

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

- - - - - x
: In re: : Chapter 11
: POLAROID CORPORATION, : Case No. 01-10864 (PJW)
: et al., :
: Debtors. : Jointly Administered
: : Hrg: 3/25/04 @ 2:00 p.m. (Eastern)
: : Obj. Due: 3/3/04 @ 4:00 p.m. (Eastern)
- - - - - x

NOTICE OF FINAL APPLICATION OF KROLL ZOLFO
COOPER LLC (FORMERLY KNOWN AS ZOLFO COOPER, LLC) FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS SPECIAL FINANCIAL ADVISORS AND
BANKRUPTCY CONSULTANTS TO THE DEBTORS FOR THE PERIOD
FROM OCTOBER 12, 2001 THROUGH NOVEMBER 30, 2003

PLEASE TAKE NOTICE that on February 2, 2004,
the above-captioned debtors and debtors-in-possession
(the "Debtors") filed the attached **Final Application of
Kroll Zolfo Cooper LLC (Formerly Known as Zolfo Cooper,
LLC) for Compensation for Services Rendered and Reim-
bursement of Expenses as Special Financial Advisors and
Bankruptcy Consultants to the Debtors for the Period from
October 12, 2001 through November 30, 2003** (the "Applica-
tion").

PLEASE TAKE FURTHER NOTICE that objections, if
any, to the Application or the relief requested therein

must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, and served so as to be received by the following parties (the "Notice Parties") no later than **4:00 p.m. Eastern time on March 3, 2004** (the "Objection Deadline"): (i) the Plan Administrator for the Reorganized Polaroid, c/o Primary PDC, Inc., 1265 Main Street, Waltham, MA 02451 (Attn: Messrs. Kevin Pond and Mark Stickel); (ii) former counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, P.O. Box 636, Wilmington, Delaware 19899-0636 (Attn: Gregg M. Galardi, Esq.); (iii) counsel for the Debtors' prepetition lenders, Davis, Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017 (Attn: Marshall Huebner, Esq.); (iv) former counsel to the Committee and counsel to the Plan Administrator, Young Conaway Stargatt & Taylor LLP, The Brandywine Building, 17th Floor, 1000 West Street, P.O. Box 391, Wilmington, DE 19899 (Attn: Brendan Linehan Shannon, Esq.) and Akin, Gump, Strauss, Hauer & Feld, L.L.P., 590 Madison Avenue, New York, NY 10022 (Attn: Fred Hodara, Esq.); (v) counsel to One Equity Partners, Dechert, 30

Rockefeller Plaza, New York, NY 10112 (Attn: Joel H. Levitin, Esq.) and Dechert, 4000 Bell Atlantic Tower 1717 Arch Street, Philadelphia, PA 19103-2793 (Attn: Carmen J. Romano, Esq.); (vi) the Office of the United States Trustee, J. Caleb Boggs Federal Office Building, 844 King Street, Suite 2313, Wilmington, DE 19801 (Attn: Mark S. Kenney, Esq.); and (vii) Kroll Zolfo Cooper, LLC, 292 Madison Avenue, New York, NY 10017 (Attn: Mr. Steven G. Panagos and Mr. William Murphy) (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE that a hearing will be held with respect to the Application on **March 25, 2004 at 2:00 p.m. Eastern time** before the Honorable Peter J. Walsh in the United States Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801. Only those objections made in writing, timely filed with the Bankruptcy Court and received by the Notice Parties by the Objection Deadline, in accordance with the above procedures will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE APPLICATION ARE TIMELY FILED AND RECEIVED IN

ACCORDANCE WITH THE ABOVE PROCEDURES, THE RELIEF REQUESTED IN THE APPLICATION MAY BE GRANTED WITHOUT FURTHER NOTICE OR A HEARING.

Dated: Wilmington, Delaware
February 2, 2004



Gregg M. Galardi (I.D. No. 2991)
Mark L. Desgrosseilliers (I.D. No. 4083)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

Former Attorneys for Debtors and
Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
Polaroid Corporation,)
a Delaware corporation, et al.,)
Debtors))

Chapter 11
Case Nos.: 01-10864 (PJW)
(Jointly Administered)
Judge Peter J. Walsh

FINAL APPLICATION OF KROLL ZOLFO COOPER LLC (FORMERLY KNOWN AS ZOLFO COOPER, LLC) FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS SPECIAL FINANCIAL ADVISORS AND BANKRUPTCY CONSULTANTS TO THE DEBTORS FOR THE PERIOD FROM OCTOBER 12, 2001 THROUGH NOVEMBER 30, 2003

Name of Applicant: Kroll Zolfo Cooper LLC (F.K.A. Zolfo Cooper, LLC)

Authorized to Provide Professional Services to: The Debtors

Date of Retention: November 5, 2001

Period for which compensation and reimbursement is sought: October 12, 2001 through November 30, 2003

Amount of Compensation sought as actual, Reasonable, and necessary:

\$3,229,909.00	Fees
<u>\$ 269,117.50</u>	Expenses
<u>\$3,499,026.50</u>	Total
<u>\$1,500,000.00</u>	Success Fee
<u>\$4,999,026.50</u>	Total Including Success Fee

Date of Order Authorizing Employment: November 5, 2001

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----)	Case Nos.: 01-10864
)	(Jointly Administered)
In re:)	
)	In Proceedings for a
Polaroid Corporation,)	Reorganization Under Chapter
a Delaware corporation, <u>et. al.</u> ,)	11 of the Bankruptcy Code
Debtors)	
)	
-----)	

FINAL APPLICATION OF KROLL ZOLFO COOPER LLC (FORMERLY KNOWN AS ZOLFO COOPER, LLC) FOR FINAL ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AS SPECIAL FINANCIAL ADVISORS AND BANKRUPTCY CONSULTANTS TO THE DEBTORS AND FOR REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. § 330(a)

TO THE HONORABLE PETER J. WALSH,
UNITED STATES BANKRUPTCY JUDGE:

1. On October 12, 2001 (the "Filing Date"), Polaroid Corporation, Inc., and twenty (20) of its wholly owned subsidiaries (Collectively, the "Debtors") filed voluntary petitions for reorganization under chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code"). Since the Filing Date, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.
2. The Debtors are one of the largest producers of instant film and photographic equipment in the world and the only manufacturer of silver-halide, or chemical-based, instant cameras and film in the United States. The Debtors' principal products are instant film, instant and digital cameras, digital peripherals, and secure identification systems with software and system solutions. In addition, the Company designs, develops, manufactures and/or markets hardware accessories for the instant imaging market, conventional 35mm cameras and film and videotapes. On the Filing Date, the Debtors had approximately 8,000 employees throughout its worldwide network of operating facilities. For the fiscal year ended December 31, 2000, the Debtors reported consolidated revenues of approximately \$1.9 billion.

3. On October 23, 2001, the United States Trustee appointed the Official Committee of Unsecured Creditors of the Debtors (the "Creditors' Committee" or "UCC").

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157 (b) (2).

5. On November 5, 2001, the Debtors applied to the Court for an order authorizing them to retain Zolfo Cooper, LLC ("ZC") as their Special Financial Advisor pursuant to an engagement agreement dated November 5, 2001 (the "Engagement Agreement") to provide the following professional services:

- (a) Advise and assist management in organizing the Debtors' resources and activities so as to effectively and efficiently plan, coordinate and manage the chapter 11 process and communicate with customers, lenders, suppliers, employees, shareholders and other parties in interest;
- (b) Assist management in designing and implementing programs to manage or divest assets, improve operations, reduce costs and restructure as necessary;
- (c) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including the preparation of financial and operating information required by such parties and/or the Bankruptcy Court;
- (d) Advise and assist management in the development of a Plan of Reorganization and underlying Business Plan, including the related assumptions and rationale, along with other information to be included in the Disclosure Statement;
- (e) Advise and assist the Debtors in forecasting, planning, controlling and other aspects of managing cash, and obtaining DIP financing;
- (f) Advise the Debtors with respect to resolving disputes and otherwise managing the claims process;
- (g) Advise and assist the Debtors in negotiating a Plan of Reorganization with the various creditor and other constituencies;
- (h) As requested, render expert testimony concerning the feasibility of a Plan of Reorganization and other matters that may arise in the case; and
- (i) Provide such other services as may be required by the Debtors.

6. On November 5, 2001 the Court approved an order (the "Retention Order") authorizing the Debtors to employ ZC as their Special Financial Advisor pursuant to the terms of the Engagement Agreement effective as of the Filing Date. The Retention Order authorized the Debtors to pay the fees for services rendered and ZC's out-of-pocket expenses in accordance with the procedures

established for interim compensation and reimbursement of expenses of professionals by the Bankruptcy Court in its Administrative Order dated November 5, 2001 (the "Administrative Order.")¹ On December 3, 2002 the Bankruptcy Court approved the sale of substantially all of the assets of Polaroid ID Systems, Inc., a subsidiary of the Polaroid Corporation. The Debtors completed the sale of Polaroid Digital Solutions in March 2002. In addition, the Debtors engaged in several other asset sales throughout the course of the Ch. 11 filing. To the extent required by the post-petition credit agreement and security interests in the assets sold, the proceeds were paid to the Secured Lenders. The Debtors made a one-time \$20 million Adequate Protection payment to the Secured Lenders, and monthly \$1.5 million adequate protection payments from May 30 through June 30, 2002, at which point relief was granted per a modification to the Adequate Protection Stipulation. On June 28, 2002, the Court approved the sale of substantially all of the Debtors' assets to OEP Imaging Corporation, and on July 31, 2002 this transaction closed. On August 29, 2002, the Court approved a settlement with the Retiree Committee, providing for a payment by the Debtors of \$750,000. In September of 2002, Zolfo Cooper, LLC was acquired by Kroll Inc. As a result, Zolfo Cooper, LLC became Kroll Zolfo Cooper LLC ("KZC"). On December 30, 2002, KZC submitted to the Court its Re-Application for Retention as Kroll Zolfo Cooper LLC. On February 10, 2003, an examiner was appointed to investigate allegations regarding the Debtors' accounting methods, and the effect of such methods on the sale of the business. On August 22, 2003 the Examiner submitted his report to the Court. On December 30, the Court approved Polaroid's Plan of Reorganization.

RELIEF REQUESTED

¹ Documents relating to the qualifications of Kroll Zolfo Cooper, LLC, its declaration of conflicts and the qualifications and experience of its senior members and other documents filed in support of its retention in this case are included in the application dated October 17, 2001 (the "Retention Application") (Docket No. 51), which is incorporated herein by reference. The Supplemental Affidavit of Steven G. Panagos was included in Kroll Zolfo Cooper's Fourth Application filed February 14, 2002 (Docket No. 755) and is incorporated herein by reference. Documents relating to Zolfo Cooper's name change can be found in the Supplemental Affidavit dated September 25, 2002 (Docket No. 1484) In addition, documents relating to the retention of Kroll Zolfo Cooper were filed in Kroll Zolfo Cooper LLC's Re-Application for Retention dated December 30, 2002 (Docket No. 1884).

7. Pursuant to the Administrative Order, Kroll Zolfo Cooper LLC is filing this Final Fee Application (the "Application") for compensation for the professional services rendered and reimbursement of disbursements made in these cases during the period from October 12, 2001 through November 30, 2003 (the "Application Period").

Specifically, Kroll Zolfo Cooper LLC submits this Application for an order under sections 330 and 331 of the Bankruptcy Code allowing (a) compensation in the amount of \$3,229,909.00 for professional and paraprofessional services rendered by it during the Application Period as Special Financial Advisors to the Debtors in these chapter 11 cases, which amount is derived solely from the applicable hourly billing rates of the firm's personnel who rendered such services, (b) for the extraordinary success of this case due in part to the extraordinary efforts of Kroll Zolfo Cooper LLC, a success fee in the amount of \$1,500,000.00 and (c) reimbursement of actual and necessary out-of-pocket disbursements and charges in the amount of \$269,117.50, incurred in the rendition of required professional services on behalf of the Debtors.

8. During the Application Period, professionals and paraprofessionals of Kroll Zolfo Cooper LLC devoted a total of 9,629.6 hours to representation of the Debtors in their Chapter 11 cases. Of the aggregate time expended, 334.4 hours were spent by Managing Directors, 9014.7 hours were spent by professionals, and 280.5 hours were spent by paraprofessionals.

Certification

9. The affiant, a Managing Director of KZC, as the professional designated by the Applicant with the responsibility for compliance with the United States Trustee Guidelines, certifies that except as otherwise noted elsewhere herein:

- 1)
 - a) He has read this application,
 - b) To the best of his knowledge, information and belief, formed after reasonable inquiry:
 - i. This application complies with the mandatory provisions of the United States Trustee Guidelines,
 - ii. The fees and out-of-pocket expenses are billed in accordance with the billing practices described below, and except as otherwise indicated therein fall within the United States Trustee Guidelines, and
 - iii. Except to the extent prohibited by the United States Trustee Guidelines, the fees and out-of-pocket expenses sought herein have been billed at rates and in accordance with practices customarily employed by the Applicant and accepted by the Applicant's clients.
- 2) Kroll Zolfo Cooper LLC submits that this Application is in compliance with the factors enumerated in section 330 of the Bankruptcy Code, the Local Bankruptcy Rules, this Court's Administrative Order, and the Guidelines adopted by the Executive Offices for the United States Trustees. Moreover, KZC has reviewed the requirements of Del. Bankr. L. R. 2016-2 and believes that this Application is in compliance with that Rule.
- 3) With respect to expenses and reimbursable services incurred for which reimbursement is sought, KZC:
 - a) Does not make a profit;
 - b) Does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay; and
 - c) Seeks reimbursement of services purchased from or contracted for with a third-party vendor only in the amount billed to the Applicant by and paid or to be paid by the Applicant to the vendor.

Billing Practices

10. It is KZC's customary practice to charge fees based on actual hours expended to perform its services at standard hourly rates established for each employee as adjusted semi-annually. It is the customary practice of the Firm to bill clients for travel time consistent with guidelines of the jurisdiction. Time entries are recorded in six minute increments. Fees reflect economies resulting from the use of paraprofessional and support personnel to develop schedules and analyses, input computer data, perform research, work on Fee Applications, and other activities necessary to the efficient administration of a case. So as not to burden clients who do not require such services, KZC does not include support services in the firm's overhead for the purpose of establishing billing rates. Billing rates are generally representative of prevailing market rates, as awarded by other Courts in similar circumstances, for practitioners providing such services at a national level who have comparable skill and experience.

KZC charges its clients only for reasonably incurred, out-of-pocket expenses associated with an assignment. Except as necessary to comply with applicable court-mandated guidelines for allowance of professional fees and expenses or an applicable Administrative Order, all such expense billings are in accordance with the Firm's customary practices. KZC personnel stay at convenient, quality hotels and eat at quality restaurants; KZC does not incur costs for luxury accommodations or deluxe meals and when prohibited by applicable administrative order does not bill clients for first class airfare. Except as follows, all expenses are billed at actual cost, exclusive of amortization of the cost of any investment, equipment or capital outlay: (i) internal charges for out-going facsimile transmissions are \$1.00 per page, (ii) internal photocopy charges are \$0.15 per page, and (iii) computer modeling charges are at standard hourly rates.

KZC maintains contemporaneous records of the time expended and out-of-pocket expenses incurred in support of its billings for services. All such records are located in the Firm's offices and are available for inspection, subject to certain matters contained therein that may be privileged.

Staffing and Approach

11. KZC is a nationally recognized independent financial advisory and consulting firm specializing in advising debtors, creditors' committees, investors and court-appointed officials in formal Bankruptcy proceedings and out-of-court workouts. A substantial portion of KZC's work is advisory and involves KZC's professionals counseling senior client personnel regarding high-level strategic and tactical issues. Consistent with its relatively unique practice, KZC's staff consists primarily of seasoned professionals. A typical new employee at KZC is a former "Big 4" partner or manager frequently with from 5 to more than 7 years of experience. Indeed, more than 50% of KZC's professionals have in excess of ten years of relevant business experience. The firm's internal structure and work approach are designed around its unusual staff composition of senior professionals. Individual staff members are assigned project manager or project staff roles, to bring to bear their particular talents and experience in view of the specific requirements of the engagement. KZC provides high value for its fees, efficiently leveraging its experienced professionals by directing client personnel to perform routine tasks.

Steven G. Panagos, the Managing Director who is responsible for this engagement, has more than 18 years of business and professional experience, and more than 14 years advising troubled companies. A graduate of the University of Michigan, he is a business planning and financial restructuring specialist. He is responsible for the overall design of the Firm's services and direction of the engagement team. Mr. Panagos is assisted by William Murphy, who, as project manager, is responsible for all aspects of engagement administration and the coordination of the efforts of the assigned staff. Mr. Murphy has 24 years of business experience, more than 17 years advising troubled companies.

Conferences, meetings and worksessions among the members of the engagement team are integral to KZC's team approach, essential to minimizing misunderstandings and assuring continuity of service in a large, multifaceted case such as this one. Ongoing communications and review of workproduct facilitate the sharing of information and assure continued alignment with established priorities and objectives, thereby reducing the time expended and avoiding duplicative efforts. KZC communicates continually with its clients on the status and results of its work efforts and interfaces with other

professionals to improve coordination and ensure that it does not duplicate services rendered by other professionals retained in the case.

12. In the initial signed engagement letter between KZC and the Company (see Exhibit A), a restructuring fee of \$1,500,000.00 was agreed to. At the time of filing, the outlook for Debtors was so dire, and the potential recovery for Creditors was so minimal KZC did not want to burden the estate with negotiating a Success Fee in the new postpetition engagement letter (see Exhibit B). Therefore, the engagement letter provided for KZC to seek court approval for additional compensation in circumstances where extraordinary results would warrant such additional compensation. Under the guidance of KZC the Debtors focused on and succeeded in getting their cash management system completely under control. This focus on cash, visible in the form of the weekly domestic cash flow forecasting and bi-weekly International cash flow forecasting processes spearheaded by KZC, resulted in an overwhelming success in the conversion of working capital to cash, and reduction of costs. These processes were developed and implemented by KZC early in the Ch. 11 process. Gaining control of the cash flow function was imperative for the Debtors. Without the implementation of these measures to control cash and convert working capital to cash, the prospects for the business ranged to potential liquidation, and recovery for the Creditors looked dismal. These actions lead to the overall generation of cash which made the preservation and eventual sale of the business possible. At the time of filing, the Polaroid Corporation had \$386 million in secured debt and \$70 million in cash, or \$316 million in net debt. Immediately before the sale of the business, Polaroid had reduced its secured debt to \$246 million and increased cash to \$220 million, or \$26 million in net debt. A distinct example of KZC's efforts in cash management and working capital conversions, this improvement of \$150 million in cash and reduction of secured debt of \$140 million nets to a total improvement of \$290 million. As a result of these successes, recovery for the secured creditors improved from an original estimate of 50-60% to an ultimate recovery in excess of 95¢ on the dollar. The unsecured creditors, who were originally expected to receive no recovery at all, ultimately received 35% of the equity in the "new" Polaroid Corporation. Indeed, at the outset of the case administrative insolvency was a possibility, yet the success of the cases allowed not only for coverage of administrative claims, but the Disclosure Statement estimates recovery for the unsecured creditors at 14% to 18%. Whereas early assessments of the business were bleak

enough to include liquidation, the eventual sale of the business preserved over 3000 jobs. In addition, KZC worked closely and diligently with management in the area of business planning. The work performed by KZC and the guidance provided resulted in the development of a comprehensive business plan that all interested parties agreed with. Most importantly, the ultimate buyers (One Equity Partners) believed in the business plan which was essential if there was to be a successful sale of the business. KZC was a key player in the coordination of information between and among the various parties-in-interest. By maintaining an open line of communications with all parties involved, and providing in a timely manner all requested data and information, KZC was able to foster positive and consistent relationships with all parties. These relationships were essential in achieving a consensual Plan. In keeping with KZC's reserved right to seek other compensation per its approved Retention Application, and in light of the tremendous success of these Chapter 11 cases which KZC believes is largely attributable to its efforts, KZC believes it deserves a Success Fee representative of the Fee outlined in its prepetition Engagement Letter. The success of these cases was so extraordinary and the value that KZC delivered was so substantial that additional compensation to KZC is fully warranted. KZC respectfully requests, considering the extraordinary success of these Chapter 11 cases, a Success Fee in the amount of \$1,500,000.00.

Summary of Services Provided and Results Achieved

13. The Company has been experiencing a trend in declining revenues for nearly seven years, which accelerated during the two years immediately prior to the Filing Date. In an effort to bring new technology to the market to counteract this trend the Company felt additional working capital was required, which the Secured Lenders were not comfortable providing outside of a Chapter 11 proceeding. As of the Filing Date and immediately following, KZC was involved with numerous key processes essential to the ongoing business of the Debtors and essential to maintaining and maximizing value for the Creditors. KZC was an essential player in achieving a successful outcome for the sale process. As a result of KZC's efforts, the Debtors were able to efficiently manage a complex 363 sale, including negotiating financing for the new business. Examples of necessary and essential services provided by KZC prior to the Filing Date are listed below.

- Successful negotiation of a Debtor in Possession (“DIP”) credit facility to ensure that no liquidity issues arise during the reorganization process.
- Support for discussions between potential purchasers of core and non-core businesses and the Debtors’ other professionals.
- Develop an integrated cash flow forecasting model and assist management with current efforts to stabilize cash flow.

Post-filing, the challenges for the Company have been:

- Maintaining management’s focus on the process of effective cash management, converting working capital into cash, and monitoring of cash receipts and disbursements;
- Developing a comprehensive and realistic business plan;
- Maintaining timely and accurate reporting to the Secured Lenders and the UCC in regards to the DIP agreement;
- Meeting the reporting requirements of the Bankruptcy Court, i.e. efforts to put a system into place to ensure timely filing of Monthly Operating Reports, and developing the Statement of Financial Affairs (“SOFA”) and the Schedule of Assets and Liabilities (“SOAL”);
- Maintaining productive communication with all parties-in-interest including, but not limited to, the Secured Lenders, the UCC and their respective professionals, potential purchasers and their associated professionals, third party asset consultants, vendors, customers, et al;
- Developing a contingency Liquidation Analysis and Asset Disposition Plan, and all processes involved therein in order to ascertain asset values and disposition costs to ultimately provide the Lenders with a range of possible recovery values;

KZC provided a number of necessary services to the Debtors during the Application period. One of the most notable successes directly attributable to KZC’s efforts involves cash management and conversion of working capital into cash. Under the guidance of KZC the Debtors focused on cash management to a much greater degree than they had pre-filing. This focus on cash, visible in the form of the weekly domestic cash flow forecasting and bi-weekly International cash flow forecasting processes spearheaded by KZC, resulted in an extraordinary success in the conversion of working capital to cash, and reduction of costs. These actions lead to the overall generation of cash which made the sale of the business possible. In addition, KZC worked closely and diligently with management in the area of business

planning. The work performed by KZC and the guidance provided resulted in the development of a business plan that all interested parties agreed with. Most importantly the buyers believed in the business plan which was a key factor in the sale of the business. KZC was a key player in the coordination of information between and among the various parties-in-interest. By maintaining an open line of communications with all parties involved, and providing in a timely manner all requested data and information, KZC was able to foster positive and consistent relationships with all parties. These relationships were essential in achieving a consensual Plan. An overview of the key tasks performed by KZC during the Chapter 11 Proceedings is included below.

- Maintaining management's focus on the process of effective cash management and monitoring of cash receipts and disbursements;
- Monitoring and maintenance of the the integrated cash flow models for both Domestic and International operations. In addition to participating in weekly conference calls to discuss actual results and changes to the forecasts, KZC met with key management to develop controls for maximizing the efficiency of the forecasting process;
- Transitioning the process and knowledge associated with the Domestic Cash Receipts and Disbursements Forecast to the Polaroid Corporation, stressing its importance on a go-forward basis, so that theCompany would continue to utilize it in both accurate forecasting and the associated credibility, and for avoiding a potential future liquidity crisis;
- Transitioning the process and knowledge of the International Cash Receipts and Disbursements Forecast to the Polaroid Corporation so that the link between Domestic and International cash controls would continue to remain strong after emergence from Chapter 11;
- Maintained and updated, with the assistance of management, the Bankruptcy Estate's weekly cash flow forecast. Activities include updating for recent disbursements, reforecasting based on new and updated information, creating summary costs schedules, and continually modifying the model to ensure the most efficient function and highest degree of accuracy possible;
- Worked with management to review the weekly flash report and assist, when necessary, with the development of data and other information to be included;
- Assisted the Debtor with the preparation of analyses and participation in meetings associated with DIP budget reporting. Tasks performed included conferences with the Lenders and their

representatives, updating the Lenders' professionals on the Debtors' current cash position, responding to questions and requests, gathering data for and assisting the Debtors with generating Covenant Compliance Certificates, meeting with the Lenders' professionals to assist in their due diligence efforts regarding the covenant forecast, maintaining a detailed trending analysis of the borrowing base certificate and availability of the facility, and weekly updates to a variance analysis comparing actual domestic receipts and disbursements to the DIP forecast;

- Developed, maintained and updated a highly complex integrated financial model accompanying the business plan. With the help of management developed projections for each necessary component, worked with the Debtors in gathering and generating the appropriate backup information, updated the model for new actual results and new estimates from the Debtors, created new iterations of the model to demonstrate potential outcomes that might arise as a result of various events including the sale process;
- Developed a comprehensive set of assumptions for the Debtors' 2002 Financial Plan which included both analysis of data and meetings/discussions with key management;
- Transitioning both the process and the knowledge behind the integrated financial model to Polaroid Corporation so that their operations would continue to benefit from it;
- Developed numerous analyses and supported management for the purpose of determining the viability of a total paydown of the UK Revolver balance. In addition, KZC assisted management with negotiating the terms of adequate protection payments for the US secured lenders to occur in the near term, as well as developing various analyses to determine payment amounts that would be both viable in terms of the Debtors' present and estimated future cash position and acceptable to the US Bank Group;
- Worked extensively with management, counsel, the UCC (as well as their professionals) and One Equity Partners to achieve a successful sale of the business. Tasks included negotiation of the Asset Purchase Agreement, negotiation of the new credit facility, numerous analyses relating to borrowing capacity, covenant calculations, the application of purchase accounting, creating proforma financial statements, assisting the Debtors in responding to due diligence requests and analyzing bids, and other tasks listed below;

- Worked with management on the drafting of the transition services agreement, as well as meeting, on a weekly basis, to discuss the various aspects of the transition/wind-down process. In addition, KZC, with the assistance of management, prepared a comprehensive transition planning/wind-down tasks workplan to be used by management;
- The development of an estimated administrative claims analysis, working with management to accurately estimate tax liabilities, professional fees, KERP issues and an estimated estate operating budget;
- Review and assist management with the production of the Monthly Operating Reports;
- Worked with management and counsel regarding the appointment of an examiner to these Chapter 11 cases;

During the Application Period, KZC worked with the Debtors, the Secured Creditors, the UCC, and all associated professionals, as well as the Bankruptcy Estate in an effort to achieve an efficient Chapter 11 Filing that was beneficial to all parties. All parties involved were of the opinion that a Polaroid Corporation that could continue to operate after emergence from Chapter 11 would provide for the best possible recovery for all creditors under the guidelines of Chapter 11, which was the ultimate goal of these cases. KZC's role in overseeing and participating in the processes listed above allowed management to continue to remain focused on day-to-day operations without being distracted from curing and growing the business in anticipation of a successful emergence. A more detailed summary of services provided during this Chapter 11 Proceedings are included herein.

Summarized below are descriptions of the services provided by KZC to the Debtors in each significant project service area.

Project #1 – Chapter 11 Process (11.0% of KZC's fees): KZC's activities in this project area consisted of advising and assisting the Debtors with the organization and management of its resources to effectively and efficiently manage the Chapter 11 process. KZC's assistance in these areas allowed the Debtors to deal expediently with the Chapter 11 related activities and maintain a concentrated effort on reorganizing the business, including the following:

- KZC assisted senior management in reviewing all issues related to the proceedings as well as the coordination of the Debtors resources and personnel; including critical vendors, First Day Orders, employee salary, royalty and utility payment matters among other issues;
- KZC advised and assisted the Debtors with communications to various parties such as employees, vendors and media;
- KZC assisted in the development and implementation of the Operating Directives used to explain new operating procedures to employees that were to be followed during the bankruptcy period;
- KZC was extensively involved in the transition planning process for post 363 sale;
- Continued development and updating, based on analysis and discussions with the Debtors and Counsel, of a post-closing transition work plan as well as a post-closing wind down workplan to help guide the Debtors post 363 sale;
- Creation of a comprehensive forecast for the bankruptcy estate which accounts for all cash disbursements relating to professional fees, tax claims, payroll/employee costs, KERF, severance, pension, insurance costs and Ch. 11 expenses as well as others. KZC worked alongside management to develop the estimates and has already begun transitioning control of this forecast to the estate;

Post-closing, a substantial portion of KZC's efforts were focused on this project area. KZC professionals worked with the Bankruptcy estate on several major projects which are summarized below in four sub-categories and detailed in individual time summaries:

1. General Tasks:

- Worked with the estate president on Chapter 11 process and issues relating to the Bankruptcy code and the wind down of the estate;
- Updated and revised the transition and wind down workplans to provide a detailed roadmap for both the estate and NewCo for the transition period;

2. Management and Maintenance of the Weekly Forecast:

- Worked with the estate president to continuously update, refine and monitor the receipts and disbursements forecast for the estate. Tasks included updating professional fees estimates as new information was gathered, polling NewCo management and working with them to develop estimates for hourly rates and projected hours spent on tasks relating to the estate, adding

rollforwards to the budget for each major account, updating for any new disbursements relating to settlements, including the mechanics lien payment and the Retiree Committee payments, and other related tasks;

3. Weekly Flash Report Assistance:

- Worked with management on a weekly basis with the preparation of a weekly flash report, detailing variance between forecast and actual disbursements, major events, primary cost accounts (e.g. payroll, professional fees) etc.;

4. Preparation of Analyses/Summaries for Distribution:

- Created a monthly and quarterly summary of the forecast to be shared with the Board of Directors, including extensive notes and assumptions;

As a result of KZC's efforts in this area in the past, the Debtors were able to continue operations with minimal interruptions to the customer sale base, collections of outstanding accounts receivable and flow of product from vendors. Additionally, the Debtors were able to effectively and efficiently manage the Chapter 11 process, avoid duplication of efforts, and address issues raised by various parties-in-interest on a timely basis. During the current period KZC's efforts have contributed to the overall transition and wind down processes, putting into place controls and processes that will contribute to a quick and efficient wind down.

Project #2 – DIP Budget Reporting/Monitoring: *(10.3% of KZC's fees):* KZC's activities in this project area result from efforts made prior to the filing in the creation of a DIP budget, as well as assisting the Debtors in meeting the various reporting requirements associated with the DIP facility. The purposes of this budget were to;

- Demonstrate the viability of the Debtors during the reorganization process;
- Show the projected borrowing requirements under the DIP Facility during the life of the DIP Facility;
- Show the projected disbursements for such items as Capital Expenditures, Professional Fees and payments to Critical Vendors;

KZC's activities relating to DIP budget reporting/monitoring included;

- Reporting to the DIP lenders regarding the Debtors' operations;
- Covenant compliance activities;
- Reporting of actual results compared with the DIP budgets, and any reconciliations thereof;
- Assisting the Debtors with the development of the weekly borrowing base certificate and the associated process, including the creation of a trending analysis;
- Assisted the Debtors with issues that arose involving the covenants in the DIP facility;
- Developed a comprehensive UK collateral analysis to determine the value of collateralized assets under three methods, including book value, value as stated in the borrowing base certificates and an estimated liquidation value;
- Work associated with negotiating a paydown of the UK Revolver, efforts included:
 - Meetings with management to discuss strategy and outcomes;
 - Discussions with representatives of the UK Lenders;
 - Analysis of the impact of the paydown on the Debtors' global cash position utilizing the weekly forecasts;
- Analyses relating to the EBITDA covenants in anticipation of negotiating for relief under an amendment to the credit facility;
- Work associated with the negotiation of a 2nd amendment to the Credit Facility;
- Assisted in developing both detail and summary schedules and reconciliations for use in the reporting packages provided to the DIP Lenders, including assistance in drafting the controller's comments;

As a result of KZC's involvement the Debtors were able to make a complete paydown on the UK Revolver balance in a prior period, providing some relief to the reporting process and allowing management to focus more of its time on day-to-day operations. KZC was also instrumental in providing support in processes such as negotiating the adequate protection payments sought by the Lenders, and in negotiating covenant relief under an amendment to the credit facility. In addition, the Debtors were able to meet the deadlines established by the Lenders and were able to effectively communicate with the Lenders, the UCC and their professionals.

Project #3 – Cash Management: *(13.8% of KZC's fees):* KZC worked with senior management to develop a cash management and reporting process more efficient and controlled than the previous system. KZC provided the Debtors with the necessary process and tools to capture and analyze cash flow information on a real time basis. Throughout the Chapter 11 Proceedings, KZC assisted the Debtors in preparing numerous cash flow forecasts, followed by monitoring actual results against the forecast to insure constant liquidity and availability under the Debtors' DIP financing facility. The new focus by the Debtors on cash management allowed for increased collections, reduction of costs and a highly successful conversion of working capital into cash. This overall generation of cash was a key factor in the eventual sale of the business. The Debtors' new approach to cash management and forecasting will continue to benefit them in the future. KZC's primary activities included:

- Prepared a weekly cash flow forecast using updated financial projections based on historical results and the Bankruptcy Filing;
- Monitored and updated the Domestic and International cash flow forecasts on a weekly basis based on actual results and changes in the assumptions. The cash reconciliations were then updated as necessary with all noted changes quantified and fully described;
- Reconciling the cash flow forecast to the DIP Budget on a weekly basis and reporting to the lenders;
- Updating the forecasts for new information relating to severance payment estimates and intercompany settlement estimates;

KZC's work on cash management, resulted in the following benefits for the Debtors;

- Increasingly shifting more of management's focus to cash flow forecasting and working to improve the efficiency of the process;
- New focus and concern on the part of management helped to eliminate excessive spending, and increase collections;
- The new control of the cash flow process facilitated cost reductions and efficient collections to the point where no draw on the DIP facility was needed by the Debtors.
- Transferred control and knowledge of the cash receipts and disbursements forecasting model to management of the Polaroid Corporation.

As a result of the efforts of KZC and management in this area, the Debtors exceeded the DIP liquidity forecast avoiding any need for use of the DIP facility and managed the operations for maximum cash flow.

Project #4 – Communications with Interested Parties (Including Meetings and Presentations)

(5.4% of KZC's fees): KZC's efforts in this project area were intended to successfully manage the coordination and communication with representatives of the various parties-in-interest. KZC was diligent in coordinating the communication between and among the parties-in-interest, a fact that is well evidenced by the consensual result achieved in these Chapter 11 cases. In addition, KZC's efforts allowed the Debtors to focus on managing the business and day-to-day operations. The case activities included attending and participating in meetings with such parties, and responding to numerous information requirements and requests made by these parties in an on-going and timely basis. Throughout the Chapter 11 Proceedings, KZC has been one of the primary communication links and information resources between the Debtors and various parties-in-interest including the Court, the U.S. Trustee, the Unsecured Creditors Committee and their professionals, and the DIP Lenders and their professionals. During the Chapter 11 Proceedings, KZC:

- Maintained a consistent level of communications with the professionals for the Secured Lenders and the UCC;
- Assisted senior management in meetings with the DIP Lenders and their respective professionals;
- Prepared presentations for and participated in meetings and conference calls with the professionals for the UCC and the Secured Lenders, as well as representatives of the UCC and Secured Lenders regarding the Debtors' 2002 Financial Plan;
- Assisted the Debtors in coordinating and providing information to the professionals for the UCC in their extensive due diligence efforts regarding the 2002 Financial Plan;
- Conferences with the Lenders relating to covenant relief and amendments to the credit facility;
- Discussions with potential buyers and their Lenders for due diligence purposes;
- Discussions with representatives of both the Secured Lenders and the UCC regarding weekly cash flow forecasting and the Debtors' cash position;

- Assisting management with the UCC's due diligence efforts;
- Meetings potential Lenders for the UCC, for due diligence purposes;
- Conference calls with representatives of the UCC relating to cash repatriation, intercompany flows and 2002 liquidity issues;
- Weekly update calls with the Secured Lenders and their advisors;
- Participated in calls with the Banks' professionals in order to provide them with the detail they require in connection with the initial distribution of the quarterly forecast summary package;

As a result of KZC's involvement, the Debtors were able to maintain an open line of communications with the numerous parties-in-interest in this matter and ensured a sufficient flow of information between all parties.

Project #5 – U.S. Trustee/Court Reporting Requirements (*5.8% of KZC's fees*): KZC's activities in this project area consisted historically of meetings and work associated with the preparation for the filing of the Debtors' monthly operating reports, and other court reporting requirements. During the Chapter 11 Proceedings, KZC engaged in:

- Conference calls and meetings with management regarding preparation of the Statement of Financial Affairs and the Schedule of Assets and Liabilities for the Polaroid corporation and its twenty (20) guarantors;
- Conducted, with management, counsel and Donlin Recano, the extensive final review of the SOFA and SOAL for Polaroid Corporation and its twenty (20) guarantors immediately prior to their filing, including a review of the Global Notes;
- Worked extensively with the Debtors to generate the Monthly Operating Report ("MOR") for the period ending December 2, 2001, specifically:
 - Created a list of tasks that needed to be fulfilled and met with management to assign responsibility for each task;
 - Reviewed the MOR and assisted in making numerous revisions, as well as assisting in creating and revising the schedules to be included with the report;
 - Assisted the Debtors with drafting the narrative portion of the monthly report;
 - Created certain cash flow summaries to be included with the schedules;

- Created summary Balance Sheets and P&L's on a consolidating World Wide basis to be included in the monthly report.
- Performed an extensive review of the preliminary MOR's for August, September, October and November, and participated on a monthly basis thereafter;
- Assisted the Debtors with reconciliation of quarterly U. S. Trustee fees, and had discussions relating to such;

Project #6 – Business Plan Development (17.0% of KZC's fees): KZC's efforts in this area during the Chapter 11 Proceedings consisted of monitoring and updating actual results in the Debtors' P&L's and balance sheets, receiving and reviewing updated figures for inventory and fixed asset balances, as well as certain restructuring expenses and adjusting the DIP model and updated Financial Model accordingly.

During the Chapter 11 Proceedings, KZC:

- Conducted a review and due diligence of the Debtors' new 2002 – 2004 preliminary financial plan;
- Developed a complex integrated financial model (referred to within this section as "the Model");
- Expanded the Model to cover Domestic, International and Consolidated World Wide financial statements;
- Met with key management to discuss and develop the key assumptions for the Model;
- Met with management regarding receipts and disbursements procedures, and forecasting of receipts and disbursements;
- Developed an analysis to calculate composite sales for the purpose of forecasting revenues;
- Met with management and performed analyses in order to unravel the complex intercompany flows;
- Met with management to determine gaps and risks associated with the new regional revenue plans;
- Expanded the Model to cover 2003 monthly projections;
- Updated the Model for actuals on a monthly basis;

- Created alternative cash sources and uses schedules for International and World Wide and linked them to the revised financial model;
- Developed a comprehensive package of assumptions for the 2002 Financial Model. Associated activities included, but were not limited to:
 - Analysis of existing information on key indicators – regional and product data to develop baseline assumptions;
 - Met with key management to discuss the key assumptions for areas such as P&L, Balance Sheet, marketing, and unit drivers;
- Analysis of management's Operations Review and Marketing Review presentations for updating/forecasting the Model;
- Developed analyses comparing month to month balances for certain accounts and resulting discussions with management regarding reclassification entries and other changes;
- Made extensive updates to the Financial Model based on new estimates from management for items including, but not limited to revenues, cost of sales, expenses, A/R, inventories, professional fees, prepaid taxes, A/P, compensation and benefits accruals;
- Updated a separate model based on discussions with the Secured Lenders and UCC regarding the Sale process;
- Performed various analyses relating to financing requirements;
- Modified the plan for asset sales;
- Create quarterly trending analyses for the P&L and Balance Sheet in the OEP model for 2004-2005;
- Adjusted the OEP model to reflect purchase accounting;
- Transitioned the knowledge and process of maintaining and updating the integrated financial model to management of NewCo, so that they could continue to benefit from the capabilities of the model.

As a result of KZC's efforts the Debtors were in possession of a comprehensive financial model which detailed one year of historical actuals, as well as two years of projections on a monthly basis. In addition, to complete the closing, KZC assisted the Debtors with the addition of quarterly projections for 2004 through 2005. The Financial Model has played a key role not only in internal

monitoring of the Debtors' performance, but in educating parties-in-interest about the projected future performance of the Company, and the ability of the Company to meet or exceed expectations in the near term, as well as providing a detailed view of the Debtors' key drivers. A key component in the successful sale of the business was a forecast that all parties-in-interest could understand. Viable assumptions and accurate forecasting methods made this model both useful and achievable, as well as being instrumental in attracting a buyer. In addition, the model was essential in planning for the sale and forecasting based on deal points and various stipulations of the APA and the new Loan Agreement. KZC was also able to transition the model to the Debtors.

Project #7 – Valuation (18.2% of KZC's fees): KZC's efforts in this area largely consisted of work performed on a Liquidation Analysis and Asset Disposition Plan, and work associated with the sale of the business.

KZC's efforts included:

- Determining, with the help of management, projected balances and estimated ranges of recovery for inventory, accounts receivables, land, buildings, equipment and intangibles among others;
- Generating assumptions regarding the recoverability of certain assets, the timing of the sale or liquidation of those assets and under what scenario the ranges of recoverability are determined;
- Developing and maintaining a matrix for intercompany balances;
- Met with asset consultants in areas such as inventory, machinery and equipment, real estate, and intellectual properties for expert input on asset values, potential liquidation costs, liquidation terms, possible hindrances in the process, and other such issues for multiple scenarios including both an orderly wind-down of operations over a long period and a forced short-term liquidation;
- Updated and made changes to the liquidation assumptions for both Domestic and International subsidiaries;
- Updated the liquidation analysis for actual results and the UK Lender paydown;
- Adjusted the Liquidation Analysis to reflect the completed UK revolver paydown;
- Created a finalized comprehensive summary presentation for the Liquidation Analysis. Included creating an updated summary of Worldwide recovery including intercompany

payables/receivable reconciliation, asset consultant assumptions and values for assets including Real Estate, Inventory, Machinery and Equipment etc.;

- Work relating to the sale process, including tasks related to:
 - The offering memorandum;
 - Bid analyses;
 - Net worth calculation and adjustments based on language in the Asset Purchase Agreement;
 - Cure costs;
- Assisted management with the analysis of term sheets received from potential buyers;
- Assisting the Debtors with due diligence efforts relating to potential buyers;
- Worked extensively with management, Counsel and OEP on issues related to the sale process;
- Worked extensively with management, Counsel and OEP during the negotiations and revising of the Asset Purchase Agreement, and its amendments;
- Meeting with management, counsel, and OEP at counsel's offices to complete a successful close of the 363 sale;

KZC was involved in nearly all aspects of the current sale process, and provided its guidance and assistance to management. In addition, KZC along with management developed a contingency liquidation plan that captured all values in each possible asset disposition scenario and accurately reflected potential associated costs.

Project #8 – POR Development (0.4% of KZC's fees): KZC professionals analyzed and commented on the draft POR prepared by counsel, and set up a preliminary template/model to forecast the balance sheet based on language in the Asset Purchase Agreement.

KZC:

- Assisted counsel in reviewing and commenting on drafts of the POR and Disclosure Statement.
- Participated in conference calls with management, counsel and counsel for the UCC regarding changes to the POR and Disclosure Statement;
- Analyzed the effects of changes in the timing of Confirmation;

Project #9 – Financing (2.4% of KZC's fees): KZC efforts in this project area included:

- Participation in conference calls/discussions regarding the U.K. Standstill Agreement and pledged bank accounts of the International subsidiaries;
- Working to support the Debtors in preparing documents, schedules and other data responsive to the due diligence efforts of potential new lenders;
- Meetings with potential new lenders to discuss items such as the Financial Model, estimated administrative costs and others;
- Worked with the financial model to include potential and actual covenants set by the Lenders;
- Updated and recalculated the covenants and borrowing base to reflect updates to the model which incorporated the updated deal points, and changes to definitions in the Loan Document;
- Created June purchase accounting proforma template for the consolidated proforma balance sheet;
- Worked with management and counsel to negotiate and revise the Loan Document including definitions and covenants;
- Worked to transition the process of forecasting covenants to management;

KZC's efforts in this project area contributed substantially to the process of obtaining new financing.

Project #10 – Business Operations (4.9% of KZC's fees): KZC efforts in this project category involved a broad range of specific services. Included among these are assistance provided to management with the day-to-day operations of the business. KZC professionals assisted in reviewing preliminary financial results and in the preparation of standard reporting schedules. Also included is any work to monitor inventory levels and the subsequent changes to internal schedules and analyses to reflect any changes caused by new actual results. KZC professionals also worked along side management in making decisions regarding arrangements with certain of the Debtors' service providers and/or contractors involved in outsourcing work for the Debtors final products. In addition, KZC professionals assisted in making decisions regarding certain aspects of intercompany sales and pricing methods. Also included in Business Operations is the work performed by KZC in the development of retention and severance plans. KZC professionals participated in numerous meetings and conference calls with senior management and counsel to discuss issues ranging from retention and severance plan alternatives to strategies.

KZC;

- Reviewed information regarding the Debtors' severance program and the severance motion in order to prepare a summary regarding employment terminations and severance to be used by the Debtors for presentation purposes;
- Reviewing the Debtors' financial results;
- Worked with management on issues relating to benefits, accrual of benefits and forecasting;
- Worked with management regarding the severance motion, and discussions relating to severance;
- Discussions with management regarding status and update relating to new Load reports, revenue variances, headcount targets and operations;
- Discussions with management regarding strategy and monthly closings;
- Meetings and discussions with management to reconcile intercompany balances of payables and receivables for subsidiaries Foreign to Foreign, Foreign to US, US to Foreign, and balances within the US subsidiaries;
- Discussions and work with management regarding cash repatriation including tax issues for the individual subsidiaries;
- Developed and updated the cash repatriation model;
- Updated and revised the individual subsidiary balance sheets;
- Participated in meetings and calls with management to discuss the July financial statements and assist with the closing process;

As a result of KZC's efforts the Debtors made significant progress in unwinding the complex intercompany payables and receivables balances and netting effects, which was beneficial to several related processes including planning for any adjustments to purchase price, Liquidation recovery values, tax issues and issues relating to the repatriation of cash.

Project #11– Testimony/Court Motions *(5.0% of KZC's fees)*: KZC work efforts in this area include assisting management in preparing testimony for Court Hearings on the Filing date and working with counsel and management in the preparation, review and revision of various court motions.

KZC:

- Prepared for and attended a hearing on 11/5/01 relating to Bid procedures;
- Gathered data and prepared an analysis in response to a discovery request from the UCC;
- Analysis and discussions with management regarding the severance motion;
- Meetings related to the Morgan Objection;
- Preparation of schedules and analyses at the request of counsel relating to the Morgan objection;
- Preparation for and attendance of the Court Hearing relating to the Morgan Objection;
- Preparation for and attendance of the auction process;
- Preparation for and attendance of the Sale Hearing;
- Analysis and discussions related to the assumption of the pension plan by the PBGC;
- Analysis regarding the W. S. Aiken stipulation;
- Analysis relating to the potential refund of Harbor Maintenance Fees;
- KZC assisted the Estate and Counsel relating to the appointment of an examiner in the Chapter 11 case, activities included:
 - Analysis of draft motions;
 - Discussions and meetings with the Debtors and with counsel
 - Preparation for and attendance of the Court Hearing;
 - Research for candidates to fill the position;
- Participated in conference calls and worksessions with the Estate and Counsel in anticipation of the Court Hearing relating to the appointment of the Examiner and KZC's re-employment motion;
- Analyzed all documents, both hard and soft, held by KZC to determine which documents were relevant to the discovery process in compliance with the terms of the request made by the Court Appointed Examiner;
 - Gathered and analyzed all hard copies of documents;
 - Gathered and analyzed KZC's e-mails from these cases;
- Reviewed several analyses prepared by Polaroid's advisors;
- Prepared for and participated in a conference call with Polaroid's advisors regarding the analyses;

KZC's efforts in this project area were beneficial to the Chapter 11 process, as well as the Sale process.

Project #12 – Executory Contracts (0.0% of KZC's fees): No work was performed by KZC in this project area.

Project #13 – Claims Process (1.5% of KZC's fees): KZC's early efforts in this project area included preliminary work to set-up a matrix to list and monitor the status of potential reclamation claims, and preliminary review of letters from various vendors relating to their reclamation claim amounts.

KZC:

- Developed a preliminary schedule listing estimated administrative claims;
- Worked with management in the development of a comprehensive summary of estimated administrative claims involving the following issues:
 - Tax liabilities associated with capital gains, withholding taxes relating to dividend repatriation, and the reconciliation of intercompany payables/receivables;
 - Professional fees accruals and updates;
 - Preliminary Estate Operating Budget issues;
 - Real Estate appraisals;
 - Issues relating to the KERP;
- Performed a preliminary claims analysis for management to determine the scope of Secured and Priority claims;
- Met with the estate president to discuss the claims process and next steps;
- Discussions with management relating to cure payments made and their relation to the filed/scheduled claims;

Project #14 – Special Projects (0.0% of KZC's fees): No work was performed by KZC in this project area.

Project #15 – Engagement Administration (*1.2% of KZC's fees*): KZC's efforts in this project area have been minimal, and consisted primarily of preparing the monthly Fee Application and the Final Fee Application.

Project #16 – Travel (*3.1% of KZC's fees*): In accordance with the local rules, KZC charges non-working travel time at one half of the billing rate for each professional. The travel time is required because KZC is the financial advisor to the Debtors. It is necessary for KZC personnel to travel to Boston where the company is located to meet with members of management and have efficient access to the Company's records.

Summary

In summary, the result in this Case is extraordinary. Over 3000 employees have retained their jobs, and the creditors have achieved recoveries on their prepetition debts in excess of 95%, with the Unsecured Creditors retaining 35% ownership in the "New" Polaroid. Indeed, at the outset of the case administrative insolvency was a possibility, yet the success of the cases allowed not only for coverage of administrative claims, but the Disclosure Statement estimates recovery for the unsecured creditors at 14% to 18%. KZC provided the Debtors with essential services during the Chapter 11 Proceedings. KZC work efforts assisted in the ongoing process of bringing organization and accountability to the cash management process as well as expertise in the forecasting process. KZC's efforts to stabilize cash flow, to drive the processes of monitoring and reporting, and to ensure a fair and equitable sale of the business all contributed to a successful Chapter 11 filing by the Debtors. KZC provided a number of necessary services to the Debtors during the Chapter 11 Proceedings. One of the most notable successes directly attributable to KZC's efforts involves cash management. Under the guidance of KZC the Debtors focused on and succeeded in getting their cash management system completely under control. This focus on cash, visible in the form of the weekly domestic cash flow forecasting and bi-weekly International cash flow forecasting processes spearheaded by KZC, resulted in an extraordinary success in the conversion of working capital to cash, and reduction of costs. These processes were developed and implemented by KZC early in the Ch. 11 process. Gaining control of the cash flow function was imperative for the Debtors. Without the implementation of these measures to control cash and convert working capital to cash, the prospects for the business ranged to potential liquidation, and recovery for the Creditors looked dismal. These actions lead to the overall generation of cash which made the sale of the business possible. At the time of filing, the Polaroid Corporation had \$383 million in secured debt and \$70 million in cash, or \$313 million in net debt. Immediately before the sale of the business, Polaroid had reduced its secured debt to \$246 million and increased cash to \$220 million, or \$26 million in net debt. A distinct example of KZC's efforts in cash management and working capital conversions, this improvement of \$150 million in cash and reduction of secured debt of \$137 million nets to a total improvement of \$287 million. In addition, KZC worked closely and diligently with management in the area of business planning. The work performed by KZC and the guidance provided resulted in the

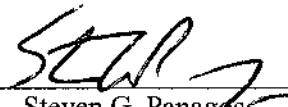
development of a business plan that all interested parties agreed with. Most importantly the buyers believed in the business plan which was a key factor in the sale of the business. KZC was a key player in the coordination of information between and among the various parties-in-interest. By maintaining an open line of communications with all parties involved, and providing in a timely manner all requested data and information, KZC was able to foster positive and consistent relationships with all parties. These relationships were essential in achieving a consensual Plan. KZC work efforts during the Chapter 11 Proceedings contributed value to the Debtors' estate, the various Creditors and parties-in-interest and provided necessary guidance through the continued Chapter 11 process. All activities performed by KZC during the Chapter 11 Proceedings added significant value to the Chapter 11 process.

Compensation Sought

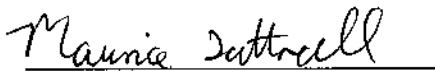
14. In view of the assistance provided which precluded other employment, the results achieved, the value added, the requirement for KZC to finance its deferred and unpaid compensation, KZC requests that it be awarded, at this time, a final allowance of compensation for professional and paraprofessional services rendered in the sum of \$3,229,909.00 and for actual and necessary out-of-pocket expenses incurred in the sum of \$269,117.50. Consistent with the Success Fee referenced in KZC's prepetition engagement letter and consistent with KZC's reservation of the right to seek additional compensation in the event of extraordinary circumstances per our post-petition engagement letter, in light of the extraordinary success of these Chapter 11 cases KZC believes that these standards have been met and hereby requests a Success Fee of \$1,500,000.00.

WHEREFORE, KZC respectfully requests that it be granted a final allowance of compensation for professional services rendered as Special Financial and Bankruptcy Advisors to the Debtors during the period October 12, 2001 through and including November 30, 2003 in the sum of \$3,229,909.00 in fees, without prejudice to an allowance of compensation, plus reimbursement of actual and necessary out-of-pocket expenses incurred in the sum of \$269,117.50, as well as the \$1,500,000.00 Success Fee. KZC respectfully requests that the Bankruptcy Court order a final payment of \$1,509,643.40 for the outstanding professional fees, out-of-pocket expenses and Success Fee.

Dated: January 30, 2004
New York, New York



Steven G. Panagos
KROLL ZOLFO COOPER LLC
Special Financial Advisors and Bankruptcy
Consultants
900 Third Avenue
New York, NY 10022
(212) 561-4000



Notary Public

MAURICE M. TATTNALL
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01TAG018000
QUALIFIED IN KINGS COUNTY
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES DEC. 21, 2006

**FINAL APPLICATION OF KROLL ZOLFO COOPER LLC FOR ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AS SPECIAL FINANCIAL ADVISORS AND
BANKRUPTCY CONSULTANTS TO THE DEBTORS
AND FOR REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. § 330 (a)**

EXHIBIT A

Kroll Zolfo Cooper LLC's prepetition engagement letter

Zolfo Cooper, LLC

292 Madison Avenue, New York, New York 10017 (212) 213-5555 Fax (212) 213-1749
1395 Route 23 South, Butler, New Jersey 07405 (201) 492-9786

May 23, 2001

Mr. Carl L. Lueders
Vice President and Acting Chief
Financial Officer
Polaroid Corporation
784 Memorial Drive
Cambridge, MA 02139-4687

Dear Carl:

This letter confirms the engagement of Zolfo Cooper, LLC, (including its affiliates, "Zolfo Cooper") by you to provide consulting services to Polaroid Corporation (the "Company").

You have informed us that the Company has limited liquidity available to operate its business, and as such, the Company is evaluating its options with respect to maximizing liquidity available, seeking alternative sources of financing available, either from third parties or from the Company's existing lenders, and pursuing longer-term options which may include a capital restructuring of the Company in whole or in part.

In connection with these activities, you have requested us to make available the following professional services:

1. Advise and assist management in evaluating and challenging the Company's short-term cash-flow projections, including underlying assumptions.
2. Advise and assist management in negotiating certain amendments and waivers with the Company's Senior Secured Lenders (the "Bank Group").
3. Advise and assist management in evaluating and challenging the Company's business plan, including underlying assumptions, and in identifying potential strategies and tactics to improve the Company's economic model. Such business plan will be used as a basis for developing capital restructuring alternatives.
4. Advise and assist management in developing long-term capital restructuring alternatives.
5. Advise and assist management in negotiating and implementing the Company's selected capital restructuring plan with various creditors, as necessary.
6. Advise and assist the Company regarding contingency planning for a chapter 11 proceeding, if required.
7. Such other services as you request and we agree to perform.

In addition to the specific services listed above that we will perform, we understand that we will participate, at your request and to the extent you request, in meetings and discussions with the Company, the Bank Group, other creditor constituencies, and with their respective professionals.

Our advice to you may be limited in some respects due to the extent and sufficiency of available information, time constraints dictated by the circumstances of our engagement, and other factors. In general, we will rely on information disclosed or supplied to us by employees and representatives of the Company without audit or other detailed verification of its accuracy and validity. We do not contemplate examining any such information in accordance with generally accepted auditing standards or attestation standards.

We currently anticipate that our work will commence upon execution of this engagement letter.

It is our intention to work closely with you throughout our engagement. Regular discussions with you of our engagement should facilitate our progress and provide you with relevant information and an ongoing opportunity to confirm or request that we modify the scope of our engagement to best serve your objectives.

In order for us to perform our services, it will be necessary for our personnel to have access to the Company's facilities and to certain books, records and reports of the Company. In addition, we will need to have discussions with Company management and certain other personnel. We will perform our services in a manner that will permit the business operations of the Company to proceed in an orderly fashion, subject to the requirements of this engagement. We understand that the Company has agreed to cooperate with our personnel and to make available to us its personnel and its books, records and other data sources relevant to our needs.

We will submit periodic oral and/or written reports summarizing our evaluations and analyses based on our work pursuant to this engagement letter. Our reports will encompass only matters that come to our attention in the course of our work that we perceive to be significant in relation to the objectives of our engagement. However, because of the time and scope limitations implicit in our engagement and the related limitations on the depth of our analyses and the extent of our verification of information, we may not discover all such matters. Accordingly, we will limit any assurances in our reports concerning the integrity of the information used in our analyses and on which our findings and advice to you may be based. In addition, we will state that we have no obligation to and will not update our reports or extend our activities beyond the scope set forth herein unless you request and we agree to do so.

We understand that the Company has agreed to treat any information received from Zolfo Cooper, whether orally or in writing, with utmost confidentiality, and except as provided in this letter, will not publish, distribute or disclose in any manner any information developed by or received from us without our prior written approval. Such approval shall not be unreasonably withheld. Our approval is not needed if either the information sought is (i) required to be

disclosed by process of law or such information is otherwise publicly available or (ii) disclosed to other advisors, financial institutions, or other third parties who have confidentiality agreements in place with the Company.

We agree that all information, not publicly available, which is received by us from you or the Company in connection with this engagement will be treated confidentially by our Firm, except as required by process of law or as authorized by you.

Our fees for the services set forth above will be based on the hours charged at our standard hourly rates that are in effect when the services are rendered; our rates generally are revised semi-annually. Our current hourly rates in effect as of January 1, 2001 are as follows:

Principals	\$450 - \$595
Professional Staff	\$125 - \$440
Support Staff	\$ 75 - \$200

In addition to our hourly fees, the Company agrees to pay (or cause to be paid) Contingent Fee(s) based upon terms and conditions set forth below:

1. **Financing Fee** – A Financing Fee will be payable in cash upon consummation of any Financing (as defined in Attachment A) during Zolfo Cooper's engagement pursuant to this letter, including the refinancing of all or a portion of the Company's existing debt and any new financing obtained. The Financing Fee shall be a one-time only fee, equal to .75% of the maximum amount of permanent Financing available under the financing facility without regard to form (i.e., lease, debt, equity joint venture, letter of credit sub-limit or other source of capital) received.
2. **Restructuring Fee** – A Restructuring Fee will be payable in cash for a Restructuring (as defined in Attachment A) upon consummation of any arrangement in which Zolfo Cooper plays a Substantial Role (contractual, non-contractual, pursuant to a plan or reorganization, pursuant to other bankruptcy or restructuring process or otherwise) where all or a substantial portion of the Company's existing debt or capital structure is amended, restructured or reconfigured on terms acceptable to the Company. The Restructuring Fee shall be equal to \$1.5 million.
3. **Transaction Fee** – A Transaction Fee is payable in cash upon consummation and out of the proceeds of any Transaction during Zolfo Cooper's engagement pursuant to this letter. The Transaction Fee shall be equal to \$1.5 million.

If, at any time prior to 12 months after the cessation of services performed by Zolfo Cooper under this engagement, a Restructuring, Financing, or Transaction is consummated, whether or not the Company has then engaged the services of another professional, Zolfo Cooper will be entitled to payment in full of the compensation described in the above Contingent Fee paragraphs. The right to receive the Contingent Fee(s) for the period of 12 months shall continue even if the Company has terminated this engagement.

In the event that the Company consummates either a Restructuring or a Transaction with a Financing, the Restructuring Fee and/or Transaction Fee of \$0.5 million will be credited (in full) against any Financing Fee.

The maximum fee if there is a Restructuring and a Transaction shall not exceed \$1.5 million.

We will also be reimbursed for our reasonable out-of-pocket expenses including, but not limited to, costs of reproduction, typing, computer usage, our legal counsel (not to exceed \$5,000), any applicable state sales or excise taxes and other direct expenses.

It is our policy in these cases to receive a security retainer prior to the commencement of our activities to be held by us throughout our engagement. The retainer secures final payment of our invoices for services rendered. Given the magnitude and scope of the services you have requested, we require a retainer of \$200,000. This retainer will be returned to you upon payment in full of our outstanding invoices or applied to any outstanding invoices at the conclusion of our engagement.

As we agreed, we will require an initial advance of \$75,000 on the day we begin work, and subsequent weekly advances throughout the course of our engagement. On each subsequent advance payment date, we will inform you of the required amount to advance, which amount will be our estimate of the amount of unpaid fees and expenses incurred and expected to be outstanding on the next advance payment date. We will submit to you monthly invoices for all services rendered and expenses incurred; our invoices, net of the advance payments received during the invoice period, are payable upon receipt.

You agree that if any of the principals or employees of Zolfo Cooper is required to testify at any administrative or judicial proceeding relating to this matter, our Firm will be compensated by you for our associated time charges at our regular hourly rates, in effect at the time, and reimbursed for reasonable out-of-pocket expenses, including reasonable counsel fees.

We confirm that no principal or staff member of Zolfo Cooper, LLC or its affiliates, Zolfo Cooper Capital, LLC or Zolfo Cooper Management, LLC has any financial interest or business connection with the Company, and we are aware of no conflicts in connection with this engagement.

The Company agrees to promptly notify Zolfo Cooper if it extends (or solicits the possible interest in receiving) an offer of employment to an employee or principal of Zolfo Cooper and agrees that it will pay Zolfo Cooper a cash fee, upon hiring, equal to 150% of the aggregate first year's annualized compensation, including any guaranteed or target bonus, to be paid to Zolfo Cooper, LLC's former principal or employee that the Company hires at any time up to one year subsequent to the date of the final invoice rendered by Zolfo Cooper with respect to this engagement.

The Company agrees to indemnify and hold harmless Zolfo Cooper against any and all losses, claims, damages, liabilities, penalties, judgments, awards, costs, fees, expenses and disbursements including, without limitation, the reasonable third party costs, fees, expenses and disbursements, as and when incurred, of investigating, preparing or defending any action, suit, proceeding or investigation (whether or not in connection with proceedings or litigation in which Zolfo Cooper is a party), directly or indirectly, caused by, relating to, based upon, arising out of or in connection with the engagement of Zolfo Cooper by the Company or any services rendered pursuant to such engagement, unless there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding Zolfo Cooper directly liable for gross negligence or willful misconduct. These indemnification provisions extend to the principals, employees, representatives, agents and counsel of Zolfo Cooper.

If there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding Zolfo Cooper directly liable for gross negligence or willful misconduct, Zolfo Cooper agrees to pay the reasonable costs, fees, expenses and disbursements including those for preparing and defending any action, suit, proceeding against Zolfo Cooper at the trial level.

The Company agrees that neither it nor any of its assignees or successors shall (a) seek a jury trial in any lawsuit, proceeding, counterclaim or any other action based upon, or arising out of or in connection with the engagement of Zolfo Cooper by the Company or any services rendered pursuant to such engagement, or (b) seek to consolidate any such action with any other action in which a jury trial cannot be or has not been waived. The provisions of this paragraph have been fully discussed by the Company and Zolfo Cooper and these provisions shall be subject to no exceptions. Neither party has agreed with or represented to the other that the provisions of this section will not be fully enforced in all instances.

The Company hereby irrevocably and unconditionally

1. submits for itself and its property in any legal action or proceeding relating to the engagement of Zolfo Cooper by the Company or any services rendered pursuant to such engagement, to the non-exclusive general jurisdiction of the Courts of the State of New York, the Courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;
2. consents that any such action or proceeding brought by Zolfo Cooper may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company addressed to

General Counsel
Polaroid Corporation
784 Memorial Drive
Cambridge MA 02139

or at such other address of which Zolfo Cooper shall have been notified pursuant thereto;

3. agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and
4. waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary or punitive or consequential damages.

Notwithstanding anything to the contrary contained herein, Zolfo Cooper shall have the right to disclose its retention by the Company or the successful completion of its services hereunder in advertisements describing its services placed, at its own expense, in financial and other newspapers or otherwise provided any such placement is approved by the Company in writing in advance which will not be unreasonably withheld.

We look forward to working with you on this important matter. Please return a copy of this engagement letter, signed in the space provided to signify your agreement with the terms and provisions herein. If you have any questions, please call Stephen Cooper or Steven Panagos at (212) 213-5555.

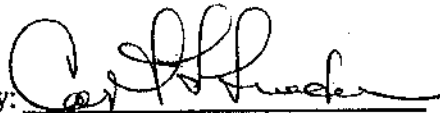
Very truly yours,



Zolfo Cooper, LLC

Agreed By:

POLAROID CORPORATION

by: 

Carl L. Lueders
Vice President and Acting Chief
Financial Officer

ATTACHMENT A

Defined Terms For Zolfo Cooper, LLC Engagement Letter
With Polaroid Corporation Dated May 4, 2001

The term "**Restructuring**" shall mean any recapitalization or restructuring (including, without limitation, through any exchange, conversion, cancellation, forgiveness, retirement and/or a material modification or amendment to the terms, conditions or covenants thereof) of the Company's preferred equity and/or debt securities and/or other indebtedness or obligations (including lease obligations, trade credit facilities and/or tort obligations), including pursuant to a repurchase or an exchange transaction, a plan or solicitation of consents, waivers, acceptances or authorizations in which Zolfo Cooper plays a Substantial Role.

The term "**Financing**" shall mean a public or private sale or placement of the equity or debt securities or obligations of the Company with one or more lenders and/or investors, or any loan or other financing, including any rights offering or any subsequent senior secured bank debt financing in which Zolfo Cooper plays a Substantial Role.

The term "**Transaction**" shall mean the disposition to one or more third parties in one or a series of related transactions of a) all or substantially all of the equity securities of the Company by the security holders of the Company or b) all or substantially all of the assets (including the assignment of any executory contracts) or businesses of the Company, in either case, including through a sale or exchange of capital stock, options or assets, a lease of assets with or without purchase option, a merger consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, or any similar transaction in which Zolfo Cooper plays a Substantial Role and provided that such disposition includes a Restructuring.

The term "**Substantial Role**" shall mean (i) the Company's access to Zolfo Cooper's senior partners, particularly for significant events, and (ii) Zolfo Cooper acting as a lead or co-lead in a Financing or providing strategic advice which has a material influence on the outcome of a Restructuring or Transaction.

**FINAL APPLICATION OF KROLL ZOLFO COOPER LLC FOR ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AS SPECIAL FINANCIAL ADVISORS AND
BANKRUPTCY CONSULTANTS TO THE DEBTORS
AND FOR REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. § 330 (a)**

EXHIBIT B

Kroll Zolfo Cooper LLC's postpetition engagement letter

Zolfo Cooper, LLC

292 Madison Avenue New York, New York 10017 (212) 213-5555 Fax (212) 213-1749
1395 Route 23 South, Butler, New Jersey 07405 (973) 492-9786

November 5, 2001

Neal D. Goldman, Esq.
Executive Vice President, Chief Administrative Office,
General Counsel and Secretary
Polaroid Corporation
784 Memorial Drive
Cambridge, MA 02139-4687

Dear Bill:

This letter confirms the engagement of Zolfo Cooper, LLC (including its affiliates, "Zolfo Cooper") as Bankruptcy Consultants and Special Financial Advisors to the Polaroid Corporation and its subsidiaries ("Polaroid" or the "Debtors"). You have informed us that the Debtors require the assistance of experienced Bankruptcy Consultants and Special Financial Advisors to assist them in restructuring the business and developing, negotiating and confirming a Plan of Reorganization as described more fully below.

In this connection, you have requested us to provide professional services as described hereinafter in accordance with applicable standards of the accounting profession. We have agreed to provide such services, contingent upon the Bankruptcy Court's approving our retention on our customary terms and conditions of employment and our compensation for our services and reimbursement for our out-of-pocket expenses in accordance with our customary billing practices which are outlined in the Affidavit of Steven G. Panagos to which this engagement letter is appended. Accordingly, until the requisite approval of the Bankruptcy Court has been obtained, we are not obliged to perform any services hereunder, and, in our sole discretion at any time, we may decide not to provide or to cease providing such services.

It is presently anticipated that, at the request of the Debtors, Zolfo Cooper will provide the following services:

- (a) Advise and assist management in organizing the Debtors' resources and activities so as to effectively and efficiently plan, coordinate and manage the chapter 11 process and communicate with customers, lenders, suppliers, employees, shareholders and other parties in interest;
- (b) Assist management in designing and implementing programs to manage or divest assets, improve operations, reduce costs and restructure as necessary;
- (c) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including the preparation of financial and operating information required by such parties and/or the Bankruptcy Court;

- (d) Advise and assist management in the development of a Plan of Reorganization and underlying Business Plan, including the related assumptions and rationale, along with other information to be included in the Disclosure Statement;
- (e) Advise and assist the Debtors in forecasting, planning, controlling and other aspects of managing cash, and obtaining DIP financing;
- (f) Advise the Debtors with respect to resolving disputes and otherwise managing the claims process;
- (g) Advise and assist the Debtors in negotiating a Plan of Reorganization with the various creditor and other constituencies;
- (h) As requested, render expert testimony concerning the feasibility of a Plan of Reorganization and other matters that may arise in the case; and
- (i) Provide such other services as may be required by the Debtors.

In addition to the specific services listed above that we will perform, we understand that we will participate, at your request and to the extent appropriate, in meetings and discussions with the Official Committee of Unsecured Creditors of the Polaroid Corporation, the Unofficial Bank Group, other creditor constituencies, and with their respective professionals.

Our work will be performed on a "level-of-effort" basis; that is, the depth of our analyses and extent of our authentication of the information on which our advice to you will be predicated may be limited in some respects due to the extent and sufficiency of available information, time constraints dictated by the circumstances of our engagement, and other factors. Moreover, we do not contemplate examining any such information in accordance with generally accepted auditing or attestation standards. Rather, it is understood that, in general, we are to rely on information disclosed or supplied to us by employees and representatives of the Debtors without audit or other detailed verification of their accuracy and validity.

We currently anticipate that our work under this engagement will commence upon filing.

It is our intention to work closely with you throughout our engagement. Regular discussions with you of our engagement should facilitate our progress, enable you to appropriately direct our efforts so as to avoid duplicative efforts among the professionals retained in the case, and provide you with relevant information and an ongoing opportunity to confirm or request that we modify the scope of our engagement to best serve your objectives.

In order for us to perform our services, it will be necessary for our personnel to have access to your facilities and to your books, records and reports. In addition, we will need to have discussions with your management and certain other personnel. We will perform our services in a manner which will permit your business operations to proceed in an orderly fashion, subject to the requirements of this engagement.

We will submit periodic oral and/or written reports summarizing our evaluations and analyses based on our work pursuant to this engagement letter. Our reports will encompass only matters that come to our attention in the course of our work that we perceive to be significant in relation to the objectives of our engagement. However, because of the time and scope limitations implicit in our engagement and the related limitations on the depth of our analyses and the extent of our verification of information, we may not discover all such matters or perceive their significance. Accordingly, we will be unable to and will not provide assurances in our reports concerning the integrity of the information used in our analyses and on which our findings and advice to you may be based. In addition, we will state that we have no obligation to and will not update our reports or extend our activities beyond the scope set forth herein unless you request and we agree to do so.

We understand that the Debtors have agreed to treat any information received from Zolfo Cooper, whether orally or in writing, with utmost confidentiality and, except as provided in this letter, will not publish, distribute or disclose in any manner any information developed by or received from us without our prior written approval. Such approval shall not be unreasonably withheld. Our approval is not needed to disclose such information to the Debtors' legal counsel or if the information sought is either required to be disclosed by process of law or such information is otherwise publicly available.

We agree that all information, not publicly available, which is received by us from the Debtors or the Debtors' counsel in connection with this engagement will be treated confidentially by our Firm, except as required by process of law or as authorized by the Debtors.

Our fees will be based on the actual hours expended at our standard hourly rates which are in effect when the services are rendered; our rates generally are revised semi-annually. We will also be reimbursed for our reasonable out-of-pocket expenses including, but not limited to, costs of reproduction, typing, computer usage, our legal counsel, any applicable state sales or excise taxes and other direct expenses. All such billings will be in accordance with our customary practices and in accordance with applicable guidelines of the Bankruptcy Court. Our current hourly rates in effect as of July 1, 2001 are as follows:

	July 1, 2001 <u>Per Hour</u>
Principals/Members	\$475 - \$625
Professional Staff	\$150 - \$475
Support Personnel	\$ 75 - \$200

Zolfo Cooper reserves the right to seek court approval for additional compensation in circumstances where extraordinary results may warrant such additional compensation. Zolfo Cooper further reserves the right, subject to court approval, to receive payment for compensation awarded in a form other than cash.

It is our policy in these cases to receive a security retainer prior to the commencement of our activities. The retainer secures payment of our invoices for professional services rendered. Given the magnitude and scope of the services you have requested, we require a retainer of \$500,000. The retainer will be reduced by any current outstanding prepetition fees and expenses.

We will submit to you monthly invoices for all services rendered and expenses incurred; our invoices are payable upon receipt. We confirm that you will obtain a Bankruptcy Court Order approving this arrangement. All such payments will be subject to final approval by the Bankruptcy Court.

You agree that if any of the principals or employees of Zolfo Cooper is required to testify at any administrative or judicial proceeding relating to this matter, either during or after the termination of this engagement, our Firm will be compensated by you for our associated time charges at our regular hourly rates, in effect at the time, and reimbursed for reasonable out-of-pocket expenses, including counsel fees.

We confirm that to the best of our knowledge and belief, insofar as we have been able to ascertain after due inquiry, no one of the principals or employees of Zolfo Cooper is related to the Debtors, their creditors, other parties in interest in the pending proceedings, or the United States Trustee or anyone employed in the Office of the United States Trustee, or holds or represents any interest adverse to any such party, except that Zolfo Cooper is connected with the Debtors by virtue of this engagement and Zolfo Cooper may represent or have represented certain of the Debtors' creditors or other parties in interest in the proceedings, or interests adverse to such creditors or other parties in interest, in matters unrelated to the Debtors' bankruptcy cases.

In connection with our proposed retention by the Debtors in these cases, we undertook to determine whether we had any conflicts or other relationships that might bear on our retention. Prior to 1995, we did not maintain a formal database of completed assignments listing our former clients' affiliates, officers, directors, principal shareholders and their respective affiliates. Consequently, we researched our client files and records which contain information retained under our normal record retention policies, and, based upon our research, constructed a database of entities for which we had performed services during the prior five years (the "Client Database"). We have since maintained the Client Database and expanded it to include entities for which we performed services subsequently.

It should be understood that our former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates may have had relationships with parties in interest in these bankruptcy cases of which we were not informed or, subsequent to the performance of our services, may have developed relationships with such parties of which we are unaware. Moreover, the client files and records from which the Client Database was developed initially were not designed for the purpose of documenting client relationships. In addition, such files and records, at a previous time, may have contained pertinent information that was subsequently disposed of in accordance with our normal record retention policy. Therefore, the Client Database may omit certain relationships that satisfy the criteria set forth above.

In addition to our former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates, the Client Database includes the limited partners, investees, and their respective affiliates that are known to us, of Catalyst Equity Fund, LP (the "Fund"), a Delaware limited partnership that invests in middle market businesses that are not performing to their full potential, primarily financially distressed companies. The Fund's general partner, Catalyst Equity Fund Partners, LLC ("CEFP"), a Delaware limited liability company, is majority-owned by CFL Capital, LLC ("CFL"), a New Jersey limited liability company that is controlled (through limited partnerships under their control) by Stephen F. Cooper, Michael E. France and Leonard J. LoBiondo, who are partners and principals of Zolfo Cooper. The limited partners, consisting of large financial institutions, funds and sophisticated individual investors and investment trusts, are passive investors in the Fund that are not required to disclose to the Fund, CEFP, CFL or Zolfo Cooper their holdings or interests. Accordingly, they may own interests in or otherwise be connected to the Debtors, the Debtors' creditors, other parties in interest herein or interests adverse to such parties of which the Fund, CEFP, CFL and Zolfo Cooper are not aware. The limited partners are the following entities or affiliates thereof: BancBoston, William R. Berkley, JP Morgan Chase, Citibank, N.A., Cramer Rosenthal McGlynn, Inc., CRM 20/20 Fund, LLC, Duane Morris & Heckscher, LLP, David Dillard, The Zuckerman Children's Trust, First Union National Bank, Michael Fuchs, General Electric Capital Corporation, RS Catalyst Limited Partnership, R & M Catalyst Investors, Hexagon Investments, Inc., Robert J. Higgins, ING Barings (U.S.) Capital Corporation, Lexington Partners-Hamilton Lane 2000, LLC, Robert Martin, Hoyt C. Murray, John E. O'Connor, James A. Paduano, the Pergament Family, Edwin Roland, Nicholas J. and Julie Sakellariadis, David Supino, Linda J. Pohn, John R. Tillotson, Lad Equity Partners, L.P., P.E. Partners, LLC, and Travelers Insurance Group.

ZC is further connected with Chase through ZC's minority ownership in and other relationships (including participation in a credit facility granted by Chase) to a subsidiary of Chase. Currently, ZC is also providing the subsidiary advisory and management services including board representation.

To the best of Zolfo Cooper's knowledge and belief, except as we have reported to you and set forth in a schedule appended to the affidavit we prepared to be filed with the Bankruptcy Court in support of our retention, none of our former clients (including their affiliates, officers, directors, principal shareholders and their respective affiliates) or the limited partners or investees (including their respective affiliates that are known to us) of the Fund or Chase is connected to the entities listed below, other parties in interest herein or interests adverse to such parties:

- (a) the Debtors and their affiliates;
- (b) the Debtors' officers and directors;
- (c) the 20 largest unsecured creditors of each Debtor;
- (d) parties to significant litigation with the Debtors;
- (e) the attorneys, accountants and investment bankers that the Debtors have sought authority to employ in these chapter 11 cases, pursuant to applications filed on the Petition Date;
- (f) material secured lenders; and
- (g) material unsecured bank lenders.

To the extent that we discover additional relationships that meet the above criteria, we will report them to you and the Court promptly.

The Debtors agree to promptly notify Zolfo Cooper if it extends (or solicits the possible interest in receiving) an offer of employment to an employee or principal of Zolfo Cooper and agrees that it will pay Zolfo Cooper a cash fee, upon hiring, equal to 150% of the aggregate first year's annualized compensation, including any guaranteed or target bonus, to be paid to Zolfo Cooper, LLC's former principal or employee that the Company hires at any time up to one year subsequent to the date of the final invoice rendered by Zolfo Cooper with respect to this engagement.

The Debtors agree to indemnify and hold harmless Zolfo Cooper against any and all losses, claims, damages, liabilities, penalties, judgements, awards, costs, fees, expenses and disbursements including, without limitation, the costs, fees, expenses and disbursements, as and when incurred, of investigating, preparing or defending any action, suit, proceeding or investigation (whether or not in connection with proceedings or litigation in which Zolfo Cooper is a party), directly or indirectly, caused by, relating to, based upon, arising out of or in connection with the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, unless there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding Zolfo Cooper liable for gross negligence or willful misconduct. These indemnification provisions extend to the principals, employees, representatives, agents and counsel of Zolfo Cooper.

The Debtors agree that neither it nor any of its assignees or successors shall (a) seek a jury trial in any lawsuit, proceeding, counterclaim or any other action based upon, or arising out of or in connection with the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, or (b) seek to consolidate any such action with any other action in which a jury trial cannot be or has not been waived. The provisions of this paragraph have been fully discussed by the Debtors and Zolfo Cooper and these provisions shall be subject to no exceptions. Neither party has agreed with or represented to the other that the provisions of this section will not be fully enforced in all instances.

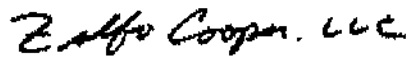
The Debtors and Zolfo Cooper each hereby irrevocably and unconditionally (a) submit for itself and its property in any legal action or proceeding relating to the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, to the non-exclusive general jurisdiction of the Bankruptcy Court of the United States of America for the District of Delaware, and appellate courts from any thereof; (b) consent that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in

an inconvenient court and agrees not to plead or claim the same; (c) agree that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Debtors at its address set forth above or at such other address of which Zolfo Cooper shall have been notified pursuant thereto; and (d) agree that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

Notwithstanding anything to the contrary contained herein, Zolfo Cooper shall have the right to disclose its retention by the Debtors or the successful completion of its services hereunder in advertisements describing its services placed, at its own expense, in financial and other newspapers or otherwise.

We look forward to working with you on this important matter. Please return a copy of this engagement letter, signed in the space provided to signify your agreement with the terms and provisions herein. If you have any questions, please call Stephen F. Cooper or Steven G. Panagos at (212) 213-5555.

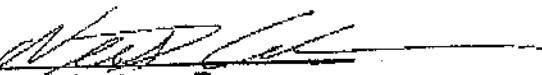
Very truly yours,


Zolfo Cooper, LLC

Agreed

POLAROID CORPORATION

by:


Neal D. Goldman, Esq.

Executive Vice President, Chief Administrative Office,
General Counsel and Secretary

Zolfo Cooper, LLC

292 Madison Avenue New York, New York 10017 (212) 213-5555 Fax (212) 213-1749
1395 Route 23 South, Butler, New Jersey 07405 (973) 492-9786

November 5, 2001

Neal D. Goldman, Esq.
Executive Vice President, Chief Administrative Officer,
General Counsel and Secretary
Polaroid Corporation
784 Memorial Drive
Cambridge, MA 02139-4687

Dear Bill:

This letter confirms the engagement of Zolfo Cooper, LLC (including its affiliates, "Zolfo Cooper") as Bankruptcy Consultants and Special Financial Advisors to the Polaroid Corporation and its subsidiaries ("Polaroid" or the "Debtors"). You have informed us that the Debtors require the assistance of experienced Bankruptcy Consultants and Special Financial Advisors to assist them in restructuring the business and developing, negotiating and confirming a Plan of Reorganization as described more fully below.

In this connection, you have requested us to provide professional services as described hereinafter in accordance with applicable standards of the accounting profession. We have agreed to provide such services, contingent upon the Bankruptcy Court's approving our retention on our customary terms and conditions of employment and our compensation for our services and reimbursement for our out-of-pocket expenses in accordance with our customary billing practices which are outlined in the Affidavit of Steven G. Panagos to which this engagement letter is appended. Accordingly, until the requisite approval of the Bankruptcy Court has been obtained, we are not obliged to perform any services hereunder, and, in our sole discretion at any time, we may decide not to provide or to cease providing such services.

It is presently anticipated that, at the request of the Debtors, Zolfo Cooper will provide the following services:

- (a) Advise and assist management in organizing the Debtors' resources and activities so as to effectively and efficiently plan, coordinate and manage the chapter 11 process and communicate with customers, lenders, suppliers, employees, shareholders and other parties in interest;
- (b) Assist management in designing and implementing programs to manage or divest assets, improve operations, reduce costs and restructure as necessary;
- (c) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including the preparation of financial and operating information required by such parties and/or the Bankruptcy Court;

- (d) Advise and assist management in the development of a Plan of Reorganization and underlying Business Plan, including the related assumptions and rationale, along with other information to be included in the Disclosure Statement;
- (e) Advise and assist the Debtors in forecasting, planning, controlling and other aspects of managing cash, and obtaining DIP financing;
- (f) Advise the Debtors with respect to resolving disputes and otherwise managing the claims process;
- (g) Advise and assist the Debtors in negotiating a Plan of Reorganization with the various creditor and other constituencies;
- (h) As requested, render expert testimony concerning the feasibility of a Plan of Reorganization and other matters that may arise in the case; and
- (i) Provide such other services as may be required by the Debtors.

In addition to the specific services listed above that we will perform, we understand that we will participate, at your request and to the extent appropriate, in meetings and discussions with the Official Committee of Unsecured Creditors of the Polaroid Corporation, the Unofficial Bank Group, other creditor constituencies, and with their respective professionals.

Our work will be performed on a "level-of-effort" basis; that is, the depth of our analyses and extent of our authentication of the information on which our advice to you will be predicated may be limited in some respects due to the extent and sufficiency of available information, time constraints dictated by the circumstances of our engagement, and other factors. Moreover, we do not contemplate examining any such information in accordance with generally accepted auditing or attestation standards. Rather, it is understood that, in general, we are to rely on information disclosed or supplied to us by employees and representatives of the Debtors without audit or other detailed verification of their accuracy and validity.

We currently anticipate that our work under this engagement will commence upon filing.

It is our intention to work closely with you throughout our engagement. Regular discussions with you of our engagement should facilitate our progress, enable you to appropriately direct our efforts so as to avoid duplicative efforts among the professionals retained in the case, and provide you with relevant information and an ongoing opportunity to confirm or request that we modify the scope of our engagement to best serve your objectives.

In order for us to perform our services, it will be necessary for our personnel to have access to your facilities and to your books, records and reports. In addition, we will need to have discussions with your management and certain other personnel. We will perform our services in a manner which will permit your business operations to proceed in an orderly fashion, subject to the requirements of this engagement.

We will submit periodic oral and/or written reports summarizing our evaluations and analyses based on our work pursuant to this engagement letter. Our reports will encompass only matters that come to our attention in the course of our work that we perceive to be significant in relation to the objectives of our engagement. However, because of the time and scope limitations implicit in our engagement and the related limitations on the depth of our analyses and the extent of our verification of information, we may not discover all such matters or perceive their significance. Accordingly, we will be unable to and will not provide assurances in our reports concerning the integrity of the information used in our analyses and on which our findings and advice to you may be based. In addition, we will state that we have no obligation to and will not update our reports or extend our activities beyond the scope set forth herein unless you request and we agree to do so.

We understand that the Debtors have agreed to treat any information received from Zolfo Cooper, whether orally or in writing, with utmost confidentiality and, except as provided in this letter, will not publish, distribute or disclose in any manner any information developed by or received from us without our prior written approval. Such approval shall not be unreasonably withheld. Our approval is not needed to disclose such information to the Debtors' legal counsel or if the information sought is either required to be disclosed by process of law or such information is otherwise publicly available.

We agree that all information, not publicly available, which is received by us from the Debtors or the Debtors' counsel in connection with this engagement will be treated confidentially by our Firm, except as required by process of law or as authorized by the Debtors.

Our fees will be based on the actual hours expended at our standard hourly rates which are in effect when the services are rendered; our rates generally are revised semi-annually. We will also be reimbursed for our reasonable out-of-pocket expenses including, but not limited to, costs of reproduction, typing, computer usage, our legal counsel, any applicable state sales or excise taxes and other direct expenses. All such billings will be in accordance with our customary practices and in accordance with applicable guidelines of the Bankruptcy Court. Our current hourly rates in effect as of July 1, 2001 are as follows:

	July 1, 2001 <u>Per Hour</u>
Principals/Members	\$475 - \$625
Professional Staff	\$150 - \$475
Support Personnel	\$ 75 - \$200

Zolfo Cooper reserves the right to seek court approval for additional compensation in circumstances where extraordinary results may warrant such additional compensation. Zolfo Cooper further reserves the right, subject to court approval, to receive payment for compensation awarded in a form other than cash.

It is our policy in these cases to receive a security retainer prior to the commencement of our activities. The retainer secures payment of our invoices for professional services rendered. Given the magnitude and scope of the services you have requested, we require a retainer of \$500,000. The retainer will be reduced by any current outstanding prepetition fees and expenses.

We will submit to you monthly invoices for all services rendered and expenses incurred; our invoices are payable upon receipt. We confirm that you will obtain a Bankruptcy Court Order approving this arrangement. All such payments will be subject to final approval by the Bankruptcy Court.

You agree that if any of the principals or employees of Zolfo Cooper is required to testify at any administrative or judicial proceeding relating to this matter, either during or after the termination of this engagement, our Firm will be compensated by you for our associated time charges at our regular hourly rates, in effect at the time, and reimbursed for reasonable out-of-pocket expenses, including counsel fees.

We confirm that to the best of our knowledge and belief, insofar as we have been able to ascertain after due inquiry, no one of the principals or employees of Zolfo Cooper is related to the Debtors, their creditors, other parties in interest in the pending proceedings, or the United States Trustee or anyone employed in the Office of the United States Trustee, or holds or represents any interest adverse to any such party, except that Zolfo Cooper is connected with the Debtors by virtue of this engagement and Zolfo Cooper may represent or have represented certain of the Debtors' creditors or other parties in interest in the proceedings, or interests adverse to such creditors or other parties in interest, in matters unrelated to the Debtors' bankruptcy cases.

In connection with our proposed retention by the Debtors in these cases, we undertook to determine whether we had any conflicts or other relationships that might bear on our retention. Prior to 1995, we did not maintain a formal database of completed assignments listing our former clients' affiliates, officers, directors, principal shareholders and their respective affiliates. Consequently, we researched our client files and records which contain information retained under our normal record retention policies, and, based upon our research, constructed a database of entities for which we had performed services during the prior five years (the "Client Database"). We have since maintained the Client Database and expanded it to include entities for which we performed services subsequently.

It should be understood that our former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates may have had relationships with parties in interest in these bankruptcy cases of which we were not informed or, subsequent to the performance of our services, may have developed relationships with such parties of which we are unaware. Moreover, the client files and records from which the Client Database was developed initially were not designed for the purpose of documenting client relationships. In addition, such files and records, at a previous time, may have contained pertinent information that was subsequently disposed of in accordance with our normal record retention policy. Therefore, the Client Database may omit certain relationships that satisfy the criteria set forth above.

In addition to our former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates, the Client Database includes the limited partners, investees, and their respective affiliates that are known to us, of Catalyst Equity Fund, LP (the "Fund"), a Delaware limited partnership that invests in middle market businesses that are not performing to their full potential, primarily financially distressed companies. The Fund's general partner, Catalyst Equity Fund Partners, LLC ("CEFP"), a Delaware limited liability company, is majority-owned by CFL Capital, LLC ("CFL"), a New Jersey limited liability company that is controlled (through limited partnerships under their control) by Stephen F. Cooper, Michael E. France and Leonard J. LoBiondo, who are partners and principals of Zolfo Cooper. The limited partners, consisting of large financial institutions, funds and sophisticated individual investors and investment trusts, are passive investors in the Fund that are not required to disclose to the Fund, CEFP, CFL or Zolfo Cooper their holdings or interests. Accordingly, they may own interests in or otherwise be connected to the Debtors, the Debtors' creditors, other parties in interest herein or interests adverse to such parties of which the Fund, CEFP, CFL and Zolfo Cooper are not aware. The limited partners are the following entities or affiliates thereof: BancBoston, William R. Berkley, JP Morgan Chase, Citibank, N.A., Cramer Rosenthal McGlynn, Inc., CRM 20/20 Fund, LLC, Duane Morris & Heckscher, LLP, David Dillard, The Zuckerman Children's Trust, First Union National Bank, Michael Fuchs, General Electric Capital Corporation, RS Catalyst Limited Partnership, R & M Catalyst Investors, Hexagon Investments, Inc., Robert J. Higgins, ING Barings (U.S.) Capital Corporation, Lexington Partners-Hamilton Lane 2000, LLC, Robert Martin, Hoyt C. Murray, John E. O'Connor, James A. Paduano, the Pergament Family, Edwin Roland, Nicholas J. and Julie Sakellariadis, David Supino, Linda J. Pohs, John R. Tillotson, Lad Equity Partners, L.P., P.E. Partners, LLC, and Travelers Insurance Group.

ZC is further connected with Chase through ZC's minority ownership in and other relationships (including participation in a credit facility granted by Chase) to a subsidiary of Chase. Currently, ZC is also providing the subsidiary advisory and management services including board representation.

To the best of Zolfo Cooper's knowledge and belief, except as we have reported to you and set forth in a schedule appended to the affidavit we prepared to be filed with the Bankruptcy Court in support of our retention, none of our former clients (including their affiliates, officers, directors, principal shareholders and their respective affiliates) or the limited partners or investees (including their respective affiliates that are known to us) of the Fund or Chase is connected to the entities listed below, other parties in interest herein or interests adverse to such parties:

- (a) the Debtors and their affiliates;
- (b) the Debtors' officers and directors;
- (c) the 20 largest unsecured creditors of each Debtor;
- (d) parties to significant litigation with the Debtors;
- (e) the attorneys, accountants and investment bankers that the Debtors have sought authority to employ in these chapter 11 cases, pursuant to applications filed on the Petition Date;
- (f) material secured lenders; and
- (g) material unsecured bank lenders.

To the extent that we discover additional relationships that meet the above criteria, we will report them to you and the Court promptly.

The Debtors agree to promptly notify Zolfo Cooper if it extends (or solicits the possible interest in receiving) an offer of employment to an employee or principal of Zolfo Cooper and agrees that it will pay Zolfo Cooper a cash fee, upon hiring, equal to 150% of the aggregate first year's annualized compensation, including any guaranteed or target bonus, to be paid to Zolfo Cooper, LLC's former principal or employee that the Company hires at any time up to one year subsequent to the date of the final invoice rendered by Zolfo Cooper with respect to this engagement.

The Debtors agree to indemnify and hold harmless Zolfo Cooper against any and all losses, claims, damages, liabilities, penalties, judgements, awards, costs, fees, expenses and disbursements including, without limitation, the costs, fees, expenses and disbursements, as and when incurred, of investigating, preparing or defending any action, suit, proceeding or investigation (whether or not in connection with proceedings or litigation in which Zolfo Cooper is a party), directly or indirectly, caused by, relating to, based upon, arising out of or in connection with the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, unless there is a final non-appealable order of a Court of competent jurisdiction, at the trial level, finding Zolfo Cooper liable for gross negligence or willful misconduct. These indemnification provisions extend to the principals, employees, representatives, agents and counsel of Zolfo Cooper.

The Debtors agree that neither it nor any of its assignees or successors shall (a) seek a jury trial in any lawsuit, proceeding, counterclaim or any other action based upon, or arising out of or in connection with the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, or (b) seek to consolidate any such action with any other action in which a jury trial cannot be or has not been waived. The provisions of this paragraph have been fully discussed by the Debtors and Zolfo Cooper and these provisions shall be subject to no exceptions. Neither party has agreed with or represented to the other that the provisions of this section will not be fully enforced in all instances.

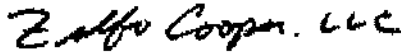
The Debtors and Zolfo Cooper each hereby irrevocably and unconditionally (a) submit for itself and its property in any legal action or proceeding relating to the engagement of Zolfo Cooper by the Debtors or any services rendered pursuant to such engagement, to the non-exclusive general jurisdiction of the Bankruptcy Court of the United States of America for the District of Delaware, and appellate courts from any thereof; (b) consent that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in

an inconvenient court and agrees not to plead or claim the same; (c) agree that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Debtors at its address set forth above or at such other address of which Zolfo Cooper shall have been notified pursuant thereto; and (d) agree that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

Notwithstanding anything to the contrary contained herein, Zolfo Cooper shall have the right to disclose its retention by the Debtors or the successful completion of its services hereunder in advertisements describing its services placed, at its own expense, in financial and other newspapers or otherwise.

We look forward to working with you on this important matter. Please return a copy of this engagement letter, signed in the space provided to signify your agreement with the terms and provisions herein. If you have any questions, please call Stephen F. Cooper or Steven G. Panagos at (212) 213-5555.


Very truly yours,


Zolfo Cooper, LLC

Agreed

POLAROID CORPORATION

by:


Neal D. Goldman, Esq.

Executive Vice President, Chief Administrative Office,
General Counsel and Secretary

CERTIFICATE OF SERVICE

I, Mark L. Desgrosseilliers, hereby certify that on the 2nd day of February, 2004, I caused the foregoing Final Application of Kroll Zolfo Cooper LLC (Formerly Known as Zolfo Cooper, LLC) for Compensation for Services Rendered and Reimbursement of Expenses as Special Financial Advisors and Bankruptcy Consultants to the Debtors for the Period from October 12, 2001 through November 30, 2003 to be served on the parties listed on Exhibit A, attached hereto, in the manner indicated thereon.


Mark L. Desgrosseilliers

EXHIBIT A

Kevin Pond
Polaroid Corporation
f/k/a Primary PDC, Inc.
1265 Main Street
Waltham, MA 02451
By Overnight Courier

Mark Kenney, Esq.
Office of the U.S. Trustee
844 King Street
Wilmington, DE 19899
By Hand-Delivery

Brendan Linehan Shannon, Esq.
Young Conaway Stargatt & Taylor
LLP
The Brandywine Building, 17th
Floor
1000 West Street
P.O. Box 391
Wilmington, DE 19899
By Hand-Delivery

Fred Hodara, Esq.
Philip Dublin, Esq.
Akin, Gump, Strauss, Hauer
& Feld, L.L.P.
590 Madison Avenue
New York, NY 10022
By Overnight Courier

Marshall Huebner, Esq.
Kurt Hoffman, Esq.
Davis, Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
By Overnight Courier

Robert Scheibe, Esq.
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178
By Overnight Courier

William H. Sudell, Jr., Esq.
Morris Nichols, Arsht & Tunnell
1201 North Market Street
Wilmington, DE 19899
By Hand-Delivery

Robert F. Troisio
Managing Director
BTB Associates LLC
#2 Pettinaro Drive
Millville, DE 19970
By Overnight Courier

Carmen J. Romano, Esq.
Dechert
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, PA 19103-2793
By Overnight Courier

Joel H. Levitin, Esq.
Dechert
30 Rockefeller Plaza
New York, NY 10112
By Overnight Courier

Adam Harris, Esquire
O'Melveny & Myers LLP
30 Rockefeller Plaza
New York, New York 10112-0002
By Overnight Courier

Mark S. Stickel
Wind Down Associates, LLC
2701 North Rocky Point Drive
Suite 183
Tampa, FL 22607
By Overnight Courier

Mr. Stephen J. Morgan
19 Pheasant Hollow Road
Natick, MA 01760
By Overnight Courier

John D. Gignac
6 High Street
Southborough, MA 01772
By Overnight Courier

Arthur Derek Jarrett
24 Stony Brook Road
Weston, MA 02493
By Overnight Courier

G. Michael Gignac
2 Meservey Lane
Lynnfield, MA 01940
By Overnight Courier

Mr. William Murphy
Kroll Zolfo Cooper, LLC
292 Madison Avenue
New York, NY 10017
By Overnight Courier