Seller is an insured, named as an additional insured or is otherwise a beneficiary, and all proceeds realized in connection therewith, including, but not limited to, any and all insurance recovery related to amounts that are owing to Sellers by Circuit City Stores, Inc. or its Affiliates;

(j) all amounts due to Sellers from any Affiliate of Sellers;

(k) all outstanding shares of capital stock or equity or other ownership interest held by a Seller in any other Seller;

(l) all outstanding shares of capital stock or equity or other ownership interest held by Sellers in any entity that is not an Acquired Subsidiary;

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

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

(o) the Excluded Receivables;

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

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

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

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

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

(u) the Excluded Computer-Related Assets;

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

(w) all Avoidance Actions.

SECTION 1.3 Assumption of Liabilities.

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

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

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

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

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

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

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

SECTION 1.4 Excluded Liabilities.

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

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

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

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

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

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

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

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

SECTION 1.5 Identification of Additional and Excluded Contracts; Additional Acquired Equipment.

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

(b) Following the Closing, Sellers shall provide Buyer notice prior to rejecting any Contract that constitutes an Excluded Contract (other than any Definitively Excluded Contract, with respect to which (i) no such notice shall be required and (ii) Sellers shall not be subject to any restriction hereunder relating to the rejection thereof) as of the Closing (a "Rejection Notice"). Following its receipt of a Rejection Notice, Buyer shall have three (3) Business days to elect to assume the subject Contract(s) (a "Contract Assumption Notice"). Upon such designation, Sellers shall file a motion seeking the assumption and assignment of such Contracts to Buyer with a proposed cure amount reflecting an amount agreed upon by Sellers and Buyer (for which Buyer shall be responsible in accordance with clauses (x) and (y) below of this Section 1.5(b). For the avoidance of doubt, the parties acknowledge and agree that, if Buyer fails to deliver a Contract Assumption Notice within such 3-Business Day period, Sellers shall not be subject to any restriction hereunder relating to the rejection of such Contract(s). In addition, following the Closing, Buyer may require Sellers, upon three (3) Business Days notice, to file a motion seeking, as the case may be, the assumption and assignment of any Excluded Contract (other than a Definitively Excluded Contract) to Buyer, it being understood that, except as may otherwise be agreed to by the parties in writing, to the extent (x) such Excluded Contract is not listed on Schedule 1.6(b) with a proposed cure amount, then Sellers and Buyer shall reasonably and in good faith agree upon a cure amount for such Contract (for which Buyer shall be responsible in its entirety), and (y) such Excluded Contract is listed on Schedule 1.6(b), Buyer shall be responsible for such cure cost as set forth in Section 1.6(b) hereof. Following the Closing, except to the extent otherwise agreed to by Buyer pursuant to the terms hereof, Sellers shall not assume and assign to any entity other than Buyer any Excluded Contract pursuant to which any Acquired Intellectual Property is licensed without Buyer's prior written consent; provided, however, for the avoidance of doubt, the parties acknowledge and agree that Buyer's consent shall not be required to the extent that such Excluded Contracts relate to the Polaroid ID Systems Business or Sellers' 20x24 business.

(c) Prior to the Closing, Buyer shall be permitted to designate (i) any equipment and machinery owned by any of the Sellers (other than any machinery and equipment specifically identified as an Excluded Asset in Section 1.2 (or in any of the schedules included in such Section)) as an Acquired Asset that will be transferred by Sellers to Buyer at Closing pursuant to the terms hereof, (ii) any Inventory located at the Inventory Locations as an Excluded Asset and (iii) any supplies located at the Supplies Locations as an Excluded Asset. No such designation by Buyer shall result in any increase or decrease to the Purchase Price. For the avoidance of doubt, the parties acknowledge and agree that under no circumstances shall Buyer be permitted to designate the Acquired Equity Interests (or, except as

specifically provided in this Section 1.5, any other Acquired Asset) as an Excluded Asset following the date hereof or (B) any Excluded Asset (except as specifically provided in this Section 1.5) as an Acquired Asset following the date hereof.

SECTION 1.6 Assumption/Rejection of Certain Contracts.

(a) As of the Closing or the date of any order approving assumption and assignment of an Acquired Contract, as applicable, Sellers shall assume pursuant to Section 365(a) of the Bankruptcy Code and sell and assign to Buyer pursuant to Sections 363(b), (f), and (m) and Section 365(f) of the Bankruptcy Code each of the Acquired Contracts. Buyer shall assume and thereafter in due course pay, fully satisfy, discharge and perform all of the obligations under the Acquired Contracts pursuant to Section 365 of the Bankruptcy Code.

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

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

SECTION 1.7 **[Intentionally Omitted]** .

SECTION 1.8 Prorations.

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

ARTICLE 2

PURCHASE PRICE

SECTION 2.1 Purchase Price.

(a) The aggregate consideration and purchase price (the "Purchase Price") for the sale, transfer, assignment and conveyance of the Acquired Assets will be (i) Fifty-Five Million Dollars ($55,000,000) (the "Closing Cash Consideration"), *plus* (ii) the Equity Consideration, *plus* (iii) the Receivables Sharing Portion. On the Closing Date, Buyer shall (A) pay the Closing Cash Consideration to Sellers by wire transfer of immediately available funds and (B) issue the Equity Consideration to Sellers, free and clear of any and all Encumbrances. Following the Closing, Buyer shall pay to Sellers on a quarterly basis (commencing on the three-month anniversary of the Closing Date) the Receivables Sharing Portion, if

any, collected by Buyer during the preceding three-month period. The apportionment of the payment of the Purchase Price among Sellers shall be as determined by Sellers and communicated in a written notice (the "Apportionment Notice") by Sellers' Representative to Buyer on or prior to the Closing Date.

(b) As of the Closing Date, the cost of the Pogo Inventory shall be no less than $18.6 million. In the event the cost of the Pogo Inventory at the Closing Date is less than $18.6 million, then the Purchase Price shall be adjusted by 35% of such deficiency.

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

SECTION 2.2 Deposit.

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

ARTICLE 3

CLOSING AND DELIVERIES

SECTION 3.1 Closing.

The consummation of the transactions contemplated hereby (the "Closing") shall take place at the offices of Lindquist & Vennum PLLP, 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402 at 10:00 a.m., Minneapolis time, no later than fourteen (14) days following the satisfaction or waiver by the appropriate party of all the conditions contained in Article 7 or on such other date or at such other place and time as may be mutually agreed to by the parties (the "Closing Date"). All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

SECTION 3.2 Seller's Deliveries.

At the Closing, Sellers shall (a) sell, transfer, assign, convey and deliver the Acquired Assets to Buyer by bills of sale, endorsements, assignments and other instruments of transfer and conveyance reasonably satisfactory in form and substance to counsel for Buyer, including, without limitation, duly

executed copyright assignments, trademark assignments and patent assignment agreements in forms suitable for recording in the U.S. Trademark office or any similar office of a foreign country; and (b) deliver to Buyer the various certificates, consents, and documents referenced in Section 7.2 hereof.

SECTION 3.3 Buyer's Deliveries.

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

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties of Sellers.

Sellers hereby represent and warrant to Buyer as follows:

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

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

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

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

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

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

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

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

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

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

(k) **[Intentionally omitted]**

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

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

(n) Insurance. Sellers, or their Affiliates, have maintained industry appropriate insurance at all times, and all premiums required to be paid under each insurance policy have been paid

when due, and all such policies are in full force and effect, with the exception of lawyer's E&O policies, which have not been renewed.

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

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

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

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

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

SECTION 4.2 Representations and Warranties of Buyer.

Buyer hereby represents and warrants to Sellers as follows:

(a) Corporate Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to own its properties and assets and to conduct its businesses as now conducted.

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

their respective terms except as may be limited by bankruptcy or other laws affecting creditors' rights and by equitable principles.

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

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

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

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

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

(h) Capitalization. As of the Closing, (i) the membership interests comprising the Equity Consideration shall include all of the terms set forth in the Limited Liability Company Agreement (the "Membership Interests") and shall be duly authorized, validly issued, fully paid and nonassessable, (ii) the Membership Interests shall be issued to Sellers Representative free and clear of any and all Encumbrances and not in violation of any contractual obligation (whether verbal or written) binding upon Buyer or any of its Affiliates and (iii) Sellers' Representative shall own 25% of the fully-diluted equity of a newly form limited liability company which will hold the Intellectual Property purchased hereunder. Exhibit A to the Limited Liability Company Agreement sets forth, under the heading "Pro Forma Capitalization," the true and complete capitalization of Buyer immediately following the consummation of the transactions contemplated hereby. Except as contemplated by this Agreement, there are no agreements, arrangements, options, warrants, calls, rights or commitments of any character relating to the issuance, sale, purchase or redemption of any equity interest in Buyer. No holder of any equity interest in Buyer has any preemptive or other rights to acquire any such equity interests. As of the Closing, true and complete copies of the Certificate of Formation and Limited Liability Company Agreement, in each case as amended to date and taking into account the issuance of the Membership Interests contemplated hereby, shall have been delivered to Sellers' Representative.

(i) No Undisclosed Liabilities; No Subsidiaries. Buyer is not subject to any liability or obligation of any kind or nature, whether absolute, contingent, accrued or otherwise. Buyer does not have any subsidiaries or any equity ownership interest in any Person. PLR IP Holdings, LLC, a Delaware

limited liability company ("PLR Holdings"), is an Affiliate of Buyer that will own and hold all of the Acquired Intellectual Property following the consummation of the transactions contemplated hereby.

SECTION 4.3 Warranties Are Exclusive.

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

ARTICLE 5

COVENANTS AND OTHER AGREEMENTS

SECTION 5.1 Pre-Closing Covenants of Sellers.

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

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

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

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

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

Officer of Sellers' Representative and (y) use all commercially reasonable efforts to prevent any such investigation from interfering in any way with the operation of the business of the Seller Group.

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

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

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

SECTION 5.2 Pre-Closing Covenants of Buyer.

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

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

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

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

(d) Notice of Certain Events. Buyer shall promptly notify Sellers' Representative of, and furnish Sellers' Representative any information it may reasonably request with respect to, the occurrence of any event or condition or the existence of any fact that would reasonably be expected to (A) cause any of the conditions to Sellers' obligations to consummate the transactions contemplated by this

Agreement or by any Ancillary Agreement not to be fulfilled or (B) adversely affect the value of the Equity Consideration. Any such notice will be deemed to (i) amend any applicable Schedule, (ii) have qualified the representations and warranties contained in Section 4.2 of this Agreement, and (iii) have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by the occurrence of such event or condition or the existence of such fact.

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

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

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

SECTION 5.3 Other Covenants of Sellers and Buyer.

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

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

(c) Disclosure Schedule Supplements. Sellers' Representative, on the one hand, shall notify Buyer of, and Buyer on the other hand, shall notify Sellers' Representative of, and shall supplement or amend the Schedules to this Agreement with respect to, any matter that (i) may arise after the delivery of the Schedules hereunder and that, if existing or occurring at or prior to such delivery of the Schedules, would have been required to be set forth or described in the Schedules to this Agreement or (ii) makes it necessary to correct any information in the Schedules to this Agreement or in any

representation and warranty of Sellers or Buyer, as applicable, that has been rendered inaccurate thereby. Each such notification and supplementation shall be made no later than three (3) days before the date set for the Closing by the parties, it being understood that, except with respect to the addition to the Schedules of Material Contracts entered into after the date hereof in accordance with Section 5.1, information contained in any supplement to the Schedules provided pursuant to this Section 5.3 shall not be deemed to cure any breach for purposes of Article 7 hereof.

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

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

(f) Collection of Accounts Receivable. Following the Closing, Buyer shall use commercially reasonable efforts to collect the Accounts Receivable.

SECTION 5.4 Ownership and Use of Polaroid Name.

(a) Sellers covenant and agree that Sellers shall, and Sellers shall cause (i) all of their Affiliates (other than the Acquired Subsidiaries and the Specified Entities) and (ii) PGW and each of its Affiliates which use the Polaroid Name (other than the Acquired Subsidiaries and the Specified Entities), to pass all required resolutions to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than the Closing Date. Sellers covenant and agree that Sellers shall cause each of the Specified Entities to pass all required resolutions and to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than sixty (60) days following the Closing Date.

The parties acknowledge and agree that (i) Polaroid Asia Pacific Services Limited, a company organized under the laws of Hong Kong, is in the process of deregistration, (ii) Polaroid (Italia) S.p.A. is in the process of liquidating and (iii) Polaroid Eyewear (France) EURL is in the process of liquidating, and that, accordingly, in each instance, no action shall be required to change the name of such entities in connection with the consummation of the transactions contemplated hereby, provided, that, to the extent each such entity is still in the process of deregistration or liquidation, as applicable, on June 30, 2009, with respect to such entities, Sellers covenant and agree that Sellers shall cause each of such entities to pass all required resolutions and to amend their respective certificates of incorporation or formation or other organizational documents to change their corporate or company name to a name that does not include the word "Polaroid" or any name intended or likely to be confused or associated with the Polaroid Name or product no later than July 31, 2009.

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

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

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

SECTION 5.5 Bankruptcy Actions.

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

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

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

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

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

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

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

SECTION 5.6 Employees.

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

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

(c) It is understood and agreed that (i) Buyer's expressed intention to extend offers of employment as set forth in this Section 5.6 will not constitute a contract (express or implied) on the part of Buyer to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Buyer may establish pursuant to individual offers of employment, and (ii) employment offered by Buyer is "at will" and may be terminated by Buyer or by an employee at any time for any reason (subject to any written commitments to the contrary made by Buyer or an employee and applicable laws governing employment). Nothing in this Agreement will be deemed to prevent or restrict in any way the right of Buyer to terminate, reassign, promote or demote any of the Offered

Employees after the Closing, or to change adversely or favorably the title, powers, duties, responsibilities, functions or locations, or terms or conditions of employment of such employees; provided, however, that Sellers shall not be responsible for and shall have no liability for any such action by the Buyer from and after the Closing.

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

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

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

SECTION 5.8 Other Actions.

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

SECTION 5.9 **[Intentionally Omitted]**.

SECTION 5.10 Use of Names.

(a) Notwithstanding anything contained herein to the contrary, for a period of 120 days after the Closing Date, each of the Sellers' respective controlled Affiliates (collectively, the "Subject Affiliates") shall have a non-exclusive, royalty-free, non-transferable license in the Territory to use any and all of the trademarks, service marks, trade dress, logos, trade names and corporate names included in the Acquired Intellectual Property located on (i) any finished goods and other supplies owned by the Subject Affiliates as of the Closing Date (excluding, for these purposes, the Subject Inventory, which is the subject of Section 5.10(b) below), (ii) any advertising or promotional materials used by the Subject Affiliates as of the Closing Date and (iii) any stationery, business cards, business forms and other similar items owned by any of the Subject Affiliates as of the Closing Date; provided, however, that the Sellers shall only permit the Subject Affiliates to use such trademarks, service marks, trade dress, logos, trade names and corporate names in the operation of their respective businesses in the pre-Petition Date ordinary course consistent with past practice (including, without limitation, wholesale and retail channels of distribution, and marketing and advertising campaigns), it being understood and agreed that the Sellers shall not permit the Subject Affiliates to use any such Acquired Intellectual Property in connection with

any other activities. Without limiting the foregoing, during such 120-day period, the Sellers shall not permit any Subject Affiliate to (the "Use Restrictions"): (a) hold itself out as having any affiliation or relationship of any kind with Buyer or any Affiliate thereof or (b) use such Acquired Intellectual Property in a manner that would be reasonably likely to reflect negatively thereon or on Buyer or its Affiliates. In the event Sellers (A) receive an offer for a bulk sale of Inventory from a Person (who is not an Affiliate of Buyer) consistent with this Section 5.10(a) (a "Bulk Sale Offer") and (B) desire to sell such Inventory pursuant to the terms of such Bulk Sale Offer, then Sellers shall promptly notify Buyer of such offer (a "ROFR Notice") and Buyer shall have the right, within 48 hours of such notice, to acquire such Inventory on the same terms as set forth in the ROFR Notice. The parties acknowledge and agree that the Subject Affiliates shall be entitled to enforce the provisions of this Section 5.10(a). For purposes hereof, the "Territory" shall mean worldwide excluding the United States.

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

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

ARTICLE 6

TAXES

SECTION 6.1 Taxes Related to Purchase of Acquired Assets.

All Taxes, including, without limitation, all state and local Taxes in connection with the transfer of the Acquired Assets, and all recording charges (including, but limited to, any and all recording charges and other fees required for the recording of any copyright assignments, trademark assignments and patent assignments in the U.S. Patent and Trademark office or any similar office of a foreign country), registration fees, conveyance fees and other fees and charges (collectively, "Transaction Taxes"), that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets shall be borne by Buyer. Buyer and Sellers shall cooperate to (a) determine the amount of Transaction Taxes payable in connection with the transactions contemplated under this Agreement, (b) provide all requisite exemption certificates and (c) prepare and file any and all required Tax Returns for or with respect to such Transaction Taxes with any and all appropriate Government Authorities. Without the prior written consent of Sellers' Representative (which Sellers' Representative may provide or withhold in its sole and

absolute discretion), Buyer shall not be entitled to make an election under Section 338(h)(10) of the Code with respect to Buyer's acquisition of the shares of capital stock or other ownership interest of the Acquired Subsidiaries.

SECTION 6.2 Cooperation on Tax Matters.

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

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

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

SECTION 6.3 Allocation of Purchase Price.

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

ARTICLE 7

CONDITIONS PRECEDENT TO PERFORMANCE BY PARTIES

SECTION 7.1 Conditions Precedent to Performance by Sellers.

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

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

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

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

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

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

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

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

(h) Limited Liability Company Agreement; Issuance of Equity Consideration. The Limited Liability Company Agreement shall (i) be in form and substance reasonably satisfactory to Sellers and (ii) have been executed and delivered by each of the other members of Buyer. Buyer shall have issued the Equity Consideration to Sellers in accordance with the terms hereof.

(i) Assignment and Assumption Agreement. Sellers shall have received an executed assignment and assumption agreement, in form reasonably satisfactory to the Sellers, evidencing that the Acquired Intellectual Property has been transferred from Buyer to PLR IP Holdings.

SECTION 7.2 Conditions Precedent to the Performance by Buyer.

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

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

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

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

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

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

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

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

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

(i) **[Intentionally omitted]**

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

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

ARTICLE 8

TERMINATION

SECTION 8.1 Conditions of Termination.

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

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

(b) By Buyer, by written notice to Sellers' Representative, on or after May 14, 2009 (the "Termination Date"), subject, however, to extension by the mutual written consent of Sellers' Representative and Buyer, if the Closing shall not have occurred on or prior to the Termination Date; provided, however, that (i) if the condition to the Closing set forth in the first sentence of Sections 7.1(c)

and 7.2(c) shall not have been satisfied by the Termination Date (and such condition is required to be satisfied in order to effect the Closing), but all other conditions to Closing set forth in Article 7 hereof would be satisfied or waived if the Closing Date were to occur on such date, then the Termination Date shall be automatically extended to June 14, 2009, and (ii) Buyer shall not have the right to terminate this Agreement under this Section 8.1(b) if Buyer is then in material breach of this Agreement;

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

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

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

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

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

SECTION 8.2 Effect of Termination.

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

ARTICLE 9

SURVIVAL

SECTION 9.1 Survival.

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

SECTION 9.2 Specific Performance.

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

SECTION 9.3 Covenant Not to Sue.

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

(b) On and after the Closing Date, the Seller Group covenants and agrees not to sue or otherwise bring any action against any non-debtor parties to Acquired Contracts under which Acquired Intellectual Property is licensed to or by Buyer; provided, however, that notwithstanding anything contained herein to the contrary, this Section 9.3(b) shall not apply to, and the Seller Group shall be entitled to sue or otherwise bring an action against (which shall include the right to assert defenses, setoffs

and counterclaims against and object to claims filed, held or asserted by), any Person in connection with any matter set forth on Schedule 1.1(o) or that otherwise constitutes an Excluded Asset.

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

ARTICLE 10

MISCELLANEOUS

SECTION 10.1 Joint Drafting.

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

SECTION 10.2 Further Assurances.

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

SECTION 10.3 Successors and Assigns.

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

SECTION 10.4 Governing Law; Jurisdiction.

This Agreement shall be construed, performed and enforced in accordance with, and governed by, the laws of the State of Minnesota (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After Sellers are no longer subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the jurisdiction of, any state or federal court having jurisdiction over Hennepin County, Minnesota.

SECTION 10.5 Expenses.

Except as set forth in this Section 10.5, each of the parties will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions

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

SECTION 10.6 Severability.

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

SECTION 10.7 Notices.

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

If to a Seller or :

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

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

Lindquist & Vennum PLLP
4200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Attn.: Charles P. Moorse, Esq.
George H. Singer, Esq.
Fax: (612) 371-3207

If to Buyer:

PLR Acquisition, LLC

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

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

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

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

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

SECTION 10.8 Amendments; Waivers.

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

SECTION 10.9 Public Announcements.

Sellers, on the one hand, and Buyer, on the other hand, shall not make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written agreement from Sellers' Representative (in the case of Sellers) or Buyer, as applicable, unless a press release or public announcement is required by law, the rules of any stock exchange or order of the Bankruptcy Court. If any such announcement or other disclosure is required by law, the rules of any stock exchange or order of the Bankruptcy Court, the form and content of any such announcing or other disclosure shall be subject to the prior written consent of Sellers' Representative (in the case of Sellers) or Buyer, as applicable, which consent shall not be unreasonably withheld.

SECTION 10.10 Entire Agreement.

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

SECTION 10.11 No Third Party Beneficiaries.

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

SECTION 10.12 Headings.

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

SECTION 10.13 Counterparts.

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

SECTION 10.14 Construction.

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

SECTION 10.15 Tax Disclosure.

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

SECTION 10.16 Sellers' Representative.

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

ARTICLE 11

DEFINITIONS

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

"Accounts Receivable" has the meaning specified in Section 1.1(q).

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

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

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

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

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

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

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

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

"Allocation" has the meaning set forth in Section 6.3.

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

"Apportionment Notice" has the meaning set forth in Section 2.1.

"Assumed Liabilities" has the meaning set forth in Section 1.3.

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

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

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

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

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

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

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

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

"Bankruptcy Rules" has the meaning set forth in the Recitals.

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

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

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

"Business" has the meaning set forth in the Recitals.

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

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

"Buyer Group" means Buyer and its Affiliates.

"Cash" means all cash and cash equivalents.

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

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

"Closing" has the meaning set forth in Section 3.1.

"Closing Cash Consideration" has the meaning set forth in Section 2.1(a).

"Closing Date" has the meaning set forth in Section 3.1.

"Code" means the Internal Revenue Code of 1986, as amended.

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

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

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

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

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

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

"Deposit" has the meaning set forth in Section 2.2.

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

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

"Environmental Laws" means all applicable federal, state and local statutes, ordinances, rules, orders, judgments, junctions, decrees, regulations and other provisions having the force of law, all judicial and administrative orders and determinations, and all common law concerning pollution or protection of

human health and the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Materials.

"Equity Consideration" means 25% of the fully-diluted equity of PLR IP Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of Buyer, in all respects governed by the terms of the Limited Liability Company Agreement.

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

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

"Excluded Assets" has the meaning set forth in Section 1.2.

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

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

"Excluded Liabilities" has the meaning set forth in Section 1.4.

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

"Execution Date" has the meaning set forth in the Preamble.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Petition Date" means the date of commencement of the Bankruptcy Cases.

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

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

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

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

"PLR IP Holdings" has the meaning set forth in Section 4.2(i).

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

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

"Pogo Inventory" means all Inventory associated with the Polaroid PoGoTM Instant Mobile Printer.

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

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

"Purchase Price" has the meaning set forth in Section 2.1.

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

"Receivables Sharing Portion" means an amount equal to Eighty Five Percent (85%) of the gross proceeds of Accounts Receivable which are actually collected in cash by Buyer.

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

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

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

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

"Seller Group" means Sellers and the Acquired Subsidiaries.

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

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

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

"Sellers' Representative" has the meaning set forth in Section 10.16.

"Specified Entities" means the entities set forth on Exhibit D.

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

"Subject Affiliates" has the meaning set forth in Section 5.10.

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

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

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

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

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

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

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

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

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

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

"Transaction Taxes" has the meaning set forth in Section 6.1.

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

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

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

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

"Zink Entities" has the meaning set forth in Section 1.1.

* * * * *

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

BUYER:

PLR ACQUISITION, LLC

By: Eric W. Kaup
Its: Authorized Signatory

SELLERS:

POLAROID HOLDING COMPANY

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

POLAROID CORPORATION

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

POLAROID CONSUMER ELECTRONICS, LLC

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

POLAROID CAPITAL, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID LATIN AMERICA I CORPORATION

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID ASIA PACIFIC, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID INTERNATIONAL HOLDING, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID NORWOOD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID NEW BEDFORD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID WALTHAM REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

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

BUYER:

PLR ACQUISITION, LLC

_____

By:_____
Its:_____

SELLERS:

POLAROID HOLDING COMPANY

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

POLAROID ASIA PACIFIC, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CORPORATION

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

POLAROID INTERNATIONAL HOLDING, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CONSUMER ELECTRONICS, LLC

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

POLAROID NORWOOD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID CAPITAL, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID NEW BEDFORD REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID LATIN AMERICA I CORPORATION

By: Mary L. Jeffries
Its: Authorized Signatory

POLAROID WALTHAM REAL ESTATE, LLC

By: Mary L. Jeffries
Its: Authorized Signatory

Its: Authorized Signatory

THE SECURITIES REPRESENTED BY AND ISSUED PURSUANT TO THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR FOREIGN JURISDICTION. THE SECURITIES MAY NOT BE TRANSFERRED WITHOUT REGISTRATION UNDER SUCH LAWS OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION UNDER SUCH LAWS.

LIMITED LIABILITY COMPANY AGREEMENT

FOR

PLR IP HOLDINGS, LLC

A DELAWARE LIMITED LIABILITY COMPANY

April __, 2009

LIMITED LIABILITY COMPANY AGREEMENT
FOR
PLR IP HOLDINGS, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT is entered into as of the ____ day of April, 2009, by and among those parties whose names are set forth on the signature pages hereto.

RECITALS

WHEREAS, on _____, a Certificate of Formation of PLR IP Holdings, LLC, a limited liability company organized under the laws of the State of Delaware (the "**Company**"), was filed with the Delaware Secretary of State; and

WHEREAS, the parties hereto desire to enter into this Agreement to provide for the management of the business and the affairs of the Company, the allocation of profits and losses, the distribution of cash of the Company among the Members, the rights, obligations and interests of the Members to each other and to the Company, and certain other matters.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement. In referring to sections or provisions of the Code or Regulations, it is intended that the terms "partner" and "partnership" (or variations thereof) appearing therein shall be read, respectively, as Member or Company (or variations thereof).

1.1 "**Advisory Board**" has the meaning set forth in Section 5.2.

1.2 **"Act"** means the Delaware Limited Liability Company Act, codified in the Delaware General Corporation Law, Section 18-101 et seq., as the same may be amended from time to time.

1.3 "**Additional Capital Return Account**" means, with respect to each Member, as of any relevant date, an amount equal to such Member's aggregate Additional Capital Contributions less the aggregate amount of distributions made to such Member prior to that relevant date pursuant to Section 4.4(b).

1.4 "**Additional Capital Contribution**" has the meaning ascribed thereto in Section 3.3.

1.5 "**Adjusted Capital Account Deficit**" means, with respect to any Person, the deficit balance, if any, in such Person's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) credit to such Capital Account any amounts which such Person is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the next to the last sentence of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) after taking into account any changes during such year in Company Minimum Gain and Member Minimum Gain; and

(b) debit to such Capital Account the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

1.6 **"Additional ROFR Right"** has the meaning set forth in Section 8.6(c).

1.7 **"Affiliate"** means with respect to a specified Person: (a) any Person that directly or indirectly through one or more intermediaries, alone or through an affiliated group, controls, is controlled by, or is under common control with, such specified Person, (b) any Person that is an officer, director, partner or trustee of, or serves in a similar capacity with respect to, such specified Person (or an Affiliate of such specified Person), (c) any Person that, directly or indirectly, is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or otherwise has a substantial beneficial interest in, the specified Person or of which the specified Person is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or in which the specified Person has a substantial beneficial interest, or (d) the spouse of the specified Person.

1.8 **"Agreement"** means this limited liability company agreement, as originally executed and as amended from time to time.

1.9 "**Asset Purchase Agreement**" means the Asset Purchase Agreement dated of April __, 2009 by and between the Company and the Bankruptcy Estate.

1.10 **"Assignee"** means a Person who has acquired a Member's Economic Interest in the Company by way of a Transfer, but who has not been admitted as a Member.

1.11 **"Assigning Member"** means a Member who by means of a Transfer has assigned or otherwise caused an Economic Interest in the Company to be transferred to an Assignee.

1.12 **"Bankruptcy Estate**" means Polaroid Corporation, debtor-in-possession, a Delaware corporation and a Member of the Company and its debtor affiliates and subsidiaries.

1.13 "**Bankruptcy Estate Interest**" has the meaning set forth in Section 8.6.

1.14 "**Bona Fide Offer**" means a written offer from any proposed transferee of any Offered Interest that states (a) the form and amount of consideration being offered by such proposed transferee for such Offered Interest, and (b) the proposed timetable for the consummation of the proposed Transfer.

1.15 **"Book Value"** means, with respect to any asset of the Company, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Book Value of any asset contributed by a Member to the Company shall be such asset's gross fair market value at the time of such contribution, as determined by the Manager;

(b) The Book Value shall be adjusted in the same manner as would the asset's adjusted basis for federal income tax purposes, except that the depreciation deduction taken into account each Fiscal Year for purposes of adjusting the Book Value of an asset shall be the amount of Depreciation with respect to such asset taken into account for purposes of computing Net Income or Net Loss for the Fiscal Year;

(c) The Book Value of any asset distributed to a Member by the Company shall be such asset's gross fair market value at the time of such distribution, as determined by the Manager; and

(d) Upon election by the Company, the Book Value of all Company assets shall be adjusted upon the events and in the manner specified in Regulations Section 1.704-1(b)(2)(iv)(f).

1.16 "**Business**" means the business of acquiring, owning, operating, licensing, selling and otherwise exploiting the Acquired Intellectual Property and Acquired Contracts (as such terms are defined in the Asset Purchase Agreement) and such other assets which are otherwise contributed or acquired by the Company pursuant to the Asset Purchase Agreement**.**

1.17 "**Business Day**" means any day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank in Chicago, Illinois is closed.

1.18 **"Capital Account"** means, in respect of any Member, the account reflecting the capital interest of the Member in the Company, consisting of the Member's initial Capital Contribution and any additional Capital Contributions, maintained and adjusted for such Member in accordance with the provisions of Regulations Section 1.704-1(b)(2)(iv), and the provisions of this Agreement.

1.19 **"Capital Contribution"** means, with respect to any Member, the amount of money and the fair market value of any property (other than money) contributed (or deemed contributed pursuant to Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under Code Section 752) with respect to the Membership Interest held by such Member. A Capital Contribution shall not be deemed a loan.

1.20 **"Capital Member**" means any Member, other than the Bankruptcy Estate, who made an Initial Capital Contribution, or any Assignee thereof or any transferee thereof admitted as a Member pursuant to the terms of this Agreement. To the extent that any action requires the consent of the Capital Members, such action shall be made by the affirmative

vote of the Capital Members then entitled to vote representing a majority in interest of the total interests held by all of the Capital Members then entitled to vote.

1.21 **"Cash Flow"** means all cash, revenues and funds received by the Company, less the following: (i) interest, principal and other amounts due with respect to any indebtedness of the Company, (ii) cash funds used to pay expenses of the Company (including any fees or guaranteed payments paid to the Manager for services rendered to the Company), and (iii) and reasonable reserves for future expenses, debt payments, capital improvements and replacements, or any other purpose related to the Business, as determined by the Manager in its reasonable discretion .

1.22 **"Certificate of Formation"** means the Certificate of Formation of the Company filed pursuant to Section 2.1.

1.23 **"Code"** means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

1.24 **"Company"** means PLR IP Holdings, a Delaware limited liability company.

1.25 **"Company Minimum Gain"** has the meaning ascribed to the term "partnership minimum gain" in the Regulations Section 1.704-2(d).

1.26 **"Company Option Period"** has the meaning set forth in Section 8.6(b).

1.27 **"Controls," "Control," "Controlling,"** whether or not capitalized, means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person or entity through ownership of voting securities, contract or otherwise.

1.28 **"Covered Transfer"** has the meaning set forth in Section 8.7(a)

1.29 **"Depreciation"** means an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for the Fiscal Year or other period, except that if the Book Value of an asset differs from its adjusted tax basis at the beginning of the Fiscal Year or other period, Depreciation will be an amount which bears the same ratio to the beginning Book Value as the Federal income tax depreciation, amortization or other cost recovery deduction for the Fiscal Year or other period bears to the beginning adjusted tax basis; *provided, however*, that if the Federal income tax depreciation, amortization or other cost recovery deduction for the Fiscal Year or other period is zero, Depreciation will be determined by reference to the beginning Book Value using any reasonable method.

1.30 "**Drag-Along Price**" has the meaning set forth in Section 8.8(a).

1.31 "**Drag-Along Right"** has the meaning set forth in Section 8.8(a).

1.32 **"Eligible Purchasers"** has the meaning set forth in Section 8.6(a).

1.33 **"Economic Interest"** means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote, participate in the management of the Company, or the right to information concerning the business and affairs of the Company.

1.34 **"Economic Risk of Loss"** shall have the meaning specified in Regulations Section 1.752-2.

1.35 "**Effective Date**" means the date first above written.

1.36 **"Exercise Notice"** has the meaning set forth in Section 8.6(b).

1.37 **"Fiscal Year"** means the Company's fiscal year, which shall be the calendar year (except as otherwise required by law), and any partial year with respect to the fiscal years in which the Company is organized and dissolved or terminated.

1.38 **"Gordon Brothers**" means Gordon Brothers Brands, LLC, a Delaware limited liability company.

1.39 "**Hilco**" means Hilco PLR Company, LLC, a Delaware limited liability company.

1.40 "**Hilco/Gordon Brothers**"means Hilco/Gordon Brothers PLR IP Holdings, LLC, a Delaware limited liability company.

1.41 "**Indemnified Parties**" has the meaning set forth in Section 10.2.

1.42 "**Initial Capital Contributions**" has the meaning set forth in Section 3.2.

1.43 "**Initial Capital Return Account**" means, with respect to each Capital Member, as of any relevant date, an amount equal to such Capital Member's aggregate Initial Capital Contributions less the aggregate amount of distributions made to such Capital Member prior to that relevant date pursuant to Section 4.4(d).

1.44 **"Initial Members"** means the Members set forth on Exhibit A on the date of this Agreement. A reference to an "Initial Member" means any of the Initial Members.

1.45 **"Interest Holder"** means any Person who holds an Economic Interest, whether as a Member or as an Assignee.

1.46 **"Liabilities**" has the meaning set forth in Section 10.2.

1.47 **"Majority-in-Interest"** means Members holding more than fifty percent (50%) of the Percentage Interests.

1.48 **"Management Fee**" has the meaning set forth in Section 5.1.

1.49 **"Manager"** means the Person designated initially as such in Section 5.1(a), and its successors-in-interest.

1.50 **"Member"** means an Initial Member or a Person who otherwise acquires a Membership Interest and has joined this Agreement as a Member, as permitted under this Agreement, whose Membership Interest has not been terminated.

1.51 **"Member Minimum Gain"** has the meaning ascribed to the term "partner nonrecourse debt minimum gain" in Regulations Section 1.704-2(i)(2).

1.52 **"Member Nonrecourse Debt"** has the meaning ascribed to the term "partner nonrecourse debt" in Regulations Section 1.704-2(b)(4).

1.53 **"Member Nonrecourse Deductions"** means items of Company loss, deduction, or Code Section 705(a)(2)(b) expenditures that are attributable to Member Nonrecourse Debt within the meaning of Regulations Section 1.704-2(i).

1.54 **"Member Option Period"** has the meaning set forth in Section 8.6(b).

1.55 **"Membership Interest"** means a Member's collective rights in the Company, including the Member's Economic Interest, Percentage Interest, right to vote and to participate in the management of the Company, and the right to information concerning the business and affairs of the Company.

1.56 **"Net Income"** and **"Net Loss"** means, for each fiscal year of the Company (or other period for which Net Income and Net Loss must be computed), an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) and the Regulations, and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss. The determination of Net Income and Net Loss pursuant to the previous sentence shall be subject to the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Income or Net Loss shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Net Income or Net Loss shall be subtracted from Net Income or Net Loss;

(c) Gains or losses resulting from any disposition of a Company asset with respect to which gains or losses are recognized for federal income tax purposes shall be computed with reference to the Book Value of the Company asset disposed of, notwithstanding the fact that the adjusted tax basis of such Company asset differs from its Book Value;

(d) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing the taxable income or loss, there will be taken into account Depreciation;

(e) If the Book Value of any Company asset is adjusted pursuant to the definition of "Book Value," the amount of the adjustment will be taken into account as gain or loss from the disposition of the asset for purposes of computing Net Income or Net Loss; and

(f) Notwithstanding any other provision of this subsection, any items of income, gain, loss or deduction that are specially allocated shall not be taken into account in computing Net Income or Net Loss.

1.57 "**Non-Contributing Member**" has the meaning set forth in Section 3.3.

1.58 "**Nonrecourse Liability**" has the meaning set forth in Regulations Section 1.752-1(a)(2).

1.59 **"Notice"** means a written notice required or permitted under this Agreement. A Notice shall be deemed given or sent when deposited, as certified mail, return receipt requested, postage and fees prepaid, in the United States mails; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person whom the sender has reason to believe will promptly communicate the Notice to the recipient.

1.60 **"Offering Person"** has the meaning set forth in Section 8.6(a).

1.61 **"Other Activities**" has the meaning set forth in Section 5.1.

1.62 **"Other Members"** has the meaning set forth in Section 8.8(a)

1.63 "**Partially Adjusted Capital Accounts**" means, with respect to any Member for any Fiscal Year, the Capital Account of such Member at the beginning of such year, adjusted for all Capital Contributions and distributions during such year and all special allocations pursuant to Sections 4.2 and 4.3 with respect to such year before giving effect to any allocations of Net Income or Net Loss pursuant to Section 4.1(a).

1.64 **"Percentage Interest"** means, with respect to a Member, the Units held by such Member, as a percentage of the total of all issued and outstanding Units. The number of Units held by each Member, and the Percentage Interest of such Member, shall be as set forth opposite such Member's name on Exhibit A attached hereto, which shall be amended from time to time in accordance with the terms of this Agreement.

1.65 **"Person"** means any natural person, corporation, firm, joint venture, partnership, limited liability company, trust, unincorporated organization, government or any department, political subdivision or agency of a government.

1.66 "**Preferred Return II Account**" means, with respect to each Member, as of any relevant date, the amount equal to the excess of (i) that Member's cumulative Preferred Return II Amount over (ii) the cumulative distributions to that Member pursuant to Section 4.4(a).

1.67 "**Preferred Return II Amount**" means, with respect to each Member, a return on equity investment computed like interest at the rate per Fiscal Year equal to ten percent (10%) cumulative and compounded annually (prorated for any partial Fiscal Year) on the unpaid sum of that Member's Additional Capital Return Account.

1.68 "**Pro Rata Portion**" means, with respect to any opportunity that a Member may have to make any Remaining Contribution, the percentage of such Remaining Contribution equal to the quotient of (i) such Member's Percentage Interest as of the applicable date, divided by (ii) the aggregate Percentage Interests of all Members who are not Noncontributing Members with respect to the Additional Capital Contribution that gave rise to the Remaining Contribution.

1.69 "**Proprietary Information**" has the meaning set forth in Section 12.1.

1.70 **"Regulations"** means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.71 **"Regulatory Allocations**" has the meaning set forth in Section 4.2(f).

1.72 "**Remaining Contribution**" means that portion of any Additional Capital Contribution that Noncontributing Members (if any), as a whole, elect not to contribute to the Company pursuant to Section 3.3(b).

1.73 "**Remaining Member**" means the Members other than the Offeror.

1.74 **"ROFR Notice"** has the meaning set forth in Section 8.6(a).

1.75 **"ROFR Purchase Price"** has the meaning set forth in Section 8.6(a).

1.76 **"ROFR Purchase Terms"** has the meaning set forth in Section 8.6(a).

1.77 "**Selling Member**" has the meaning set forth in Section 8.7(a).

1.78 **"Specified Securities"** has the meaning set forth in Section 8.6(a).

1.79 "**Subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than fifty percent (50%) of the total voting power of Units or other ownership interests

entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

1.80 "**Tag-Along Buyer**" has the meaning set forth in Section 8.7(a).

1.81 "**Tag-Along Notice**" has the meaning set forth in Section 8.7(a).

1.82 "**Tag-Along Participant**" has the meaning set forth in Section 8.7(b).

1.83 "**Tag-Along Participation Notice**" has the meaning set forth in Section 8.7(b).

1.84 "**Tag-Along Transfer**" has the meaning set forth in Section 8.7(a).

1.85 "**Targeted Accounts**" means, with respect to any Member for any Fiscal Year, an amount (either positive or negative) equal to the hypothetical distribution such Member would receive, or hypothetical contribution such Member would be required to make, as the case may be, if: (i) all Company assets, including cash, were sold for cash at an aggregate price equal to their Book Value (taking into account any adjustments to Book Value for such Fiscal Year), (ii) all liabilities allocable to such assets were then satisfied according to their terms (limited, with respect to each Nonrecourse Liability, to the Book Value of the assets securing such liability), and (iii) all such proceeds from the disposition were distributed pursuant to Section 4.4, reduced by such Member's share of Member Minimum Gain and Company Minimum Gain immediately prior to such sale.

1.86 "**Tax Distribution**" has the meaning set forth in Section 4.5.

1.87 **"Tax Matters Member"** means such Person as may be designated pursuant to Section 7.6.

1.88 **"Transfer"** means and includes, in respect of a Membership Interest, or any element thereof, when used as a noun, any sale, hypothecation, pledge, assignment, attachment, gift or other disposition of a Membership Interest or any element thereof, and, when used as a verb, to sell, hypothecate, pledge, assign, attach, bequest or otherwise dispose of a Membership Interest or any element thereof.

1.89 **"Transferee"** means a Person who obtains or receives a Membership Interest or any element thereof by means of a Transfer.

1.90 **"Transferring Members"** has the meaning set forth in Section 8.8(a).

1.91 **"Unit"** means a unit of limited liability company interest, which represents a Member's interest in the capital, income, gains, losses, deductions and expenses of the Company and the right to vote on certain Company matters as provided in this Agreement.

ARTICLE II
ORGANIZATIONAL MATTERS

2.1 Filing of Certificate of Formation. The parties have organized the Company pursuant to the Act and the provisions of this Agreement and, for that purpose, have caused the Certificate of Formation to be prepared, executed and filed with the Delaware Secretary of State on _____. The Members agree that the rights, duties and liabilities of the Members and the Manager shall be as provided in the Act, except as otherwise expressly provided herein.

2.2 Name of Company. The name of the Company is "PLR IP Holdings, LLC" The Company may do business under that name and under any other name or names which the Manager selects. If the Company does business under a name other than that set forth in its Certificate of Formation, then the Company shall comply with any requirements of the Act or applicable law.

2.3 Address of Company. The principal executive office of the Company shall be situated at One Northbrook Place, 5 Revere Drive, Suite 206, Northbrook, IL 60091, or such other place or places as may be determined by the Manager from time to time.

2.4 Agent for Service of Process. The agent for service of process on the Company shall be Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, or such other agent as may be determined by the Manager from time to time.

2.5 Business Purposes. The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act. The Company shall possess and may exercise all powers necessary or convenient to the conduct and promotion of the Business or activities of the Company or any other business.

2.6 Tax Treatment as Partnership. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" for Federal and State income tax purposes. Except as provided in the foregoing sentence, the Members intend the Company to be a limited liability company under the Act, and that they be Members, and not partners in a partnership. No Member or Manager shall take any action inconsistent with the express intent of the parties hereto.

2.7 Term of Company's Existence. The term of existence of the Company commenced on the effective date of filing of the Certificate of Formation with the Delaware Secretary of State, and shall continue in perpetuity, unless sooner terminated by the provisions of this Agreement or as provided by law.

2.8 Units. Each Member's interest in the Company, including such Member's interest in the capital, income, gains, losses, deductions and expenses of the Company and the right to vote on certain Company matters as provided in this Agreement, shall be represented by Units. The Company initially shall have one (1) authorized class of Units, and the Company shall have one class of Members. The Company has issued on the date hereof One Thousand (1,000) Units. The ownership by a Member of Units shall entitle such Member to allocations of Net Income and Net Loss and other items of income, gain, loss or deduction, and distributions of cash and other property, as set forth in Article IV. For purposes of this Agreement, Units held by the Company shall be deemed not to be outstanding. The Company may issue fractional Units and all Units shall be rounded to the third decimal place. The names of the Members shall be as set forth on Exhibit A attached hereto.

ARTICLE III
CAPITAL ACCOUNTS AND CAPITAL CONTRIBUTIONS

3.1 Capital Accounts. An individual Capital Account shall be maintained for each Member in accordance with the requirements of Regulations Section 1.704-1(b)(2)(iv), and the provisions of this Agreement respecting the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with those Regulations. If any Membership Interest (or portion thereof) is Transferred pursuant to and in accordance with this Agreement, the Assignee of such Membership Interest (or portion thereof) shall succeed to the Assigning Member's Capital Account attributable to such Membership Interest (or portion thereof).

3.2 Initial Capital Contributions. In exchange for their initial Membership Interests in the Company, on the date hereof, the Initial Members shall contribute cash or property to the Company in the amounts set forth opposite such Member's name on Exhibit A hereto (the "**Initial Capital Contributions**"). Each Member shall initially own the number of Units, and have the initial Percentage Interest, in each case as set forth opposite such Member's name on Exhibit A, which shall be amended from time to time in accordance with the terms of this Agreement.

3.3 Additional Capital Contributions.

(a) In the event that the Company requires additional capital at any time after the Effective Date, the Manager, in its sole and absolute discretion, shall deliver a Notice to each Member requesting in writing that the Members make additional Capital Contributions to the Company (individually and in the aggregate, as the case may be an "**Additional Capital Contribution**"). Each Member shall have the right, but not the obligation, to make a Capital Contribution to the Company within ten (10) Business Days after receipt of such request in an amount equal to the product of (i) the aggregate Additional Capital Contributions requested by the Manager, multiplied by (ii) such Member's Percentage Interest.

(b) In the event that any Member elects not to make an Additional Capital Contribution pursuant to a request by the Manager in accordance with Section 3.3(a) (a "**Noncontributing Member**"), the remaining Members shall have the right, but not the

obligation, to contribute the entire Remaining Contribution to the Company (together with its initial pro rata share of the Additional Capital Contribution).

(c) Each Member shall receive a credit to his Capital Account in the amount of any Additional Capital Contribution which such Member contributes to the Company.

(d) Additional Capital Contributions may not result in dilution of any Member's Percentage Interest without such Members prior written consent, and therefore, no adjustment to Percentage Interests of the Members shall be made as a result of any Additional Capital Contributions absent such consent.

(e) The Members may, in lieu of making a permitted Additional Capital Contribution, elect to loan to the Company, without security, an amount equal to such Member's permitted Additional Capital Contribution pursuant to a note substantially in the form of Exhibit B, and the Company will promptly, duly execute, and deliver such note to such Member.

3.4 Return of Capital Contributions. Except in accordance with the terms of this Agreement, no Member shall be entitled to withdraw, or to receive a return of, any part of a Capital Contribution or to receive any distributions, whether of money or property, from the Company.

3.5 No Interest on Capital Contributions or Capital Accounts. Except as otherwise provided in this Agreement, no interest shall be paid on any Capital Contributions or on the balance of any Capital Account.

ARTICLE IV
PROFITS, LOSSES AND DISTRIBUTIONS

4.1 Basic Allocations.

(a) In General. After taking into account the special allocations set forth in this Article IV, Net Income and Net Loss for each Fiscal Year (or portion thereof), shall be allocated among the Members in the manner that will cause their Partially Adjusted Capital Accounts to equal, as soon as possible, their Targeted Accounts.

(b) Limitation on Net Loss Allocations. If any allocation of Net Losses would cause a Member to have an Adjusted Capital Account Deficit, those Net Losses instead shall be allocated to the other Members in proportion to their Percentage Interests.

4.2 Regulatory Allocations. Notwithstanding any other provision of this Agreement, the following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be

made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 4.2(a) is intended to comply with the "minimum gain chargeback" requirements of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Chargeback Attributable to Member Nonrecourse Debt. If there is a net decrease in Member Minimum Gain during any Fiscal Year, each Member with a share of Member Minimum Gain at the beginning of such Fiscal Year shall be specially allocated items of income and gain for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2)(i). This Section 4.2(b) is intended to comply with the "partner minimum gain chargeback" requirements of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which results in an Adjusted Capital Account Deficit for the Member, such Member shall be allocated items of income and book gain in an amount and manner sufficient to eliminate such Adjusted Capital Account Deficit as quickly as possible; *provided, however*, an allocation pursuant to this Section 4.2(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.2(c) were not in the Agreement. This Section 4.2(c) is intended to constitute a "qualified income offset" as provided by Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Member Nonrecourse Deductions. Member Nonrecourse Deductions shall be allocated among the Members who bear the Economic Risk of Loss for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in the ratio in which they share Economic Risk of Loss for such Member Nonrecourse Debt. This provision is to be interpreted in a manner consistent with the requirements of Regulations Section 1.704-2(b)(4) and (i)(1).

(e) Nonrecourse Deductions. Any Nonrecourse Deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

(f) Regulatory Allocations. The allocations set forth in this Section 4.2 (the "**Regulatory Allocations**") are intended to comply with certain requirements of the applicable Regulations promulgated under Code Section 704(b). Notwithstanding any other provision of this Article IV, the Regulatory Allocations shall be taken into account in allocating Net Income, Net Loss and other items of income, gain, loss and deduction to the Members for Capital Account purposes so that, to the extent possible, the net amount of such allocations of Net

Income, Net Loss and other items shall be equal to the amount that would have been allocated to each Member if the Regulatory Allocations had not occurred.

4.3 Allocations of Built-in Items. In accordance with Code Sections 704(b) and 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to property actually or constructively contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation at the time of the contribution between the tax basis of the property to the Company and the fair market value of that property. Except as otherwise provided herein, any elections or other decisions relating to those allocations shall be made by the Manager with the consent of all the Members, after consultation with the Company's accountant, in any manner that reasonably reflects the purpose and intent of this Agreement. Allocations of income, gain, loss and deduction pursuant to this Section 4.3 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, the Capital Account of any Member or the share of Net Income, Net Loss, other tax items or distributions of any Member pursuant to any provision of this Agreement.

4.4 Distributions of Cash Flow. Subject to Section 4.5, the Cash Flow for each taxable year of the Company shall be distributed to the Members, as and when determined by the Manager (in its sole discretion), in the following order of priority:

(a) First, to the Members to the extent of, and in proportion to, their Preferred Return II Accounts;

(b) Second, to the Members to the extent of, and in proportion to, their Additional Capital Return Accounts;

(c)

(d) , Third, to the Capital Members to the extent of, and in proportion to, their Initial Capital Return Accounts; and

(e) Fourth, to the Members in proportion to their respective Percentage Interests.

4.5 Distributions with Respect to Taxes. Within ninety (90) days after the conclusion of each Fiscal Year, and to the extent of the Company's Cash Flow, the Company shall make a distribution to each Member (a "**Tax Distribution**") which is equal to the amount by which (A) the product of (i) forty percent (40%) and (ii) the Company's taxable income for federal income tax purposes allocated to such Member for such Fiscal Year, exceeds (B) the aggregate amount of distributions made by the Company to such Member pursuant to Section 4.4 with respect to such Fiscal Year; *provided, however*, that to the extent possible, the Company shall make quarterly distributions in respect of the amounts to be distributed annually pursuant to this Section 4.5 in order to facilitate the Members' ability to make quarterly estimated tax payments with respect to the taxable income of the Company allocated to them, and in determining and making the required Tax Distribution after the end of each Fiscal Year, the Company shall make appropriate adjustments to reflect the actual results of such Fiscal Year and take into account any quarterly Tax Distributions made during such Fiscal Year. Tax

Distributions shall be treated as an advance on distributions otherwise payable pursuant to Section 4.4.

4.6 Record Dates. All Net Income and Net Loss shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Members as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer of a Membership Interest during the taxable year, the Net Income and Net Loss shall be allocated between the original Member and the successor on the basis of the number of days each was a Member during the taxable year; *provided, however*, the Company's taxable year shall be segregated into two or more segments in order to account for any extraordinary non-recurring items of the Company.

4.7 Withholding Taxes.

(a) The Company shall withhold taxes from distributions to, and allocations among, the Members to the extent required by law. Except as otherwise provided in this Section 4.7, any amount so withheld by the Company with regard to a Member shall be treated for purposes of this Agreement as an amount actually distributed to such Member pursuant to Section 4.4. An amount shall be considered withheld by the Company if, and at the time, remitted to a governmental agency without regard to whether such remittance occurs at the same time as the distribution or allocation to which it relates; *provided, however*, that an amount actually withheld from a specific distribution or designated by the Company as withheld from a specific allocation shall be treated as if distributed at the time such distribution or allocation occurs.

(b) Each Member hereby agrees to indemnify the Company and the other Members for any liability they may incur for failure to properly withhold taxes in respect of such Member; moreover, each Member hereby agrees that neither the Company nor any other Member shall be liable for any excess taxes withheld in respect of such Member's interest and that, in the event of overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate governmental authority.

(c) Taxes withheld by third parties from payments to the Company shall be treated as if withheld by the Company for purposes of this Section 4.7. Such withholding shall be deemed to have been made in respect of all the Members in proportion to their respective allocable shares of the underlying items of Net Income to which such third party payments are attributable. In the event that the Company receives a refund of taxes previously withheld by a third party from one or more payments to the Company, the economic benefit of such refund shall be apportioned among the Members in a manner reasonably determined to offset the prior operation of this Section 4.7(c) in respect of such withheld taxes.

4.8 No Restoration of Negative Capital Accounts. No Member shall be obligated to restore a Capital Account with a balance of less than zero.

4.9 Compliance with Laws and Regulations. It is the intent of the Members that each Member's distributive share of Company tax items be determined in accordance with

this Agreement to the fullest extent permitted by Code Sections 704(b) and 704(c). Therefore, notwithstanding anything to the contrary contained herein, if the Company is advised, as a result of the adoption of new or amended regulations pursuant to Code Sections 704(b) and 704(c), or the issuance of authorized interpretations, that the allocations provided in this Agreement are unlikely to be respected for Federal income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement, on advice of accountants and legal counsel, to the minimum extent necessary to cause such allocation provisions to be respected for Federal income tax purposes.

ARTICLE V
MANAGEMENT

5.1 Management.

(a) Management by the Manager. In accordance with Section 18-401 of the Act, the business, property and affairs of the Company shall be managed, and all powers of the Company shall be exercised, by or under the direction of the "manager" or co-managers of the Company within the meaning of the Act (the "**Manager**"). Hilco/Gordon Brothers are hereby designated the initial Manager. Except for matters for which approval by the Members is expressly required by this Agreement or the mandatory provisions of the Act, all decisions concerning the management, operation and policy of the Company's business shall be made by the Manager and the Manager shall have full, complete and exclusive authority, power and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all acts or activities customary or incident to the management, operation and policy of the Company's business, property or affairs. For the purpose of clarification, each reference in the immediately preceding sentence to the word "business" includes, but is not limited to, the Business. Decisions of the Manager within its scope of authority shall be binding upon the Company and each Member (as such decision affects the Company and, therefore, each Member's Membership Interest). Except for matters for which approval by the Members is expressly required by this Agreement or the mandatory provisions of the Act, no Member shall have the right to vote on any matters concerning the affairs of the Company.

(b) Actions on Behalf of Company. Without limiting the generality of Section 5.1, the Manager or its designee hereby is authorized and empowered to carry out and implement any and all of the following actions on behalf of the Company:

(i) to engage personnel, including the officers of the Company, and to do such other acts and incur such other expenses on behalf of the Company as it may deem necessary or advisable in connection with the conduct of the Company's affairs;

(ii) to engage independent attorneys, accountants, investment advisers, agents or other such Persons as it may deem necessary or advisable;

(iii) to open, maintain, conduct and close accounts, including depositary, custodial, brokerage, margin, client or discretionary accounts, with banks, brokers,

investment advisers, or other Persons and to pay the fees and charges for transactions in such accounts; and

(iv) to execute, deliver and perform such other contracts, agreements, and such other undertakings as it may deem necessary or advisable for the conduct of the business of the Company.

(c) Restriction on Members' Authority. No Member is an agent of the Company solely by virtue of being a Member, and no Member has the authority to act for or bind the Company or any other Member solely by virtue of being a Member.

(d) Devotion of Time as Manager. It is acknowledged that the Manager has other business interests to which it may devote part of its time. The Manager shall devote to the Company such efforts as the Manager in its sole discretion shall deem reasonably necessary to manage the business and affairs of the Company, it being understood that nothing herein shall require the Manager to devote its full time to the business and affairs of the Company. Nothing contained in this Agreement shall preclude the Manager or any of its employees or agents from acting as a director, stockholder, officer, official, consultant or employee of any Person, from receiving compensation for services rendered in connection with the foregoing, from acting as a principal or employee of any Person with whom the Company may contract for services or otherwise, or participating in profits derived from investments in any such Person, or from investing in any securities or other property for its, his or her own account, provided that such participation or involvement shall not interfere with the performance by such Person of its, his or her duties for the Company or its, his or her obligations under this Agreement or any other agreement between such Person and the Company. In addition to the foregoing, and notwithstanding anything to the contrary contained in this Agreement, the Manager shall be entitled to engage in any business activity of any kind ("**Other Activities**"), and none of the Members or the Company shall have any right in or to the Other Activities or to the income or proceeds derived therefrom.

(e) Management Fee and Reimbursements; Transaction Fee. The Company shall pay to the Manager (i) a one-time transaction fee equal to $500,000 plus actual, documented and reasonable expenses of Hilco and Gordon Brothers arising from or in connection with the negotiation and approval of the Asset Purchase Agreement and this Agreement not to exceed $500,000, both payable at the Closing (as defined in the Asset Purchase Agreement) and (ii) an annual management fee equal to $500,000 payable in equal installments on the first Business Day of each month (the "**Management Fee**"). The Company shall reimburse the Manager for reasonable out-of-pocket expenses incurred by the Manager in connection with its service as Manager. Reimbursements of officers and employees shall be subject to approval by the Manager.

(f) Exculpation. The Manager shall not be liable to the Company or any Members for any claims, costs, expenses, damages or losses arising out of or in connection with the performance of its duties as the Manager, or for any act or omission performed or omitted to be performed by the Manager in good faith and pursuant to the authority granted to the Manager under this Agreement, other than those directly attributable to the Manager's own gross

negligence or willful misconduct. The Manager shall not be liable to any Member for claims, costs, expenses, damages or losses due to circumstances beyond the Manager's control, including, without limitation, due to the negligence, dishonesty, bad faith or misfeasance of any employee, broker or other agent of the Company.

5.2 Major Decisions. Notwithstanding any other provision in this Agreement, Manager shall not be authorized to take, and shall not take, any of the actions or make any of the decisions that are set out below (each, a "**Major Decision**") without the prior written consent of the Bankruptcy Estate:

(a) Enter into any material amendment to this Agreement, including without limitation, changing the composition of the Advisory Board;

(b) Make any material change in the business objectives of the Company; or

(c) Sell more than 51% of the Membership Interests held by any Member to an Affiliate of Manager or any Member, except as permitted pursuant to Section 8.4.

5.3 Advisory Board.

(a) An advisory board to the Company (the "**Advisory Board**") will be established initially consisting of up to five (5) representatives. Hilco, so long as it is a Member of the Company, shall have the power to appoint or remove two members of the Advisory Board. Gordon Brothers, so long as it is a Member of the Company, shall have the power to appoint or remove two members of the Advisory Board. The Bankruptcy Estate, so long as it is a Member of the Company, shall have the power to appoint or remove one member of the Advisory Board.

(b) Members of the Advisory Board shall not receive any compensation or consideration for such member's service on the Advisory Board, *provided, however*, that the Company shall reimburse any reasonable expenses of members incurred in the performance of their duties as members of the Advisory Board.

(c) The Advisory Board shall meet quarterly to advise and assist the Company and discuss the Company's strategic objectives and performance. Other than as set forth below, the Advisory Board shall not have the authority to bind or act on behalf of the Company.

5.4 Officers. The Manager may appoint officers of the Company in its discretion, which may include a chief executive officer, chief financial officer, one or more vice presidents, a secretary and one or more assistant secretaries. Any number of offices may be held by the same person. The Manager may choose such other officers and agents, as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Manager. The officers of the Company shall be empowered to carry out the day-to-day operations of the Company and to implement the actions authorized by the Manager. Any officer may be removed either with or without cause by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. No officer need be a Member.

5.5 Title to Assets. The Manager shall cause all assets of the Company (including, without limitation, all intellectual property assets) to be held in the name of the Company.

5.6 Resignation, Removal and Replacement of the Manager. The Manager may resign at any time by giving written notice to the Members. The Manager may only be removed without cause pursuant to an affirmative vote of Members holding in the aggregate at least seventy-five percent (75%) of the Percentage Interests. The Manager may be removed for cause by a Majority-in-Interest upon (i) the Manager's gross negligence or willful misconduct regarding any material item of the Company's business, or (ii) in the event of a voluntary bankruptcy filing by the Manager or an involuntary bankruptcy filing involving the Manager that is not rescinded by the applicable bankruptcy court within fifteen (15) days of such involuntary filing. The resignation or removal of the Manager shall not affect the former Manager's rights as a Member, if applicable, and shall not constitute a withdrawal from the Company. Vacancies in the position of the Manager shall be filled pursuant to an affirmative vote of a Majority-in-Interest.

ARTICLE VI
MEMBERSHIP, MEETINGS, VOTING

6.1 Members and Voting Rights.

(a) Except as expressly set forth in this Agreement, no Member shall have any rights or preferences in addition to or different from those possessed by any other Member. Members shall have the right to vote upon all of those matters as to which this Agreement or the Act requires such Member action. Each Member shall vote in proportion to his, her or its Percentage Interest as of the governing record date, determined in accordance with Section 6.3 hereof. Unless otherwise provided in this Agreement, actions of Members shall be pursuant to the prevailing vote of a Majority-in-Interest. Unless otherwise expressly provided in this Agreement, no Member shall be prohibited from voting merely by reason of the fact that the Member would be voting on a matter of particular interest to that Member.

6.2 Admission of Additional Members. Additional or new Members may be admitted only with the approval of the Manager.

6.3 Record Dates. The record date for determining the Members entitled to Notice at any meeting or to vote, or entitled to receive any distribution, or to exercise any right in respect of any other lawful action, shall be the date set by the Manager.

6.4 Membership Certificates. The Company may, but shall not be required, to issue certificates evidencing Units to Persons who, from time to time, are Members of the Company; provided that once such certificates have been issued, they shall continue to be issued as necessary to reflect current Units held by Members. Certificates shall be in such form as may be approved by the Manager, shall be manually signed by the Manager, and shall bear conspicuous legends evidencing the restrictions on transfer described in, and the purchase rights of the Company and Members set forth in, Article VIII. All issuances, reissuances, exchanges

and other transactions in Units involving Members shall be recorded in a permanent ledger as part of the books and records of the Company. The failure of any person signing as Manager to continue to be Manager shall not affect the validity of the certificates.

6.5 Meetings: Call, Notice and Quorum. The Company shall not be required to hold an annual meeting of Members. Special meetings of the Members may be called at any time by the Manager, for the purpose of addressing any matters on which the Members may vote by delivering Notice to the Members. Meetings may be held at the principal executive office of the Company or at such other location as may be designated by the Manager. Following the call of a meeting, the Manager shall give Notice of such meeting not less than five (5) or more than sixty (60) days prior to the date of the meeting to all Members entitled to vote at the meeting. The Notice shall state the place, date, and hour of the meeting and the general nature of business to be transacted. No other business may be transacted at the meeting. A quorum at any meeting of Members shall consist of a Majority-in-Interest, represented in person or by proxy. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if the action taken, other than adjournment, is approved by the requisite Percentage Interests as specified in this Agreement or the Act.

6.6 Adjournment of Meetings. A meeting of Members at which a quorum is present may be adjourned to another time or place and any business which might have been transacted at the original meeting may be transacted at the adjourned meeting. If a quorum is not present at an original meeting, that meeting may be adjourned by the vote of a Majority-in-Interest represented at that meeting either in person or by proxy. Notice of the adjourned meeting need not be given to Members entitled to Notice if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than forty-five (45) days, or if, after the adjournment, a new record date is fixed for the adjourned meeting, in which cases Notice of the adjourned meeting shall be given to each Member of record entitled to vote at the adjourned meeting in the manner provided in Section 6.5.

6.7 Waiver of Notice. The transactions of any meeting of Members, however called and noticed, and wherever held, shall be as valid as though consummated at a meeting duly held after regular call and notice, if a quorum is present at that meeting, either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs either a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. Attendance of a Member at a meeting shall constitute waiver of notice, except when that Member objects, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be described in the notice of the meeting and not so included, if the objection is expressly made at the meeting.

6.8 Proxies. At all meetings of Members, a Member may vote in person or by proxy, which must be in writing. Such proxy shall be filed with the Manager before or at the time of the meeting, and may be filed by facsimile transmission to the Manager at the principal

office of the Company or such other address as may be given by the Manager to the Members for such purposes.

6.9 Participation in Meetings by Conference Telephone. Members may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Members participating in such meeting can hear one another. Such participation shall be deemed attendance at the meeting.

6.10 Action by Members Without a Meeting. Any action that may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Members entitled to vote on such matter.

ARTICLE VII
ACCOUNTING AND FINANCIAL REPORTING

7.1 Accounts and Accounting. Proper and complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office, and at such other locations as the Manager shall determine from time to time, and shall be open to inspection and copying by each Member or his, her or its authorized representatives upon reasonable Notice and for a proper purpose during normal business hours. The costs of such inspection and copying shall be borne by the Member.

7.2 Accounting. The financial statements of the Company shall be prepared in a form which is appropriate and adequate for the Company's business and for carrying out the provisions of this Agreement. The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Manager, subject to the requirements of the Code.

7.3 Records. At all times during the term of existence of the Company, and beyond that term if the Manager deems it necessary, the Manager shall keep or cause to be kept the books of account referred to in Section 7.1, together with:

(a) A current list of the full name and last known business or residence address of each Member, together with the Capital Contributions and the share in Net Income and Net Loss of each Member;

(b) A copy of the Certificate of Formation and all amendments thereto;

(c) Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years, if available;

(d) An executed counterpart of this Agreement, as amended from time to time;

(e) Any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto were executed;

(f) Copies of the financial statements of the Company for the six (6) most recent fiscal years, if available; and

(g) The books and records of the Company as they relate to the Company's internal affairs for the current and past four (4) Fiscal Years of the Company.

7.4 Member's Rights to Records.

(a) Upon the request of any Member, for purposes reasonably related to the interest of such a Member, the Manager shall cause to be promptly delivered to such Member, at the expense of the Member, a copy of the information required to be maintained pursuant to Section 7.3.

(b) Each Member has the right, upon reasonable request, for purposes reasonably related to the interests of such a Member, to each of the following:

(i) To inspect and copy during normal business hours any of the records required by Section 7.3;

(ii) To obtain from the Company promptly after becoming available, a copy of the Company's Federal, state and local income tax or information returns for each year; or

(iii) At the Member's expense, to cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

(c) The Manager shall cause to be promptly furnished to each Member a copy of any amendment to the Certificate of Formation.

7.5 Financial Reports; Budget. In connection with its management of the day-to-day operations of the Company, the Manager shall, among other things:

(a) Within sixty (60) days after the end of each Fiscal Year (commencing with the Fiscal Year ending on December 31, 2009), deliver to the Members annual audited financial statements for the Company prepared in accordance with generally accepted accounting principles;

(b) Within thirty (30) days after the end of each of the first three fiscal quarters of each Fiscal Year (commencing with the fiscal quarter ending June 30, 2009), deliver to the Members unaudited quarterly financial reports of the Company, which will provide narrative and summary financial information of the Company; and

(c) Use commercially reasonable efforts to transmit to each Member within 120 days after the end of each Fiscal Year such information as such Member reasonably may request to enable it to complete its tax returns or to fulfill any other reporting requirements, provided that the Manager can obtain such additional information without unreasonable effort or expense.

7.6 Tax Matters Member. The Manager shall act as Tax Matters Member of the Company pursuant to Code Section 6231(a)(7).

ARTICLE VIII
WITHDRAWAL OF MEMBERS; TRANSFERS OF MEMBERSHIP INTERESTS

8.1 Transfer and Assignment of Interests. Except for Transfers made pursuant to Sections 8.4, 8.6, 8.7 and 8.8, and subject to the requirements of this Article VIII, a Member may only Transfer all or any part of his, her or its Membership Interest upon the prior written approval of the Manager. After the consummation of any Transfer of any part of a Member's Membership Interest, the Membership Interest so Transferred shall continue to be subject to the terms and provisions of this Agreement and any further Transfers shall be required to comply with all the terms and provisions of this Agreement.

8.2 Further Restrictions on Transfer of Interests. In addition to other restrictions contained in this Agreement, no Member shall Transfer all or any part of its Membership Interest: (i) without compliance with all federal and state securities laws to the extent applicable; (ii) unless the transferor pays all expenses reasonably incurred by the Company, including reasonable attorneys' fees and costs, in connection with the Transfer; and (iii) if the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding twelve (12) consecutive months prior thereto, would cause the tax termination of the Company under Code Section 708(b)(1)(B), unless such tax termination would not have a direct material adverse effect on any non-transferring Members.

8.3 Substitution of Members. An Assignee of a Membership Interest shall have the right to become a substitute Member only if (i) the requirements of Section 8.1 and 8.2 relating to approval of the Manager, securities and tax requirements hereof are met; (ii) the Assignee executes an instrument reasonably satisfactory to the Members accepting and adopting the terms and provisions of this Agreement as such were applicable to the transferring Member at the time of transfer; and (iii) the Assignee pays any reasonable expenses in connection with its admission as a substitute Member. The admission of an Assignee as a substitute Member shall not result in the release of the Member who assigned the Membership Interest from any liability that such Member may have to the Company.

8.4 Permitted Transfers. Notwithstanding the provisions of Sections 8.1, 8.6 and 8.7, the Bankruptcy Estate may, subject only to compliance with Section 8.2, transfer its Membership Interest to a creditor trust upon confirmation of its Plan of Reorganization; provided that such creditor trust agrees to be bound by the terms and conditions of this Agreement that were binding on the Bankruptcy Estate at the time of such transfer. Upon such transfer, the

successor shall be deemed to hold all rights, status and privileges of the Bankruptcy Estate under this Agreement as if such successor was originally named herein as the holder of the Bankruptcy Estate Interest. In addition, so long as a Member retains sole voting rights with respect to a transferred Membership Interest, the Membership Interest of any Member may be transferred, with or without consideration, subject to compliance with Section 8.2, and without the prior consent of the Manager, to (i) an inter vivos trust for estate planning purposes, (ii) a spouse or any lineal descendant of a Member or owner of an Economic Interest, and with respect to a Member or owner of an Economic Interest that is a trust, the spouse or lineal descendant of its trustor, or (iii) any Affiliate of such Member.

8.5 Effective Date of Permitted Transfers. Any permitted Transfer of all or any portion of a Member's Membership Interest shall be effective on the day following the date upon which the requirements applicable to such Transfer pursuant to this Agreement have been satisfied. The Member that is a party to the Transfer shall provide all other Members with written notice of such Transfer as promptly as possible after the requirements applicable to such Transfer pursuant to this Agreement have been met, as well as any such documents as reasonably requested by the other Members upon such request. Any transferee of all or any portion of a Member's Membership Interest shall take subject to the terms and provisions of this Agreement.

8.6 Right of First Refusal.

(a) In the event that any Member shall wish to Transfer any Membership Interest to a third party or third parties other than as set forth in Section 8.4 such Member (the **"Offering Person"**) shall deliver a written notice (the **"ROFR Notice"**) to the Company and each of the other Members (collectively, the **"Eligible Purchasers"**) offering such Membership Interests, first to the Company, and then to the remaining Eligible Purchasers, and specifying in reasonable detail the number of Membership Interests proposed to be Transferred (the **"Specified Securities"**), specifying in reasonable detail the offered purchase price therefor, which must be in cash in United States dollars (the **"ROFR Purchase Price"**), and any other material terms and conditions (the **"ROFR Purchase Terms"**).

(b) For a period of 20 days after the ROFR Notice has been delivered to the Company (the **"Company Option Period"**), the Company shall have the right to purchase all or any portion of the Specified Securities by delivering a written notice (an **"Exercise Notice"**) to the Offering Person and each of the Eligible Purchasers prior to the expiration of the Company Option Period, specifying the number of Specified Securities to be purchased at the ROFR Purchase Price, and its acceptance of the ROFR Terms. The failure of the Company to respond within the Company Option Period shall be deemed to be a waiver of the Company's rights under this Section 8.5(b) with respect to such Transfer. If the Company waives or is deemed to have waived its rights under this Section 8.5(b), then for a period of 20 days (the **"Member Option Period"**) after the later to occur of (i) the expiration of the Company Option Period and (ii) the expiration of the 10-day period following the Offering Person's receipt of an Exercise Notice from the Company with respect to a portion of the Specified Securities, each of the Members shall have the right to purchase all of the remaining Specified Securities pro rata in proportion to their respective Membership Interests by delivering an Exercise Notice to the Offering Person and each of the other Eligible Purchasers prior to the expiration of the Member

Option Period, of such Members agreement to purchase all or a portion of its pro rata share, based upon relative Membership Interests, of the remaining Specified Securities under the ROFR Purchase Terms. The failure of a Member to respond within the Member Period shall be deemed to be a waiver of such Member's rights under this Section 8.5(b) with respect to such Transfer.

(c) Each Eligible Purchaser shall have the additional right (the **"Additional ROFR Right"**) to elect to purchase any or all of the shares of the Specified Securities not accepted for purchase by the Company or any other Eligible Purchaser, in which event such shares of Specified Securities not accepted by any other Eligible Purchaser shall be deemed to have been offered to and accepted by the Eligible Purchasers exercising such Additional ROFR Right in proportion to their relative Membership Interest on the same terms and at the same price per share as those specified in the Exercise Notice, but in no event shall any Eligible Purchaser exercising its Additional ROFR Right be allocated a number of shares of Additional Specified Securities in excess of the maximum number such Eligible Purchaser has offered to purchase in its notice of exercise. In the event that the Offering Person receives Exercise Notices with respect to less than all of the Specified Securities from the Company and the Eligible Purchasers, the Offering Person shall have the right to either (a) proceed with the sale of all of the Specified Securities designated for purchase by the Company and the Eligible Purchasers and to sell the remaining Specified Securities to a third party at a cash price (in United States dollars) and on other terms and conditions, taken as a whole, that are equal to or more favorable to the Offering Person than the ROFR Purchase Price and the other ROFR Purchase Terms, during the 90-day period immediately following the expiration of the Member Option Period, with any Specified Securities not transferred within such 90-day period subject to the provisions of this Section 8.5(c); or (b) elect not to Transfer any of the Specified Securities to any of the Company and of the Eligible Purchasers and to proceed with the sale of all, but not less than all of the Specified Securities to a third party at a price and on terms and conditions, taken as a whole, that are equal to or more favorable to the Offering Person than the ROFR Purchase Price and the other ROFR Purchase Terms.

(d) The closing of the purchase by the Company or the Members of any Specified Securities under Sections 8.5(b) and 8.5(c) above, shall be held within 30 days after the Offering Person agreed in writing to sell Specified Securities to the Company or the Members, as the case may be, or at such other time as the Company or such Members, as the case may be, and the Offering Person shall agree. At such closing the Offering Person shall deliver certificates evidencing all its Specified Securities being purchased under this Section 8.5, duly endorsed, or accompanied by written instruments of transfer in form satisfactory to the proposed purchaser, duly executed by such Offering Person, and accompanied by all requisite transfer taxes, if any, and such Specified Securities shall be free and clear of any Liens and such Offering Person shall so represent and warrant, and further represent and warrant that it is the beneficial owner of such Specified Securities.

8.7 Tag-Along Rights.

(a) In the event that a Capital Member (the "**Selling Member**") agrees to sell more than one-half of the Membership Interest then held by such Capital Member (a "**Tag Along Transfer**") to any Person or group of Persons other than another Member (a

"**Tag Along Buyer**") or pursuant to Section 8.4, such Capital Member must first notify the other Members in writing (a "**Tag-Along Notice**") of such intended Transfer at least fifteen (15) days prior to the proposed date for the consummation of such transfer; which notice will contain all of the terms of the proposed Transfer including the name and address of the prospective purchaser(s), the purchase price (which is to be determined on the basis of all consideration paid or to be paid in connection with such transfer) and other terms and conditions of payment (or the basis for determining the purchase price and other terms and conditions), and the date on or about which such sale is to be consummated and the Membership Interest to be transferred.

(b) Within ten (10) days after receipt of the Tag-Along Notice, (the "**Tag-Along Participation Notice**") each other Capital Member and, provided that no Member has any Unrecovered Capital, the Bankruptcy Estate shall have the option, exercisable by written notice to the Selling Member to participate in the proposed Tag-Along Transfer (such other Members, each a "**Tag Along Participant**"). In the event the Tag-Along Buyer is unwilling to so purchase all of the Selling Member's Membership Interest and all of the Tag Along Participants' Membership Interest, then each of the Selling Member and each of the Tag-Along Participants will be entitled to sell to the Tag-Along Buyer Membership Interests in an amount determined by multiplying the total Percentage Interest to be purchased by the Tag-Along Buyer by a fraction, the numerator of which is the Percentage Interest of such Member and the denominator of which is the aggregate Percentage Interests held by the Selling Member and the Tag Along Participants together.

(c) No Member shall be required to make representations and warranties in connection with a Transfer to a Tag-Along Buyer other than customary representations and warranties, on a several and not joint basis, regarding the power and authority of such Member to engage in the Transfer, the receipt of appropriate corporate or similar authorizations, the absence of any consents or approvals applicable to such Member (other than those which have been obtained), and that such Member has good and marketable title to its Membership Interests, free and clear of all liens, claims and other encumbrances.

(d) At the closing of any proposed Tag-Along Transfer the Tag-Along Participants shall deliver, free and clear of all liens, to the Tag-Along Buyer, the Membership Interests or Membership Interests, applicable to be transferred and shall receive in exchange therefore, pro-rata based upon Percentage Interests sold, the consideration to be paid or delivered by the Tag-Along Buyer as described in the Tag-Along Notice.

8.8 Drag-Along Rights.

(a) If at any time after the date hereof, Capital Members holding in the aggregate more than 51% of the then outstanding aggregate Membership Interest held by all Capital Members (collectively, the **"Transferring Members"**) desire to transfer in a bona fide arm's-length sale to Persons who are unrelated third parties (for purposes of this Section 8.8, collectively, the "**Proposed Transferee**") all of their Membership Interests in the Company, whether in a single transaction or in a series of related transactions, then the Transferring Members shall have the right (the "**Drag-Along Right**") to require the Bankruptcy Estate and all Capital Members which are not Transferring Members (collectively, the **"Other Members"**) to

sell to the Proposed Transferee their entire Membership Interests. The sale price to be paid to each Member will be an amount equal to the amount that would be distributed to such Member assuming that the Company distributed the aggregate sales price for all of the Membership Interests, net of closing and transaction costs, escrows and closing adjustments, in accordance with Section 4.4 (the "**Drag-Along Price**"). The Transfer of Membership Interests in connection with the exercise of the Drag-Along Right is referred to herein as a "**Covered Transfer**".

(b) To exercise the Drag-Along Right, the Transferring Members shall give the Bankruptcy Estate and the Other Members a Notice, delivered not less than 20 days prior to the consummation of the proposed Covered Transfer, containing (i) the name and address of the Proposed Transferee, (ii) the terms and conditions of the proposed Covered Transfer and (iii) the Drag-Along Price (based on a reasonable estimate of transaction costs, escrows and closing adjustments).

(c) In connection with a Covered Transfer pursuant to Section 8.8(a), the Bankruptcy Estate and the Other Members will, if requested by the Proposed Transferee, execute, deliver and perform agreements with the Proposed Transferee relating to the sale containing terms that are no more onerous in any material respect than those contained in the comparable agreements to be executed, delivered and performed by the Transferring Members, but shall relate solely to the Membership Interests being sold by the Bankruptcy Estate and the Other Members.

8.9 Rights of Legal Representatives. If a Member who is an individual dies or is adjudged by a court of competent jurisdiction to be incompetent to manage the Member's person or property, the Member's executor, administrator, guardian, conservator, or other legal representative shall be entitled to receive such Member's share of income, losses and distributions but shall not be entitled to exercise any other right of the Member other than its right to sell such Member's Membership Interest as set forth herein (but not purchase the Membership Interests of other Members). If a Member is a corporation, trust, or other entity and is dissolved or terminated, the powers of that Member may be exercised by its legal representative or successor, and shall also be subject to such limitations.

8.10 Involuntary Transfers. Upon any involuntary Transfer of a Membership Interest in violation of this Article VIII (including, without limitation, by means of the dissolution, death or mental disability of a Member, a court award in a divorce or similar proceeding or by other operation of law), the transferee shall have no right to vote or participate in the management of the Business, property and affairs of the Company or to exercise any rights of a Member. Such transferee shall be entitled to become an Assignee only and thereafter shall only receive the share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled.

ARTICLE IX
DISSOLUTION AND WINDING UP

9.1 Events of Dissolution. The Company shall be dissolved immediately upon the first to occur of the following events:

(a) The happening of any event of dissolution specified in the Certificate of Formation;

(b) The sale of all or of substantially all of the Company's assets; and

(c) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act.

9.2 Winding Up. Upon the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The Manager shall wind up the affairs of the Company in an orderly manner. The Manager shall give Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts and liabilities of the Company (including all costs of dissolution) and all indebtedness to any Member, the remaining assets of the Company shall be distributed or applied to the Members in accordance with Section 4.4.

9.3 Deficits. Each Member shall look solely to the assets of the Company for the return of his, her or its investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of each Member, such Member shall have no recourse against any other Member for indemnification, contribution or reimbursement except as specifically provided in this Agreement.

ARTICLE X
LIABILITY/INDEMNIFICATION

10.1 Liability.

(a) No Member shall be personally liable for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise, except as otherwise provided in the Act or in this Agreement.

(b) No Member shall be liable, responsible or accountable, in damages or otherwise, to any Member or to the Company for any act or omission by such Member within the scope of the authority conferred on such Member by this Agreement, except for any liability that results from such Member's gross negligence or willful misconduct.

10.2 Indemnification.

(a) Except as may be prohibited by applicable law, the Company shall indemnify and hold harmless each Member, the Manager, and Company officer, their respective partners, officers, directors, shareholders, managers, members and trustees and the partners, officers, directors, shareholders, managers, members and trustees of such parties and, in the

discretion of the Manager, may indemnify and hold harmless any Affiliate thereof, and any employee or agent of, or adviser to, each Member, the Manager and officer, and their respective Affiliates (such Persons, to the extent they are required to be indemnified hereunder or are provided indemnity hereunder by the Manager, are herein collectively referred to as "**Indemnified Parties**") from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and expenses), judgments, fines, settlements and other amounts (collectively, the "**Liabilities**") arising from, or related or incidental to, any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which such Indemnified Party may be involved, or threatened to be involved, as a party or otherwise, and arising out of or related to the initial offering of Membership Interests in the Company, any other offering of Membership Interests in the Company, or the business, operation, administration or termination of the Company, including, without limitation, Liabilities under federal or state securities laws (and regardless of whether such Indemnified Party continues to be a Member, Manager and officer, any Affiliate of such, or a partner, officer, director, shareholder, trustee, employee or agent of, or adviser to, a Member, Manager and officer, or any of their respective Affiliates at the time any such Liabilities are paid or incurred), if such Indemnified Party acted in good faith and in a manner it believed to be in, or not opposed to, the interests of the Company, and, with respect to any criminal proceeding, did not in good faith believe its conduct was unlawful; *provided, however*, that such Indemnified Party shall not be indemnified against any such Liabilities, (and the Indemnified Party shall repay all amounts previously advanced by the Company pursuant to and in accordance with Section 10.2(b) hereof), that were caused by such Indemnified Party's gross negligence or willful misconduct. Notwithstanding the foregoing, to the extent that an Indemnified Party has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this Section 10.2, or in connection with any appeal therein, or in defense of any claim, issue or matter therein, the Company shall indemnify such Indemnified Party against the expenses, including, without limitation, attorneys' and accountants' fees and expenses, incurred by such Indemnified Party in connection therewith. The termination of any pending or threatened action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Indemnified Party did not satisfy standards for indemnification set forth in this Section 10.2.

(b) Liabilities incurred by any Indemnified Party in defending any pending or threatened claim, demand, action, suit or proceeding shall, from time to time, be paid by the Company in advance of the final disposition or settlement of such claim, demand, action, suit or proceeding, to the extent the Company has the necessary cash available, upon receipt of an undertaking by or on behalf of the Indemnified Party to repay such amounts (or a proportionate share of such amounts determined in accordance Section 10.2(c) if applicable) if it is ultimately determined that the Indemnified Party is not to be indemnified by the Company as provided in this Section 10.2.

(c) If for any reason (other than the gross negligence or the willful misconduct or bad faith of the Indemnified Party), the foregoing indemnification is unavailable to such Indemnified Party, then the Company shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect not

only the relative benefits received by the Company, on the one hand, and such Indemnified Party on the other hand, but also the relative fault of the Company and such Indemnified Party as well as any relevant equitable considerations.

(d) The indemnification (or contribution) and advancement of amounts provided pursuant to this Section 10.2 shall not be deemed exclusive of, but shall be in addition to, any other rights to which those persons seeking indemnification (or contribution) or advancement of amounts may otherwise be entitled and shall continue as to any Indemnified Party notwithstanding the dissolution or other cessation to exist of such Indemnified Party or the withdrawal, adjudication of bankruptcy or insolvency of such Indemnified Party, such Indemnified Party's no longer serving in the capacity entitling it to indemnification under the provisions of this Section 10.2, or the termination of the Company.

(e) The Company may purchase and maintain insurance on behalf of any of the Indemnified Parties, and such other Persons as the Manager shall determine, against any Liabilities that may be asserted against or that may be incurred by such persons arising out of or related to the initial offering of Membership Interests, any other offering of Membership Interests or other interests in the Company, and/or the business, operation, administration or termination of the Company, regardless of whether the Company would be required to indemnify any such persons against such Liabilities under the provisions of this Agreement.

(f) The advancement, indemnity and contribution obligations of the Company under this Section 10.2 shall be in addition to any obligation which the Company may otherwise have, shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and each of the Indemnified Parties and shall not be deemed to create any rights for the benefit of any other party. The provisions of this Section 10.2 shall survive any termination of this Agreement.

ARTICLE XI
POWER OF ATTORNEY

11.1 Appointment of Manager as Attorney-in-Fact.

(a) Each Member, by the execution of this Agreement, irrevocably constitutes and appoints the Manager its true and lawful attorney-in-fact with full power and authority in its name, place and stead to execute, acknowledge, deliver, swear to, file and record at the appropriate public offices the following documents as may be necessary or appropriate to carry out the provisions of this Agreement:

(i) All fictitious name certificates and all certificates and other instruments (including the Certificate of Formation and counterparts of this Agreement), and any amendment or restatement thereof, which the Manager deems appropriate to form, qualify or continue the Company as a limited liability company in the jurisdictions in which the Company may conduct business or in which such formation, qualification or continuation is, in the opinion of the Manager, necessary or desirable to protect the limited liability of the Members;

(ii) All amendments to this Agreement and the Certificate of Formation adopted in accordance with the terms hereof; and

(iii) All conveyances and other instruments which the Manager deems appropriate to reflect the dissolution and termination of the Company in accordance with the terms hereof.

(b) The foregoing appointment shall be deemed to be a power coupled with an interest, in recognition of the fact that each of the Members under this Agreement will be relying upon the power of the Manager to act as contemplated by this Agreement in any filing and other action by it on behalf of the Company, and shall survive the bankruptcy, death, adjudication of incompetence or insanity, or dissolution of any Member hereby giving such power and the transfer or assignment of all or any part of the Membership Interest of such Member; *provided, however*, that in the event of the Transfer by a Member of all of its Membership Interest, the foregoing power of attorney of a transferor Member shall survive such transfer only until such time as the transferee shall have been admitted to the Company as a Member or Assignee, as the case may be, and all required documents and instruments shall have been duly executed, filed and recorded to effect such substitution.

(c) For greater certainty, the Manager shall not take any action in contravention of this Agreement.

ARTICLE XII
CONFIDENTIALITY

12.1 Proprietary Information. The Members each acknowledge and agree that it, he or she will receive and become aware of certain information which is proprietary to the Company, including, without limitation, prices, costs, personnel, knowledge, data and techniques, other non-public information concerning the business or finances of the Company, and other information the disclosure of which might harm or destroy the competitive advantage of the Company (all of the foregoing shall hereinafter be referred to as the "**Proprietary Information**"). Notwithstanding the foregoing, the Proprietary Information shall not include any information which (a) a Member obtains other than as a result of being a Member, (b) is generally known or becomes publicly available through no fault of a Person, or (c) is required to be disclosed in the context of any administrative or judicial proceeding.

12.2 Confidentiality. The Members each agree that it, he or she shall not, directly or indirectly, during the period such Person owns or holds any interest in the Company or renders services to the Company (as the case may be) and for a period of two (2) years thereafter, disclose any Proprietary Information to third parties, copy or use any Proprietary Information, or publish any Proprietary Information, except for the purpose of fulfilling its, his or her obligations to the Company.

12.3 Equitable Relief. The Members each hereby acknowledge and agree that the breach by such Person of its covenants and obligations under this Article XII will cause irreparable harm and significant injury to the Company which could be difficult to limit or

quantify. Accordingly, such Person agrees that the Company will have the right to seek an immediate injunction, specific performance or other equitable relief due to any such breach, without posting any bond therefor, in addition to any other remedies that may be available to the Company or the other Members at law or in equity.

ARTICLE XIII
SECURITIES LAWS AND INVESTMENT REPRESENTATIONS

13.1 Securities Laws. The initial sale of Membership Interests in the Company to the Members has not been qualified or registered under the securities laws of any state, nor registered under the Securities Act of 1933, as amended, in reliance upon exemptions from the registration provisions of those laws. In addition, no attempt has been made to qualify the offering and sale of Membership Interests to Members under any state's "blue sky" laws, also in reliance upon an exemption from the requirement that a permit for issuance of securities be procured.

Each Member hereby represents and warrants (as to only such Member) to the other Members and the Company as follows:

13.2 Preexisting Relationship or Experience. He, she or it has a preexisting personal or business relationship with the Company, the Manager or one or more of its officers or controlling persons, or by reason of his, her or its business or financial experience, or by reason of the business or financial experience of his, her or its financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any Affiliate of the Company, he or she is capable of evaluating the risks and merits of an investment in the Company and of protecting his, her or its own interests in connection with this investment. He, she or it has been afforded ample opportunity to investigate the business of the Company, and its proposed Business, as well as to ask any questions of the Company or the Manager and has been satisfied with the responses to any such questions.

13.3 High Risk Investment. Each Member understands that there is an extremely high degree of risk in this investment. Investment into this Company should not be purchased by any purchaser who cannot afford the loss of his, her or its entire investment. An investment in a Membership Interest is riskier than an investment in publicly traded securities of companies traded on exchanges or over-the-counter, mutual funds, certificates of deposit, municipal bonds, corporate bonds, government obligations or securities purchased in firmly underwritten offerings. Only those investors who can tolerate such risk should purchase the Membership Interest. Furthermore, the Company has negligible cash and is dependant upon proceeds of this offering to finance its business.

13.4 Disclaimer Regarding Projections. Any financial projections and assumptions in the Company's use of funds, or other materials, have been provided outside of this Agreement for illustrative purposes only and must not be relied upon. The projections reflect estimates of future operating results developed by the Company without independent evaluation or analysis, based on assumptions that may not occur and over which the Company has very little control. To the extent that the assumptions are inaccurate or incomplete, the

financial condition of the Company may be adversely affected. There can be no assurance that any of the assumptions in the projections will be accurate. In the event that the assumptions are inaccurate or incomplete, the Company's profitability would be materially affected. There can be no assurance that actual results will correspond with the financial projections. If the Company were unable to sell all of the Membership Interests, it is possible that the Company may not be able to meet its projections.

13.5 No Advertising. He, she or it has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation with respect to the sale of the Membership Interest.

13.6 Investment Intent. He, she or it is acquiring the Membership Interest for investment purposes for his, her or its own account and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other person will have any direct or indirect beneficial interest in or right to the Membership Interest.

13.7 Accredited Investor. Such Capital Member hereby represents that it is an "accredited investor" as defined by Rule 501 under Regulation D of the Securities Act of 1933, as amended; *provided, however*, the Bankruptcy Estate does not make any representation regarding its status as an "accredited investor" other than that the bankruptcy court with jurisdiction over the Estate has authorized the Bankruptcy Estate to enter into an Agreement on substantially the terms set forth herein.

ARTICLE XIV
GENERAL PROVISIONS

14.1 Notices. Any Notice which may or must be given under this Agreement shall be addressed to a Member (c/o the Manager) at the address set forth under the Manager's name in Exhibit A hereto, or, if such Notice is by means of facsimile, to the facsimile number set forth under Manager's name in Exhibit A hereto.

14.2 Entire Agreement; Amendment. This Agreement shall constitute the whole and entire agreement of the parties hereto with respect to the matters set forth herein and shall not be modified or amended in any respect except in accordance with this Agreement.

14.3 Choice of Law. THIS AGREEMENT AND THE OBLIGATIONS OF THE PARTIES, WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY CONFLICTS-OF-LAWS PROVISION THEREOF THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION, AND NOTWITHSTANDING THE FACT THAT ONE OR MORE COUNTERPARTS HEREOF MAY BE EXECUTED OUTSIDE OF THE STATE, OR ONE OR MORE OF THE OBLIGATIONS OF THE PARTIES HEREUNDER ARE TO BE PERFORMED OUTSIDE OF THE STATE.

14.4 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in Delaware. Each Member further agrees that personal jurisdiction over it may be effected by service of process by registered or certified mail addressed as provided in Section 14.1, and that when so made shall be as if served upon him or her personally within the State of Delaware.

14.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Members, Interest Holders, Assignees, and their respective legal representatives and successors.

14.6 Injunctive Relief; Specific Performance. The parties hereby agree and acknowledge that a breach of any material term, condition or provision of this Agreement that provides for an obligation other than the payment of money would result in severe and irreparable injury to the other party, which injury could not be adequately compensated by an award of money damages, and the parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof, and the parties hereby irrevocably consent to the issuance of any such injunction. The parties further agree that no bond or surety shall be required in connection therewith.

14.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

14.8 Number and Gender. The use of the neuter gender herein shall be deemed to include the feminine and masculine genders. The use of either the singular or the plural includes the other unless the context clearly requires otherwise.

14.9 Further Assurances. Each of the parties hereto shall timely execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

14.10 Partition. Each party hereto irrevocably waives any right which it may have to maintain an action for partition with respect to property of the Company.

14.11 Authority to Contract. Each Member hereby represents and covenants to the other Members that he, she or it has the capacity and authority to enter into this Agreement without the joinder of any other person. All undertakings and agreements herein shall be binding upon the Members hereto, their permitted successors and assigns.

14.12 Titles and Headings. The Article, Section and Paragraph titles and headings contained in this Agreement are inserted only as matter of convenience and for ease of reference and in no way define, limit, extend or proscribe the scope of this Agreement or the intent or content of any provision hereof. All references to sections, articles, schedules or

exhibits contained herein mean sections, articles, schedules or exhibits of this Agreement unless otherwise stated.

14.13 Validity and Severability. If any provision of this Agreement is held invalid or unenforceable, such decision shall not affect the validity or enforceability of any other provision of this Agreement, all of which other provisions shall remain in full force and effect.

14.14 Statutory References. Each reference in this Agreement to a particular statute or regulation, or a provision thereof, shall be deemed to refer to such statute or regulation, or provision thereof, or to any similar or superseding statute or regulation, or provision thereof, as is from time to time in effect.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Member and Manager

HILCO/GORDON BROTHERS PLR IP HOLDINGS, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Members

HILCO PLR COMPANY, LLC

By: _____
Name: _____
Title: _____

[_____]

By: _____
Name: _____
Title: _____

[_____]

By: _____
Name: _____
Title: _____

EXHIBIT A

Members, Capital Contributions and Units

Members	Units	Percentage Interest	Capital Contributions
Hilco PLR Company, LLC Address: One Northbrook Place 5 Revere Drive, Suite 206, Northbrook, IL 60091 Fax: Tel:	375	37.5%	$24,250,000
Gordon Brothers Brands, LLC Address: 101 Huntington Avenue, 10th Floor Boston, MA 02199 Fax: Tel:	375	37.5%	$24,250,000
The Estate of Polaroid Corporation, et al. Address: c/o Lindquist & Vennum PLLP 4200 IDS Center 80 South Eighth Street Minneapolis, MN 55402 Fax: (612) 371-3207 Attn: Charles P. Moorse, Esq. George H. Singer, Esq.	250	25%	$0
Total	1,000	100%	$48,500,000

EXHIBIT B

FORM OF NOTE

DEMAND PROMISSORY NOTE

$_____ _____ __, 20__

FOR VALUE RECEIVED, the undersigned, _____, LLC, a Delaware limited liability company (the "Maker"), hereby unconditionally promises to pay to the order of _____, a _____ _____ (the "Payee"), **ON DEMAND** by Payee at any time following the one year anniversary of the date o this Demand Promissory Note (this "Note"), the principal sum of _____ ($_____), in lawful money of the United States of America, together with accrued interest on the unpaid principal balance from day-to-day remaining, computed at the lesser of (i) the Maximum Rate (as defined below) and (ii) a rate per annum equal to ten (10%) (the "Interest Rate"), compounded annually to the extent outstanding. All payments hereunder shall be made at _____, or such other address as Payee may designate to Maker from time to time.

1. Interest shall be payable monthly in arrears commencing on the first day of the first calendar month following the date hereof, and continuing regularly and monthly on the first day of each calendar month thereafter.

2. Interest in respect of the principal amount of this Note remaining outstanding from day-to-day shall be calculated and accrue at the Interest Rate per annum on the basis of the actual number of days elapsed over a 365 or 366-day year, as appropriate. Payee's books and records reflecting: (a) the calculation of interest; (b) the compounding of interest; and (c) the payment of principal and interest by Maker hereunder, in each case shall constitute prima facie evidence of such facts and shall be conclusive in the absence of manifest error.

3. Payments made to Payee by Maker hereunder shall be applied first to accrued interest and then to principal. All payments of principal and interest upon this Note shall be made by Maker to Payee in federal or other immediately available funds without setoff or other reduction. Maker may elect to prepay this Note in whole or in part from time to time without premium, penalty or notice.

4. Notwithstanding anything contained in this Note to the contrary, Payee shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on this Note, any amount in excess of the amount permitted and calculated at the maximum nonusurious interest rate, if any, that at any time, or from time to time, may be contracted for, taken, reserved, charged, or received on the indebtedness evidenced by this Note under the laws that are presently in effect of the United States and the State of Delaware or, to the extent permitted by law, under such applicable laws of the United States and the State of Delaware which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow (the "Maximum Rate"). In the event Payee ever receives, collects or applies as interest any amount in excess of the amount permitted and calculated at the

Maximum Rate, such amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance of this Note, and, if the principal balance of this Note is paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Rate, Maker and Payee shall, to the maximum extent permitted under applicable law: (a) characterize any non-principal payment (other than payments which are expressly designated as interest payments hereunder) as an expense, fee, or premium, rather than as interest; (b) exclude voluntary prepayments and the effect thereof; and (c) spread the total amount of interest throughout the entire contemplated term of this Note.

5. Maker, and any surety, endorser, guarantor or other party ever liable for payment of any sums of money on this Note, jointly and severally waive notice of acceptance, diligence, demand for payment, presentment, protest, notice of interest and non-payment, or other notice of default, notice of intention to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note, and agree that their liability under this Note shall not be affected by any renewal or extension in the time of payment hereof, or by any indulgences, or by any release or change in the security for the payment of this Note, and hereby consent to any and all renewals, extensions, indulgences, releases, or changes, regardless of the number of such renewals, extensions, indulgences, releases, or changes.

6. No waiver by Payee of any of its rights or remedies hereunder or under any other document evidencing or securing this Note or otherwise shall be considered a waiver of any other subsequent right or remedy of Payee; no delay or omission in the exercise or enforcement by Payee of any rights or remedies shall ever be construed as a waiver of any right or remedy of Payee; and no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Payee.

7. THE VALIDITY OF THIS NOTE, ITS CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT, AND THE RIGHTS OF MAKER AND PAYEE HEREUNDER SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO ANY CONFLICTS-OF-LAWS PROVISION THEREOF THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. MAKER AND PAYEE AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS NOTE SHALL BE TRIED AND LITIGATED ONLY IN THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF WILMINGTON, STATE OF DELAWARE. MAKER AND PAYEE WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.

8. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings at law or in equity or in bankruptcy, receivership or other court proceedings, Maker promises to pay all costs and expenses of collection including, but not limited to, court costs and the reasonable attorneys' fees of the holder hereof.

IN WITNESS WHEREOF, this Note is executed as of the first date written above.

_____**, LLC**, a Delaware limited liability company

By: _____
Name: _____
Title: _____

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

CERTIFICATE OF SERVICE

Gretchen Luessenheide of the City of New Hope, County of Hennepin, State of Minnesota, being first duly sworn on oath, states that on April 17, 2009 she served the following document:

Revised Notice of Filing of Prevailing Bidder

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

/e/Gretchen Luessenheide
Gretchen Luessenheide