

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Jointly Administered Under
Case No. 08-46617

Polaroid Corporation, et al., Court File No. 08-46617 (GFK)

Debtors.

Includes:

Polaroid Holding Company	08-46621
Polaroid Consumer Electronics, LLC	08-46620
Polaroid Capital, LLC	08-46623
Polaroid Latin America I Corporation	08-46624
Polaroid Asia Pacific, LLC	08-46625
Polaroid International Holding, LLC	08-46626
Polaroid New Bedford Real Estate, LLC	08-46627
Polaroid Norwood Real Estate, LLC	08-46628
Polaroid Waltham Real Estate, LLC	08-46629

Chapter 11 Cases

**NOTICE BY CREDITOR MICHAEL L. O'SHAUGHNESSY PURSUANT TO
PARAGRAPH 2.b.(ii) OF SCHEDULING ORDER DATED MARCH 31, 2009 AND
RESERVATION OF RIGHTS**

To: The parties specified in Local Rule 9013-3(b).

Michael L. O'Shaughnessy ("O'Shaughnessy") by and through his undersigned counsel hereby submits this Notice as required by the Court's Scheduling Order Re: Hearing on Debtors' Motion for Authority to Sell Assets dated March 31, 2009 (Scheduling Order) and states as follows:

1. On March 13, 2009, O'Shaughnessy filed a Limited Objection to Debtors' Proposed Sale of Assets (the Limited Objection) based on a certain Earnout Agreement dated December 31, 2007 between O'Shaughnessy and the debtor (the Agreement), true and correct copy of which was attached to the Limited Objection.

2. On March 30, 2009, the Debtors and the Special Committee of Unsecured Creditors (“Committee”) filed a Joint Response to the Limited Objection (the Joint Response).

3. Pursuant to the terms of the Agreement, Debtor is contractually obligated to pay to O’Shaughnessy the sum of \$7,200,000.00 on the occurrence of a “liquidation event” which as defined in the Agreement includes “a sale of at least 75% of the assets of Polaroid in existence on the date of this Agreement, as determined by the Board of Directors of Polaroid or . . . a sale of the Polaroid brand.” The sale contemplated by the Debtors is a liquidation event.

4. To the best of O’Shaughnessy’s knowledge, information and belief, Debtors have not identified the O’Shaughnessy obligation, evidenced by the Agreement in Debtors’ bankruptcy schedules; have not identified the Agreement as an executory contract (or whether the Debtors believe the Agreement is an executory contract); and the Agreement has not been identified as a liability of the Debtors in the schedules to the asset purchase agreement, either as a liability assumed or not assumed by the proposed purchaser.

5. The Joint Response acknowledges in paragraph 9 that whatever claim O’Shaughnessy has based on the Earnout Agreement attaches to the proceeds of the sale with the same validity, dignity, priority, effect and to the same extent as existed prior to the sale. (Joint Response paragraph 9.) Accordingly, O’Shaughnessy does not object to the sale of the debtors assets but specifically reserves all of his rights as set forth in the Agreement and under applicable law. O’Shaughnessy further reserves the right to be heard, as a creditor, with respect to issues generally affecting creditors of the Debtors,

including, whether the sale, approval of which is being sought by the Debtors, is in the best interest of creditors and the estate.

6. Finally, the Agreement contemplated and specifically provided for certain rights of setoff and/or recoupment by and among O'Shaughnessy, the debtor, and Thomas J. Petters and various Petters affiliates O'Shaughnessy does not waive, and hereby specifically reserves all such rights of setoff and recoupment as against the debtor and any other person or entity whether such rights are contractual, provided for under applicable non-bankruptcy law, or pursuant to the provisions of the Bankruptcy Code, including specifically, 11 U.S.C. §§ 502, 506 and 553.

Dated: April 3, 2009.

/e/ Larry B. Ricke

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CERTIFICATE OF SERVICE

In re:

Polaroid Corporation, et al.,

Jointly Administered Under

Case No. 08-46617

Court File No. 08-46617 (GFK)

The undersigned states under penalty of perjury he caused to be filed electronically the Notice by Creditor Michael L. O'Shaughnessy Pursuant to Paragraph 2.b.(ii) of Scheduling Order dated March 31, 2009 and Reservation of Rights in this case, thereby causing electronic service by CM/ECF on registered ECF users.

Dated: April 3, 2009.

/e/ Larry B. Ricke

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