

**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

Debtors.

Court File Nos.:

(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

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**REPORT AND RECOMMENDATION OF U.S. TRUSTEE OPPOSING  
APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO  
RETAIN AVIDITY PARTNERS, LLC AS ITS FINANCIAL ADVISOR**

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Comes now Habbo G. Fokkena, the United States Trustee for Region 12, and hereby files his Report and Recommendation Opposing the Application of Official Committee of Unsecured Creditors to Retain Avidity Partners, LLC as its Financial Advisor *Nunc Pro Tunc* as of May 15, 2009, for the following reasons, and upon the following grounds:

1. The Official Committee of Unsecured Creditors in these jointly administered cases (“Polaroid Committee” or “Committee”) seeks to employ Avidity Partners, LLC (“Avidity”) to:

“ . . . provide restructuring advisory and consulting services to the Committee, including . . . advice regarding claims, assets held for sale by the Debtor, post closing administration and monitoring of the Asset Purchase Agreement, monitoring retained equity interests, and analysis related to avoidance actions and other advice from time to time requested by the Committee related to matters in connection with the Debtor.”

The Committee also contemplates that Avidity will serve as the Trustee of any liquidation trust to be established by a plan of reorganization. [Docket # 444, p. 4-5, Exhibit C.]

2. The Committee seeks to employ this professional under the authority of 11 U.S.C. §§ 330 and 1103.

3. It is respectfully submitted that the application of the Committee to retain the services of Avidity to supervise the wind-down activities of the Debtor in the wake of the consummated sale of its assets to PLR Acquisition, LLC, and then to serve as the trustee of a trust contemplated by a plan of liquidation, be denied. The United States Trustee has recently filed his Motion to Convert this case [Docket # 449] and a hearing has been scheduled for June 23, 2009. If this Court grants the motion, the services of a financial advisor would be unnecessary and the matter rendered moot. The appointed chapter 7 trustee would then be in the best position to handle the tasks necessary to administer the estates.

4. The United States Trustee herein incorporates by reference the reasons (and argument in support thereof) set forth in his motion to convert as grounds for opposing the Committee's request for an order approving the retention of Avidity.

5. The United States Trustee also reserves the right to supplement his opposition to Avidity's retention in the event the Committee supplements its application and/or requests a hearing be held thereon.

6. The Committee has not shown sufficient good cause for the Court to approve the

retention of Avidity as the financial advisor for it.

WHEREFORE, the United States Trustee respectfully recommends that the Court not approve the application of the Official Committee of Unsecured Creditors for retention of Avidity Partners as its financial advisor.

Respectfully submitted this 4th day of June, 2009.

Habbo G. Fokkena  
United States Trustee  
Region 12

By: /e/Michael E. Ridgway  
Michael E. Ridgway  
Trial Attorney, SD Atty # 1456  
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U.S. Trustee's Office  
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**UNSWORN CERTIFICATE OF SERVICE**

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The undersigned hereby certifies under penalty of perjury that on June 4, 2009, she filed the attached Report and Recommendation of U.S. Trustee Opposing Application of Official Committee of Unsecured Creditors to Retain Avidity Partners, LLC as its Financial Advisor and proposed Order, 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, and upon the following parties via U.S. Mail to the addresses listed below:

United States Attorney District of Minnesota 600 U.S. Courthouse 300 South Fourth Street Minneapolis, MN 55415	James A. Lodoen George Singer Lindquist & Vennum P.L.L.P. 4200 IDS Center 80 South Eighth Street Minneapolis, MN 55402-2274	Dennis M. Ryan Theresa H. Dykoschak Faegre & Benson LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402-3901
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Richard A. Chesley Gregory S. Otsuka Paul, Hastings, Janofsky & Walker LLP 191 North Wacker Dr., 30 <sup>th</sup> Floor Chicago, IL 60606		
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Executed: June 4, 2009

By: /e/ Audrey Williams  
**Audrey Williams**  
**Office of the United States Trustee**

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**ORDER**

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The above-entitled cases came before the Court on the Application of the Official Committee of Unsecured Creditors to Retain Avidity Partners, LLC as its Financial Advisor *Nunc Pro Tunc* as of May 15, 2009. Appearances were as noted in the record.

Based upon the Application, the recommendation of the U.S. Trustee that the employment not be approved, and all the files, records and proceedings herein,

**IT IS HEREBY ORDERED:**

That the application of the Official Committee of Unsecured Creditors to approve the

retention of Avidity Partners, LLC as its financial advisor be, and the same is hereby

**DENIED.**

DATED:

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Gregory F. Kishel  
United States Bankruptcy Judge