

EXHIBIT 2

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

**ORDER (1) APPROVING AUCTION AND BIDDING PROCEDURES;
(2) APPROVING BREAK-UP FEE, EXPENSE REIMBURSEMENT
AND OTHER BUYER PROTECTIONS;
(3) APPROVING NOTICE; AND (4) GRANTING RELATED RELIEF**

The motion (the "Motion") of the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors" or "Polaroid") for an Order, pursuant to sections 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"), as well as Rules 2002, 6004, 6006 and 9014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), (1) Approving Auction and Bidding Procedures; (2) Approving Break-Up Fee, Expense Reimbursement and Other Protections; (3) Approving Notice; (4) Authorizing Sale of Assets Free and Clear of Liens, Claims and Encumbrances, Subject to Higher or Better Offers; (5) Approving

Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (6) Granting Related Relief came before the undersigned on February 18, 2009; Appearances were noted in the record. Due notice of the Motion having been given.

Based on the Motion, the arguments of counsel, all the files, records and proceedings herein, the Court being advised in the premises, and after due deliberation and sufficient cause appearing therefore:

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Due and proper notice of the Motion was provided as set forth in the Motion, and no other or further notice is required.

C. The Bidding Procedures (as defined below), in the form annexed hereto as Exhibit A, are fair, reasonable and appropriate and are designed to maximize the value of the Debtors' estates.

D. The Debtors have demonstrated a compelling and sound business justification for authorizing the payment of the Expense Reimbursement and the Break-Up Fee as set forth in the Purchase Agreement (as defined below).¹

E. The Expense Reimbursement (i) is fair and reasonable, (ii) provides a benefit to the Debtors' estates and parties in interest in these cases, and (iii) will preserve the value of the Debtors' estates for the benefit of creditors.

¹ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement (as defined below) or the Motion, as applicable.

F. The Break-Up Fee (i) is fair and reasonable, (ii) provides a benefit to the Debtors' estates and parties in interest in these cases, and (iii) will preserve the value of the Debtors' estates for the benefit of creditors.

G. The Break-Up Fee, among other things: (i) is the result of arm's-length negotiations among the parties that were not tainted by self-dealing or manipulation; (ii) is reasonably tailored to encourage, rather than hamper, bidding for the Debtors' assets; (iii) is reasonable in amount relative to the proposed purchase price; (iv) is reasonably tailored to retain a potentially successful bid, establish a bid standard and minimum bid for other bidders, and attract additional bidders; and (v) correlates with a maximization of value to the Debtors' estates.

H. If applicable, the Debtors' payment of the Expense Reimbursement and the Break-Up Fee, are reasonable and appropriate, in light of, among other things, (i) the size and nature of the proposed sale, (ii) the substantial efforts that are being expended by the Proposed Purchaser, and (iii) the benefits the Proposed Purchaser is providing to the Debtors' estates and creditors and all parties in interest herein. Furthermore, the granting of the Buyer Protection Liens (as defined below) is appropriate and justified under sections 105(a) and 364(c) of the Bankruptcy Code.

I. The entry of this Order is in the best interests of the Debtors and their estates, creditors and interest holders and all other parties in interest herein;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Pursuant to 11 U.S.C. 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004, 6006 and 9006, the Motion is granted as set forth herein.

2. All objections filed in response to the Motion, to the extent not resolved herein, are hereby overruled.

The Stalking Horse Bid

4. The transaction contemplated by the Asset Purchase Agreement, dated as of January 24, 2009 (the "Purchase Agreement"), by and among certain of the Debtors² and PCH Acquisitions, LLC (the "Proposed Purchaser"), is designated as the "Stalking Horse Bid."

The Sale Procedures and the Auction

5. The procedures for the submission of bids and the conduct of an auction for the sale of certain of the Debtors' Acquired Assets annexed hereto as Exhibit A (the "Bidding Procedures," and, together with the Break-Up Fee and the Expense Reimbursement, the "Buyer Protections") are hereby incorporated herein and approved in their entirety.

6. The Proposed Purchaser shall constitute a Qualified Bidder for all purposes and in all respects with regard to the Auction, the Sale Procedures, and the overall Sale process.

7. The Debtors are authorized: (a) to conduct the Auction on March 30, 2009 at 9:00 a.m. (prevailing Central Time) at the offices of Lindquist & Vennum PLLP in Minneapolis, Minnesota (or such other time and place as designated by the Debtors on notice to the Notice Parties); and (b) subject to the terms of this Order, to take all actions necessary, in the discretion of the Debtors, to conduct and implement such Auction.

8. If the Debtors do not receive any Qualified Bids (other than the Stalking Horse Bid) by 5:00 p.m. (prevailing Central Time) on March 26, 2009, the Debtors are authorized to cancel the Auction on notice to the Notice Parties and seek approval of the Purchase Agreement at a hearing to be held on March 31, 2009 at 1:30 p.m. (prevailing Central Time).

² The Debtors that are party to the Purchase Agreement are 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 and Polaroid Waltham Real Estate, LLC.

9. The Debtors may: (a) select, in their business judgment, the highest or otherwise best offer(s), and the Successful Bidder or Bidders and the next highest and best offer(s), and the Back-Up Bidder or Bidders; and (b) reject any bid that, in the Debtors' business judgment, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules and the Sale Procedures, or (iii) contrary to the best interests of the Debtors and their estates, creditors, interest holders or parties in interest.

Break-Up Fee and Expense Reimbursement

10. The Break-Up Fee and the Expense Reimbursement as set forth in the Purchase Agreement are hereby approved, except that (1) an Expense Reimbursement but no Break-Up Fee shall be due and payable under the circumstances specified in Section 8.1(d) of the Purchase Agreement and the Purchase Agreement is and shall be deemed to be modified accordingly; and (2) the Buyer shall submit an itemization of its expenses to the Notice Parties (as defined below).

11. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors shall pay the Expense Reimbursement pursuant to the terms and conditions set forth in Section 8.3 of the Purchase Agreement. The Expense Reimbursement shall constitute an Allowed Termination Claim against the Sellers, which: (a) is secured by (i) a junior lien on property of the Debtors' estates that are subject to a lien, to the fullest extent of applicable law, and (ii) a lien on property of the Debtors' estates that is not otherwise subject to a lien or held by a professional as a retainer (collectively, the "Buyer Protection Liens"); and (b) to the extent not secured by the Buyer Protection Liens, has priority over any and all administrative expenses of the kind specified in sections 503(b) or 507(b) of the Bankruptcy Code. The Debtors' obligation to pay the Expense Reimbursement shall not be subject to any defense, claim, counterclaim, offset, recoupment, or

reduction of any kind whatsoever and shall not be amended, discharged, expunged or released in any respect pursuant to any plan or plans for the Debtors.

12. If the Break-Up Fee becomes payable in accordance with the terms set forth in the Purchase Agreement, pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors shall pay the Break-Up Fee in accordance with the terms set forth in Section 8.3 of the Purchase Agreement. The Debtors' obligation to pay the Break-up Fee shall be joint and several, absolute and unconditional and not subject to any defense, claim, counterclaim, offset, recoupment, or reduction of any kind whatsoever and shall not be amended, discharged, expunged or released in any respect pursuant to any plan or plans for the Debtors. The Break-Up Fee shall constitute an Allowed Termination Claim, which (a) is secured by the Buyer Protection Liens, and (b) to the extent not secured by clause (a) above, has priority over any and all administrative expenses of the kind specified in sections 503(b) or 507(b) of the Bankruptcy Code.

13. The Buyer Protection Liens granted to the Proposed Purchaser herein shall be valid and perfected, as of the date of this Order, without the need for the execution or filing of any further document or instrument otherwise required to be executed or filed under applicable nonbankruptcy law. Notwithstanding that no documents need be executed or filed to create or perfect the liens and security interests granted hereunder, the Debtors, and their officers and agents on their behalf, are hereby directed to execute and deliver such further documents as the Proposed Purchaser may reasonably request to evidence and give notice of the security interests granted hereunder.

14. The failure specifically to include or reference any particular provision, section or article of the Purchase Agreement as it relates to the Buyer Protections shall not diminish or impair

the effectiveness of such provision, section or article, it being the intent of the Court that the Buyer Protections be authorized and approved in their entirety.

The Sale Hearing

15. The Sale Hearing shall be held before this Court on March 31, 2009 at 1:30 p.m. (prevailing Central Time), or as soon thereafter as counsel and interested parties may be heard. The form of notices set forth in the Motion or otherwise presented to the Court on the date hereof shall be deemed good and sufficient notice of the Sale and the Sale Hearing. The Sale Hearing may be adjourned, from time to time, without further notice to creditors or other parties in interest other than by announcement of the adjournment before this Court or on this Court's calendar on the date scheduled for the hearing.

16. Objections, if any, to the Sale must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (c) be filed with the clerk of the Bankruptcy Court for the District of Minnesota, 316 North Robert Street, St. Paul, Minnesota 55101, on or before 1:30 p.m. (prevailing Central Time) and served by delivery not later than March 26, 2009, which is three days (excluding intermediate Saturdays, Sundays, and legal holidays), or filed and served by mail not later than March 23, 2009, which is seven days before the Sale Hearing (excluding intermediate Saturdays, Sundays and legal holidays), or such later dates and times as the Debtors may agree; and (d) be served upon the following notice parties (collectively, the "Notice Parties"):

- a. Lindquist & Vennum PLLP, 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402-2274 (Attn: James A. Lodoen, Esq. and George H. Singer, Esq.; 612.371.3207 (facsimile));
- b. Houlihan Lokey Howard & Zukin Capital, Inc., 225 South Sixth Street, Suite 4950, Minneapolis, Minnesota 55402 (Attn: Stephen J. Spencer; 612.338.2938 (facsimile));

- c. Paul, Hastings, Janofsky & Walker LLP, 75 East 55th Street, New York, NY 10022-3205 (Attn: Richard H. Chesley, Esq.; 212.319.4090 (facsimile));
- d. Willkie Farr & Gallagher LLP, 787 7th Avenue, New York, New York, 10019-6099 (Attn: Rachel C. Strickland, Esq. and Adam Turteltaub, Esq.; 212.728.9544 (facsimile));
- e. Genii Capital S.A., IKOGEST Offices, Atrium Business Park, 23 ZA Bourmicht, L 8070 Bertrange, Luxembourg (Attn: Eric Lux and Bertrand Manhe; 011-35-22-639-6523 (facsimile)); and
- f. U.S. Trustee's Office, Region 12, 1015 U.S. Courthouse, 300 South Fourth Street, Minneapolis, MN 55415 (Attn: Michael Ridgeway, Esq.; 612.664.5516 (facsimile)).

Additional Provisions

17. The automatic stay provision of section 362 of the Bankruptcy Code shall not apply to the Proposed Purchaser's right to terminate the Purchase Agreement in accordance with the terms of the Purchase Agreement.

18. The Debtors are authorized and empowered to take such steps, expend such sums of money and do such other things as may be necessary to implement and effect the terms of this Order.

19. This Order shall be binding upon and inure to the benefit of the Successful Bidder or Bidders and any Back-Up Bidder and each of their respective affiliates, successors and assigns, and the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors, whether in these cases or subsequent bankruptcy cases or upon dismissal of any of these cases.

20. As provided by Bankruptcy Rule 6004(h), this Order shall not be stayed for ten (10) days after the entry thereof and shall be effective and enforceable immediately upon its entry on this Court's docket.

21. This Court shall retain jurisdiction over any matters related to or arising from the implementation of this Order, including, but not limited to, any matter, claim or dispute arising from or relating to the Buyer Protections and the implementation of this Order.

Dated: February 18, 2009.

/e/ Gregory F. Kishel

HONORABLE GREGORY F. KISHEL
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Bidding Procedures

POLAROID CORPORATION

BIDDING PROCEDURES

INTRODUCTION

Polaroid Corporation and certain of its subsidiaries and affiliates (“Debtors” or collectively, “Polaroid”) are debtors-in-possession in Chapter 11 cases (jointly administered under Case No. 08-46617) pending in the United States Bankruptcy Court for the District of Minnesota (the “Bankruptcy Court”). Polaroid is offering for sale, in one or more transactions, substantially all of its Assets (as defined below).

Polaroid has entered into an agreement with PHC Acquisitions, LLC (“Proposed Purchaser”) for the sale of certain assets of the Debtors pursuant to its bid (the “Stalking Horse Bid”) and an Asset Purchase Agreement (“Purchase Agreement”), which Stalking Horse Bid and Purchase Agreement is subject to Bankruptcy Court approval and higher and better offers submitted in accordance with the process described in these Bidding Procedures (as defined below).

KEY DATES

The key dates for the sale process are as follows:

- February 18, 2009 at 2:00 P.M. CDTBidding Procedures Hearing
- March 26, 2009 at 5:00 P.M. CDT.....Due Date for Bids and Deposits
- March 30, 2009 at 9:00 A.M. CDT.....Auction
- March 31, 2009 at 1:30 P.M. CDT.....Sale Hearing

SALE PROCEDURES

Set forth below are the sale procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Proposed Sale”) of certain assets of Polaroid. The Debtors will seek entry of an order from the Bankruptcy Court (the “Bidding Procedures Order”) authorizing and approving (i) stalking horse bidder protections for the Proposed Purchaser and (ii) the Proposed Sale to the Proposed Purchaser or to one or more other Qualified Bidders (defined below) that are determined to have made the highest or otherwise best offer for the Acquired Assets (defined below) or some or all of the other Assets of Polaroid (the “Sale Transaction(s)”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

ASSET PURCHASE AGREEMENTS

On January 24, 2009, the Debtors entered into the Purchase Agreement with the Proposed Purchaser which Purchase Agreement sets forth its Stalking Horse Bid for the Acquired Assets. Pursuant to the Purchase Agreement, and to the maximum extent permitted by section 363 of title 11 of the United States Code (the "Bankruptcy Code"), the Proposed Purchaser proposes to acquire free and clear of all Liens, Claims, and Encumbrances (collectively, the "Interests"), certain tangible and intangible property and assets of the Debtors, including, but not limited to, the Debtors' art collection, accounts receivable, inventory, leases, certain equity interests, trade names, trademarks, copyrights, and other intellectual property and license rights owned by the Debtors as more fully set forth in Section 1.1 of the Purchase Agreement (the "Acquired Assets"), excluding those certain assets expressly identified as Excluded Assets under the terms of the Purchase Agreement (together with the Acquired Assets, the "Assets").

Qualified Bidders (as defined below) may submit a bid for (i) the Acquired Assets, (ii) the Assets, or (iii) any portion of the Acquired Assets or the Assets. The Debtors reserve the right to enter into and seek approval of one or more agreements for the sale of any or all of the Assets, individually or as part of a package, with one or more Qualified Bidders which agreements, if any, shall be subject to higher or otherwise better bids at the Auction.

THE BIDDING PROCESS

The Debtors and their advisors shall (i) determine in their sole discretion whether any bid for the Assets is a Qualified Bid (defined below), (ii) coordinate the efforts of Potential Bidders (defined below) in conducting their due diligence investigations, (iii) receive and evaluate offers from Potential Bidders, and (iv) negotiate in good faith any offers made to purchase the Assets (collectively, the "Bidding Process"). Any person that wishes to participate in the Bidding Process must be a Potential Bidder. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not a Potential Bidder. The Debtors and their professionals shall use good faith efforts to provide all Potential Bidders with substantially similar access and information.

PARTICIPATION REQUIREMENTS

Any person that wishes to conduct due diligence and participate in the Polaroid sale process must first deliver to the Debtors (with copies to counsel to the Official Committee of Unsecured Creditors (the "Committee")):

- (i) an executed confidentiality agreement in form and substance to be provided by the Debtors, and which confidentiality agreement is at least as restrictive in all material respects as the confidentiality agreement entered into between the Debtors and the Proposed Purchaser;
- (ii) a letter of indication that preliminarily states which of the Assets, the bidder is interested in bidding on (including any assets expected to be excluded

from such bid, if any); and

- (iii) sufficient documents and information as may be requested by the Debtors to allow the Debtors to determine that the bidder has or will have the financial wherewithal to close on the sale of the Assets on which the bidder intends to bid.

A "Potential Bidder" is a person that delivers the documents described in subparagraphs (i) and (iii) above, and that the Debtors determine is reasonably likely (based on the documents and information provided and other considerations deemed relevant by the Debtors) to submit a bona fide offer and to be able to consummate a Sale Transaction if selected as a Successful Bidder or Back-Up Bidder (as such terms are defined below).

DUE DILIGENCE

The Debtors may afford each Potential Bidder the time and opportunity to conduct reasonable due diligence; provided, however, that neither the Debtors nor any of their respective representatives shall be obligated to furnish any due diligence information: (i) at any time to any person other than a Potential Bidder; or (ii) after the Bid Deadline (as hereinafter defined) to any Potential Bidder.

BID DEADLINE

The deadline for a Potential Bidder to submit bids shall be **March 26, 2009 at 5:00 p.m. (prevailing Central Time)** (the "Bid Deadline"). Any Potential Bidder who fails to submit a bid so as to be received by the parties listed below in advance of the Bid Deadline shall not be deemed a Qualified Bidder.

Prior to the Bid Deadline, a Potential Bidder that desires to make a bid shall deliver written copies of its bid in writing and executed by an individual authorized to bind the Potential Bidder. Each bid shall be served by courier, facsimile, e-mail or as otherwise specified by the Debtors to the following: (i) Houlihan Lokey Howard & Zukin Capital, Inc., 225 South Sixth Street, Suite 4950, Minneapolis, MN 55402 (Attn: Stephen J. Spencer; sspenser@hlhz.com; 612.338.2938 (facsimile)), financial advisors to Polaroid; (ii) Lindquist & Vennum PLLP 4200 IDS Center, 80 South Eighth Street, Minnesota, MN 55402-2274 (Attn: James A. Lodoen, Esq.; jlodoen@lindquist.com; and George H. Singer, Esq.; gsinger@lindquist.com; 612.371.3207 (facsimile)), counsel to the Debtors; (iii) Paul, Hastings, Janofsky & Walker, LLP, 75 East 55th Street, New York, NY 10022-3205 (Attn: Richard H. Chesley; richardchesley@paulhastings.com; 212.319.4090 (facsimile)), counsel to the Committee; (iv) Willkie Farr & Gallagher LLP, 787 7th Avenue, New York, NY 10019-6099 (Attn: Rachel C. Strickland, Esq.; rstrickland@willkie.com; 212.728.9544 (facsimile); and Adam Turteltaub, Esq.; aturteltaub@willkie.com; 212.728.9129 (facsimile)), counsel to the Proposed Purchaser; and (v) Genii Capital, S.A., IKOGEST Offices, Atrium Business Park, 23 ZA Bourmicht, L 8070 Bertrange, Luxembourg (Attn: Eric Lux; d.lux@genii-capital.com; and Bertrand Manhe; b.manhe@genii-capital.com; 011-35-22-639-6523 (facsimile)).

BID REQUIREMENTS

All bids must include two copies of the following items (the "Required Bid Materials"):

- An executed copy of a purchase agreement and any ancillary agreements pursuant to which the Potential Bidder proposes to acquire the Acquired Assets, the Assets or any portion or part thereof, as the case may be, which purchase agreement shall include (i) a commitment to close by a date no later than fifteen (15) days following the approval of the sale by the Bankruptcy Court or following HSR (as hereinafter defined) approval, if applicable, and (ii) a representation that the Potential Bidder will promptly make all necessary filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR") and promptly pay the fees associated with such filings if applicable.
- A written acknowledgement by the bidder that it agrees to all of the terms for sale set forth in these Bidding Procedures.
- In the event that the Qualified Bidder seeks to bid on the Acquired Assets or such portion thereof as to effectively constitute a purchase of substantially all of the assets of Polaroid, a proposed purchase price, in cash, securities or other form of consideration, which is determined by the Debtors (after consultation with the Committee and/or its professionals) to be acceptable and equal to or greater than the sum of (i) the purchase price set forth in the Purchase Agreement, (ii) the Expense Reimbursement, (iii) the Break-Up Fee; and (iv) \$150,000 (the sum of (i) through (iv), the "Initial Incremental Bid Amount").
- In the event that the Qualified Bidder seeks to bid on the Acquired Assets, a good faith deposit equal to 10% of the Initial Incremental Bid Amount (each such deposit and the deposit referred to in the next paragraph is referred to herein as the "Deposit"). The Deposit shall be held in escrow and will be refunded on the terms set forth below.
- In the event that the Qualified Bidder seeks to bid on only a portion of the Assets, a purchase price, in cash, securities or other form of consideration which is determined by the Debtors (after consultation with the Committee and/or its professionals) to be acceptable for the Assets for which the Qualified Bidder is submitting a bid, together with a good faith deposit equal to 10% of the proposed purchase price. The Deposit shall be held in escrow and will be refunded on the terms set forth below.
- Evidence or a statement indicating that the bidder has obtained authorization and approval from its board of directors (or comparable governing body) with respect to the submission and consummation of its bid and acceptance of the terms of sale in these Bidding Procedures, or a representation that no such

authorization or approval is required and that any and all consents required in connection with the submission and consummation of the bid have been obtained and that no other consents are required.

- Evidence of sufficient cash on hand or written evidence of a commitment for financing or other evidence of the ability to consummate the sale satisfactory to the Debtors with appropriate contact information for such financing sources.
- A redline of bidder's proposed purchase agreement over that of the Proposed Purchaser.
- A preliminary list of the Debtors' executory contracts and unexpired leases with respect to which the bidder seeks assignment from the Debtors, if any.
- A written disclosure of the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, and the complete terms of any such participation (including copies of any co-investor agreements, side letters and other similar documents). Further, each bid must provide sufficient information regarding both the Potential Bidder and partner(s), if any, to satisfy the Debtors with respect to the requirements enumerated in section 363(n) of the Bankruptcy Code.
- Such other information as may be reasonably requested by the Debtors.

In addition, any bid for the assets must:

- be on terms that are not materially more burdensome or conditional than the terms of the Purchase Agreement;
- not be conditioned on obtaining financing or the outcome of any due diligence by the bidder; and
- not request or entitle the bidder to any break-up fee, expense reimbursement or similar type of payment.

A bid received from a Potential Bidder that includes all of the Required Bid Materials and meets all of the above requirements is a "Qualified Bid." A Potential Bidder that submits a Qualified Bid (a "Qualified Bidder") shall be entitled to participate in the Auction.

The Debtors reserve the right to determine the value of any Qualified Bid (either by itself or in connection with one or more other Qualified Bids or the Debtors' other restructuring alternatives), and which Qualified Bid or Qualified Bids constitutes the highest or otherwise best offer. The Debtors further reserve the right to contact bidders to discuss or clarify the terms and to indicate any terms which may need to be modified in order to conform the bid to a Qualified Bid or otherwise evaluate the bid. The Debtors also reserve the right to reject, at any time before entry of

an order of the Bankruptcy Court approving a Qualified Bid, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtors or their estates.

PROPOSED PURCHASER IS A QUALIFIED BIDDER

The Proposed Purchaser is a Qualified Bidder, and the Purchase Agreement is a Qualified Bid. The Proposed Purchaser shall not be required to take any further action in order to participate in the Auction or, if the Proposed Purchaser's bid is the Successful Bid (as defined below) or the Back-Up Bid (as defined below), to be named the Successful Bidder or the Back-Up Bidder at the Sale Hearing (as defined below).

AUCTION

If a Qualified Bid other than that submitted by the Proposed Purchaser has been received by the Debtors, the Debtors may conduct an auction (the "Auction") with respect to some or all of the Assets. The Auction shall commence on **March 30, 2009 at 9:00 a.m.** (prevailing Central Time). The Debtors shall notify all Qualified Bidders of the time and place of the Auction. If no Qualified Bids are received other than the Stalking Horse Bid or if the Qualified Bids submitted are rejected, no Auction will take place and the Debtors shall request the Bankruptcy Court to approve the Proposed Sale to the Proposed Purchaser at the Sale Hearing.

Only a Qualified Bidder who is designated as such by the Debtors is eligible to participate at the Auction. During the Auction, bidding shall begin initially with the highest Qualified Bid(s) as determined by the Debtors (after consultation with the Committee and/or its professionals).

Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as the Debtors determine is relevant, the Debtors, in consultation with the Committee, may conduct the Auction in any manner that they determine will achieve the maximum value for the Assets. For example, the Debtors may commence the Auction by entertaining bids for individual Assets or categories of Assets, as determined by the Debtors. The Debtors may offer the Assets in such lots and in such successive rounds as the Debtors, after consultation with the Committee, determine to be appropriate so as to obtain the highest or otherwise best bid or combination of bids for the Assets. The Debtors may set opening bid amounts in each round of bidding as the Debtors determine to be appropriate. The Debtors may also adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not materially inconsistent with any order of the Bankruptcy Court. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all other bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction. The Debtors shall provide for a court reporter to be present at and prepare a transcript of the Auction.

Unless otherwise agreed by the Debtors, no Qualified Bidder will be permitted more than one hour to respond to the previous bid at the Auction and, at the expiration of such time (unless extended), the Auction shall conclude. Upon conclusion of the bidding, the Auction shall be closed, and the Debtors in the exercise of business judgment (after consultation with the Committee and/or its professionals), shall (i) immediately review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Proposed Sale, and (ii) at the Auction identify which highest or best offer(s) for the Acquired Assets will provide the greatest amount of net value to the Debtors and the bankruptcy estates, and advise the Qualified Bidders of such determination. The Qualified Bidder whose final bid(s) is deemed by the Debtors (after consultation with the Committee and/or its professionals) to be highest or best following the conclusion of the Auction, will be the "Successful Bidder(s)," and such bid, the "Successful Bid(s)." The next highest and best bid(s) will be the "Back-Up Bid(s)" and the maker of the bid(s) will be the "Back-Up Bidder(s)." Final Documents between the Debtors and both the Successful Bidder(s) and the Back-Up Bidder(s) will be executed on the same day of the Auction. If the final bid of the Proposed Purchaser is not the Successful Bid(s) or the Back-Up Bid(s) which ultimately becomes the successful buyer(s), the Break-Up Fee and Expense Reimbursement shall be paid as described in the Purchase Agreement and the Bidding Procedures Order.

EACH BID SUBMITTED SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE SUCCESSFUL BIDDER(S) AND THE BACK-UP BIDDER(S) FROM THE TIME THE BID IS SUBMITTED UNTIL THE ENTRY OF THE SALE APPROVAL ORDER AND IF THE PREVAILING BID(S) AND BACK-UP BID(S) ARE APPROVED, AS THE CASE MAY BE, AS TO THEM UNTIL THE EARLIER OF TWO (2) BUSINESS DAYS AFTER THE SALE OR SALES OF THE ACQUIRED ASSETS OR THE ASSETS HAS CLOSED OR, WITH RESPECT TO THE BACK-UP BIDDER(S), THE LATER OF (A) TWENTY (20) DAYS AFTER THE SALE APPROVAL ORDER IS ENTERED, OR (B) ANY APPLICABLE WAITING PERIOD, TO THE EXTENT REQUIRED, UNDER THE HSR, IN EITHER CASE UNLESS FURTHER EXTENDED BY AGREEMENT BETWEEN THE DEBTORS AND THE BACK-UP BIDDER(S).

ACCEPTANCE OF QUALIFIED BIDS

The Debtors intend to sell the Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) and the Back-Up Bid(s) by the Bankruptcy Court after a hearing (the "Sale Hearing"). The Debtors' presentation of a particular Successful Bid and Back-Up Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing.

SALE HEARING

The Sale Hearing shall be conducted by the Bankruptcy Court on **March 31, 2009 at 1:30 p.m.** (prevailing Central Time) at which the Debtors will seek Bankruptcy Court approval of the Successful Bid(s) and the Back-Up Bid(s). There will be no further bidding at such hearing. In the

event that the Successful Bidder(s) cannot or refuses to consummate the sale or sales because of the breach or failure on the part of the Successful Bidder(s), the Debtors shall be permitted to close with the Back-Up Bidder(s) on the Back-Up Bid(s) without further order of the Court.

TERMS OF SALE

Except as and to the extent provided in the Purchase Agreement or in any other agreement that may be entered into by the Debtors, the sale of the Acquired Assets or the Assets shall be on an "AS IS, WHERE IS" basis and without representations or warranties of any kind, nature or description by the Debtors or their agents, and by submitting a bid, each bidder is deemed to acknowledge and agree to the foregoing. All of the Debtors' right, title and interest in and to the Acquired Assets or the Assets shall be sold free and clear of all Interests, to the full extent available under Bankruptcy Code section 363 with such Interests, if any, attaching to the Net Proceeds (i.e. the gross proceeds realized from the Sale of the Acquired Assets or the Assets after the payment of the Break-Up Fee and Expense Reimbursement to the Purchaser, to the extent applicable, the payment of the Transaction Fee to Houlihan Lokey Howard & Zukin Capital, Inc.) in the same order, dignity and priority as existed at the commencement of the bankruptcy cases or, in the case of the payment of the Break-Up Fee and the Expense Reimbursement to the Purchaser, the same order dignity and priority set forth in the Purchase Agreement and the Bidding Procedures Order. Notwithstanding the foregoing, the Debtors reserve the right to contest the validity, nature, extent or priority of and/or seek to set aside or avoid any and all Interests (other than the Buyer Protection Liens (as defined in the Bidding Procedures Order)) under applicable law. No credit bidding for any of the Assets will be permitted.

RETURN OF DEPOSITS

No Deposit submitted pursuant to the Bidding Procedures shall be subject to the liens, claims, security interests, or encumbrances of the Debtors' creditors. Each Deposit submitted pursuant to the Bidding Procedures will be held in escrow until the selection of the Successful Bidder(s) and the Back-Up Bidder(s), as to all other bidders, or as to the Back-Up Bidder(s), forty-eight (48) hours after the Back-Up Bidder(s) is terminated in accordance with the provisions above.

If the Successful Bidder(s) or the Back-Up Bidder(s) fail to consummate an approved sale because of a breach or failure to perform on the part of such bidder, Polaroid shall be entitled to retain the Deposit as its damages resulting from the breach or failure to perform by the Successful Bidder(s) or the Back-Up Bidder(s) as the case may be. The Debtors may, at their sole option, credit the Deposit of the Successful Bidder(s) or the Back-Up Bidder(s) towards the purchase price on the closing of the sale of the Acquired Assets or the Assets, as the case may be.