

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11
POLAROID CORPORATION, :
et al., : Case No. 01-10864 (PJW)
Debtors. : Jointly Administered
: Obj. Due: 3/25/02 @ 4:00 p.m.
-----X

**NOTICE OF FILING OF THIRD MONTHLY FEE APPLICATION OF
DRESDNER KLEINWORT WASSERSTEIN, INC., FINANCIAL ADVISOR
AND INVESTMENT BANKER TO THE DEBTORS FOR THE PERIOD FROM
JANUARY 1, 2002 THROUGH JANUARY 31, 2002**

PLEASE TAKE NOTICE that on March 5, 2002, the above-captioned debtors and debtors-in-possession (the "Debtors") filed the attached **Third Monthly Fee Application of Dresdner Kleinwort Wasserstein, Inc., Financial Advisor and Investment Banker to the Debtors for the Period from January 1, 2002 through January 31, 2002** (the "Application").

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 (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 19801, and served so as to be received by: (i)

the undersigned counsel to the Debtors; (ii) counsel for the Debtors' prepetition lenders, Davis, Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017 (Attn: John Fouhey, Esq.); (iii) counsel for the Debtors' postpetition lenders, Morgan, Lewis & Brockius, 101 Park Avenue, New York, NY 10178 (Attn: Robert Scheibe, Esq.); (iv) counsel to the Committee, 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: David H. Botter, Esq.); (v) Henry Miller, Vice Chairman and Managing Director, Dresdner Kleinwort Wasserstein, Inc., 1301 Avenue of the Americas, New York, NY 10019; and (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.) (collectively, the "Notice Parties") no later than **4:00 p.m. Eastern time on March 25, 2002.**

PLEASE TAKE FURTHER NOTICE that if no objections to the Application are timely filed and served in accordance with the above procedures, an order may be entered granting the relief requested in the Application

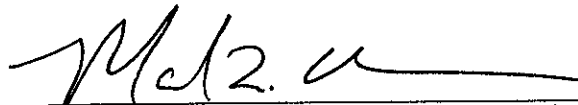
without further notice or a hearing. If an objection is properly filed and served in accordance with the above procedures, a hearing to consider the Application will be held before the Honorable Peter J. Walsh in the United States Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801 on a date and at a time to be determined. Only those objections made in writing and timely filed with the Bankruptcy Court and received by the Notice Parties will be considered by the Bankruptcy Court at such hearing.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS
NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE
APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: Wilmington, Delaware
March 5, 2002

David S. Kurtz
Eric W. Kaup
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM (ILLINOIS)
333 West Wacker Drive
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- and -



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Attorneys for Debtors and
Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)
POLAROID CORPORATION, et al.,) Chapter 11
Debtors.) Case No. 01-10864 (PJW)
) Jointly Administered
)

**THIRD MONTHLY FEE APPLICATION OF DRESDNER KLEINWORT
WASSERSTEIN, INC., AS FINANCIAL ADVISOR AND INVESTMENT BANKER TO
POLAROID CORPORATION FOR THE PERIOD FROM
JANUARY 1, 2002 THROUGH JANUARY 31, 2002**

Name of Applicant: Dresdner Kleinwort Wasserstein, Inc.
Authorized to Provide
Professional Services to: Financial Advisor and Investment
Banker to the Debtors

Date of Retention: October 12, 2001

Period for which compensation
and reimbursement are sought: Jan. 1, 2002 through Jan. 31, 2002

Amount of Compensation sought
as actual, reasonable, and necessary: \$160,000.00 (80% of \$200,000.00)

Amount of Expense Reimbursement sought
as actual, reasonable, and necessary: \$26,060.63

This is a: X monthly final application.

If this is not the first application filed, disclose the following for each prior application.

DATE FILED	PERIOD COVERED	REQUESTED FEES (100%)	REQUESTED EXPENSES (100%)	APPROVED FEES (80%)	APPROVED EXPENSES (100%)
2/7/02	10/12/01-11/30/01	\$296,774.19	\$78,687.35		
2/15/02	12/1/01-12/31/01	\$1,079,803.16	\$15,795.88		

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)
POLAROID CORPORATION, et al.,) Chapter 11
Debtors.) Case No. 01-10864 (PJW)
) Jointly Administered
)

**THIRD MONTHLY FEE APPLICATION OF DRESDNER
KLEINWORT WASSERSTEIN, INC., FINANCIAL ADVISOR
AND INVESTMENT BANKER TO THE DEBTORS FOR THE PERIOD
FROM JANUARY 1, 2002 THROUGH JANUARY 31, 2002**

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

Dresdner Kleinwort Wasserstein, Inc. ("DrKW"), financial advisor and investment banker to the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), hereby make its third application (the "Application") for approval and allowance of monthly compensation of \$200,000.00 and reimbursement of related expenses of \$26,060.63 for the period from January 1, 2002 through and including January 31, 2002 (the "Compensation Period"). In addition, DrKW seeks entry of an order directing the Debtors to pay DrKW \$160,000.00 pursuant to the 20% holdback provision of the Interim Compensation Order (as defined below). In support of this Application, DrKW respectfully represents as follows:

BACKGROUND

1. On October 12, 2001 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").
2. The Debtors remain in possession of their respective properties and operate and manage their businesses, as debtors-in-possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly.
3. On October 23, 2001, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed a statutory committee of unsecured creditors in these chapter 11 cases (the "Creditors' Committee"). No trustee or examiner has been appointed in the Debtors' chapter 11 cases.
4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
5. The statutory and other legal predicates for the relief requested herein are the following: (a) sections 330 and 331 of the Bankruptcy Code; (b) Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); (c) the Administrative Order, Pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated November 5, 2001 (the "Interim Compensation Order"); and (d) Local Rule No. 2016-1 of the United States Bankruptcy Court for the District of Delaware ("Local Rule 2016-1"). A copy of the Interim Compensation Order is attached hereto as Exhibit A and incorporated herein by reference.

6. The Debtors and their non-debtor subsidiaries and affiliates (the “Non-Debtor Affiliates,” and together with the Debtors, “Polaroid”) are the leading instant imaging company in the world and the only manufacturer of traditional silver-halide, or chemical-based, instant cameras and film in the United States. Polaroid’s principal products are instant film, instant and digital cameras, digital peripherals and secure identification systems with software and system solutions. In addition, Polaroid designs, develops, manufactures and/or markets hardware accessories for the instant imaging market, conventional 35mm cameras and film. Polaroid has approximately 8,000 employees throughout its worldwide network of operating facilities.

RETENTION OF DRKW

7. On November 21, 2001, the Debtors filed their application to retain and employ DrKW as their financial advisor and investment banker. On December 11, 2001, the Court entered an Order Pursuant to Section 327(a) and 328(a) of the Bankruptcy Code Authorizing the Retention and Employment of Dresdner Kleinwort Wasserstein, Inc. as Financial Advisor and Investment Banker to the Debtors and Debtors-in-Possession Nunc Pro Tunc to the Petition Date and Approving Proposed Terms of Employment (the “Retention Order”). A true and correct copy of the Retention Order is annexed hereto as Exhibit B.

RELIEF REQUESTED

8. Pursuant to its engagement letters with the Debtors, as approved by the Retention Order, DrKW is authorized to receive a monthly financial advisory fee (a “Monthly Fee”) of \$200,000.00 for each month for the term of the engagement. Accordingly, DrKW seeks allowance of compensation for professional services rendered to the Debtors during the

Compensation Period in the aggregate amount of \$200,000.00 and for reimbursement of reasonable and actual out-of-pocket expenses incurred and recorded in connection with the rendition of such services during the Compensation Period in the aggregate amount of \$26,060.63. DrKW seeks total compensation of \$226,060.63 in fees and expenses. A summary schedule, with descriptions of the expenses for which DrKW is seeking reimbursement and the total amount for each such expense category, is annexed hereto as Exhibit C. The amount of fees and expenses sought are consistent with market practices both in and out of the bankruptcy context.

9. DrKW does not maintain, in the normal course of providing financial advisory services to its clients, detailed written time records, and has never billed its clients based on the number of hours expended by its professionals. However, DrKW has and will continue to maintain written records of the time expended by DrKW professionals in the rendition of their professional services to the Debtors after the Petition Date, and for the duration of these chapter 11 cases. Such time records are made contemporaneously with the rendition of services by the person rendering such services. A summary schedule setting forth the number of hours expended by each of the professionals who rendered services to the Debtors is annexed hereto as Exhibit D. A detailed compilation showing the name of the professional, the date on which the services were performed, a description of the services rendered, and the amount of time spent in performing the services is annexed hereto as Exhibit E.

PRIOR PAYMENTS TO DRKW

10. No Payments other than those described in DrKW's Retention Application have been made to DrKW for services rendered and expenses incurred in connection with these chapter 11 cases.

SERVICES RENDERED BY DRKW

11. The following summary is a description of the services rendered by DrKW to the Debtors during the Compensation Period. A detailed description of the work performed, categorized by project code, and those day-to-day services and the time expended in performing such services are fully set forth in Exhibit F.

Case Administration / General

12. This category includes time spent by DrKW on telephone conversations and in meetings with the Debtors, the Debtors' attorneys, and other professionals and parties-in-interest regarding the status of the case. This category also includes the preparation and review of court documents filed by the Debtors and other parties in interest.

Total Hours: 0.0

Administration / Retention

13. This category includes the time spent by DrKW on telephone conversations and in meetings with the Debtors, the Debtors' attorneys, and other professionals and parties-in-interest regarding the status of DrKW's retention papers.

Total Hours: 6.0

Travel to, from, and on behalf of the Debtors

14. This category includes time spent traveling to and from the Debtors' offices or to other destinations on the Debtors' behalf, including related meetings.

Total Hours: 21.0

Sale Transactions

15. This category includes time spent by DrKW in conducting various sale processes for all or substantially all of the Debtors' business assets. The principal sale services provided to the Debtors by DrKW include, but are not limited to, the following: conducting due diligence, drafting marketing materials and related presentations, identifying, contacting and negotiating with potential acquirers, conducting valuation analyses, and soliciting and evaluating proposals from potential acquirers.

Total Hours: 45.05

Creditor Contacts

16. This category includes time spent by DrKW in negotiating and discussing numerous issues with the Creditors' Committee and the Bank Group and their respective legal and financial advisors.

Total Hours: 15.30

Bankruptcy Planning & Strategy

17. This category includes the time spent by DrKW in developing a course of action through the bankruptcy process for the Debtor.

Total Hours: 75.80

Officer and Director Issues

18. This category includes time spent by DrKW in attending board meetings and advising the board of directors of the Debtors with respect to certain issues.

Total Hours: 13.90

DRKW'S FEES ARE REASONABLE

19. As set forth in greater detail above, DrKW respectfully submits that it has satisfied the requirement of sections 328(a) and 330 of the Bankruptcy Code as set forth in the Retention Order. The services for which it seeks compensation in this Fee Application were necessary for, and beneficial to, the Debtors. DrKW's request for compensation reflects an appropriate amount of time expended in performing such services commensurate with the complexity, importance and nature of the problem, issues, or task involved. Additionally, the compensation sought by DrKW is based on customary compensation charged by comparable experts both in and out of the bankruptcy context. For all of the foregoing reasons, DrKW respectfully requests that the Court grant the relief requested in this Application.

NO SHARING OF COMPENSATION

20. No agreement or understanding prohibited by section 504 of the Bankruptcy Code exists between DrKW and any other person for sharing of compensation received or to be received for services rendered in or in connection with these chapter 11 cases, nor shall DrKW share or agree to share the compensation paid or allowed for the Debtors' estate

for such services with any other person in contravention of section 504 of the Bankruptcy Code. No agreement or understanding prohibited by 18 U.S.C§ 155 has been made by DrKW.

21. Pursuant to Bankruptcy Rule 2016(a), no payments have heretofore been made (except as noted in paragraph 11 of the Application) or promised to DrKW for services rendered or to be rendered in any capacity in connection with these chapter 11 cases.

22. In accordance with the Local Rules, the Certification of Henry S. Miller is hereto attached as Exhibit G and incorporated herein by reference.

NOTICE

23. In accordance with the Interim Compensation Order, notice of this Application has been given to: (a) Polaroid Corporation; (b) counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom; (c) counsel to the Debtors' prepetition lenders, Davis Polk & Wardwell; (d) counsel for the Debtors' proposed postpetition lenders, Morgan, Lewis & Bockius; (e) counsel to the Committee(s); (f) Mark S. Kenney, Office of the United States Trustee; and (g) fee examiner, Robert F. Troisio, McShane Group. In light of the nature of the relief requested herein, DrKW submits that no other or further notice is required.

WHEREFORE, DrKW respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit H: (i) allowing on an interim basis compensation of \$200,000.00 for services rendered by DrKW in connection with the chapter 11 cases during the Compensation Period, (ii) allowing on an interim basis reimbursement of expenses of \$26,060.63 incurred during the Compensation Period, (iii) directing the Debtors to pay DrKW in the amount of \$160,000.00 for professional services in accordance with the 20% holdback provision of the Administrative Order and \$26,060.63 of expenses incurred by DrKW on the Debtors' behalf, and (iv) grant such other and further relief as this Court deems just and proper.

Dated: Wilmington, Delaware
March 4, 2002

DRESDNER KEBINWORT WASSERSTEIN, INC.

BY: 

Henry S. Miller
Vice Chairman and Managing Director
1301 Avenue of the Americas
New York, NY 10019
(212) 969-7998

Financial Advisor and Investment Banker

EXHIBIT A

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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
-----x

ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND 331
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS

This matter having come before the Court on the motion, dated October 17, 2001 (the "Motion")¹ of Polaroid Corporation ("Polaroid") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession (collectively, the "Debtors"), for an order under 11 U.S.C. §§ 105(a) and 331 establishing procedures for interim compensation and reimbursement of expenses of professionals retained by order of this Court (the "Professionals"); and the Court having reviewed the Motion and determined that the relief requested in the Motion is in the best interests of the Debtors, their estates,

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

their creditors and other parties-in-interest; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion be, and it hereby is, GRANTED.
2. Except as may otherwise be provided in Court orders authorizing the retention of specific Professionals, all Professionals in these cases may seek interim compensation in accordance with the following procedure:

(a) No earlier than the 25th day of each month following the month for which compensation is sought (the "Monthly Fee Application Date"), each Professional will prepare a monthly statement of all fees and costs incurred (the "Monthly Fee Application") during the preceding month, which Monthly Fee Application shall include detailed itemizations of the services and hours expended by matter and professional, and a summary statement of the status of prior compensation requests, but which summary need not include the narrative discussion generally included in interim fee applications or a

notarized certification of the Professional. The Monthly Fee Application shall comply with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), applicable Third Circuit law and the Local Rules of this Court, shall be filed with this Court and shall be served on the following parties (collectively, the "Notice Parties"): (i) Polaroid Corporation, 784 Memorial Drive, Cambridge, MA 02139 (Attn: Neal D. Goldman, Esq.); (ii) counsel for the Debtors, Skadden, Arps, Slate, Meagher & Flom (Illinois), 333 West Wacker Drive, Chicago, IL 60606 (Attn: David S. Kurtz, Esq.) and Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899 (Attn: Gregg M. Galardi, Esq.); (iii) counsel for the Debtors' prepetition lenders, Davis Polk & Wardwell, 450 Lexington Avenue, New York, NY 10017 (Attn: John Fouhey); (iv) counsel for the Debtors' proposed postpetition lenders, Morgan, Lewis & Bockius, 101 Park Avenue, New York, NY 10178 (Attn: Robert Scheibe, Esq.); (v) counsel to the Committee(s); and (vi) Mark S. Kenney, Office of the United States Trustee, Room 2313, 844 North King Street, Wilmington, Delaware, 19801.

(b) Each Notice Party shall have twenty (20) days after service of a Monthly Fee Application to

object (the "Objection Deadline"). Upon the expiration of the Objection Deadline, each Professional may file a certificate of no objection or a certificate of partial objection with the Court, whichever is applicable, after which the Debtor is authorized to pay each Professional an amount (the "Actual Interim Payment") equal to the lesser of (i) 80 percent of the fees and 100 percent of the expenses requested in the Monthly Fee Application (the "Maximum Payment") or (ii) 80 percent of the fees and 100 percent of the expenses not subject to an objection.

(c) If any Notice Party objects to a Professional's Monthly Fee Application, it must file a written objection with the court and serve it on the Professional and each of the Notice Parties so that it is received on or before the Objection Deadline. Thereafter, the objecting party and the Professional may attempt to resolve the objection on a consensual basis. If the parties are unable to reach a resolution of the objection within 20 days after service of the objection, then the Professional may either (i) file a response to the objection with the Court, together with a request for payment of the difference, if any, between the Maximum Payment and the Actual Interim Payment made to the affected

Professional (the "Incremental Amount"); or (ii) forego payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the objection, if requested by the parties.

(d) Beginning with the three-month period ending in December 2001, at three-month intervals or at such other intervals convenient to the Court, each of the Professionals must file with the Court and serve on the Notice Parties an interim fee application ("Interim Fee Application") for compensation and reimbursement of expenses sought in the Monthly Fee Applications filed during such period (the "Interim Fee Period"). In addition to the service requirement in the previous sentence, each Professional shall serve notice of its Interim Fee Application Request (which identifies the Professional seeking compensation, discloses the period for which the fees and reimbursement of expenses are being sought, and describes the amount of the fees and expenses sought) on all parties that have entered their appearance pursuant to Bankruptcy Rule 2002. Each Professional must file its Interim Fee Application Request within 45 days after the end of the Interim Fee Period for which the request seeks allowance of fees and reim-

bursement of expenses. Each Professional must file its first Interim Fee Application Request on or before February 15, 2002, and the first Interim Fee Application Request should cover the Interim Fee period from the Filing Date through and including December 31, 2001. Any Professional that fails to file an Interim Fee Application Request when due will be ineligible to receive further interim payments of fees or expenses under these procedures until such time as a further Interim Fee Application Request is submitted by the Professional.

(e) The Debtors shall request that the Court schedule a hearing on the Interim Fee Applications Request at least once every six months, or at such other intervals as the Court deems appropriate. Upon allowance by the Court of a Professional's Interim Fee Application, the Debtors shall be authorized to promptly pay such Professional all fees (including the twenty percent (20%) holdback pursuant to subparagraph b. above) and costs not previously paid pursuant to the Monthly Statements.

(f) The pendency of an objection to payment of compensation or reimbursement of expenses will not disqualify a professional from the future payment of compensation or reimbursement of expenses.

(g) Neither the payment of or the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses, nor the filing of or failure to file an objection will bind any party in interest or the Court with respect to the allowance of interim or final applications for compensation and reimbursement of expenses of Professionals.

(h) All fees and expenses paid to Professionals are subject to disgorgement until final allowance by the Court.

3. Each member of the Committee(s) in these cases shall be permitted to submit statements of expenses (excluding Committee member counsel fees and expenses) and supporting vouchers to counsel for the Committee(s), who shall collect and file such requests for reimbursement in accordance with the foregoing procedure for monthly and interim compensation and reimbursement of Professionals.

4. Notice of interim and final fee applications and any hearings thereon given in accordance with the compensation procedures set forth above shall be deemed sufficient and adequate and in full compliance with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and the Local Rules of this Court.

5. The Debtors shall include all payments to Professionals on their monthly operating reports, detailed so as to state the amount paid to each Professional.

6. All time periods set forth in this Order shall be calculated in accordance with Fed. R. Bankr. P. 9006(a).

7. Any and all other and further notice of the relief requested in the Motion is dispensed with and waived.

Dated: Wilmington, Delaware
November 5, 2001


United States Bankruptcy Judge

EXHIBIT B

THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

POLAROID CORPORATION, *et al.*,

Debtors.

Chapter 11

Case No. 01-10864 (PJW)

Jointly Administered

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a)
OF THE BANKRUPTCY CODE AUTHORIZING
THE RETENTION AND EMPLOYMENT OF
DRESDNER KLEINWORT WASSERSTEIN, INC.
AS FINANCIAL ADVISOR AND INVESTMENT BANKER
TO THE DEBTORS AND DEBTORS-IN-POSSESSION
NUNC PRO TUNC TO THE PETITION DATE AND
APPROVING PROPOSED TERMS OF EMPLOYMENT**

This matter having come before the Court on the Application, dated November 21, 2001 (the "Application") of Polaroid Corporation ("Polaroid") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession (collectively, the "Debtors"), for an order under 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a) authorizing the employment and retention of Dresdner Kleinwort Wasserstein, Inc. ("DrKW") as investment banker and financial advisor to the Debtors pursuant to two agreements between the Debtors and DrKW: (i) an engagement letter dated October 2, 2001 (the "October Engagement Letter," attached to the Application as Exhibit A); and (ii) an engagement letter dated May 12, 2000 (the "May Engagement Letter," attached to the Application as Exhibit B) (the October Engagement Letter and the May Engagement Letter collectively hereinafter the "Engagement Letter"); and the Court having reviewed

the Application and the Affidavit of Henry S. Miller, Vice Chairman and Managing Director of DrKW (the "Miller Affidavit" attached to the Application as Exhibit C), sworn to on November 20, 2001; and the Court having determined that the relief requested in the Application is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Application was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

FOUND THAT:

- A. DrKW does not have or represent any interest materially adverse to the interests of the Debtors or their consolidated estates, creditors or equity interest holders.
- B. DrKW is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code.
- C. The retention and employment of DrKW is necessary and in the best interests of the Debtors and their consolidated estates, creditors, and interest holders.
- D. The terms of the Engagement Letter are reasonable terms of employment for purposes of section 328(a) of the Bankruptcy Code.

Therefore, it is hereby ORDERED, ADJUDGED AND DECREED

THAT:

- 1. The Application be, and it hereby is, GRANTED.
- 2. In accordance with sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016, the Debtors are authorized to retain and employ DrKW as its financial advisor and investment banker for the purpose of providing financial advisory, investment banking and other related services in connection with the Debtors' chapter 11 case in accordance with the terms of the Engagement Letter as modified by paragraph 3 herein, nunc pro tunc to the Petition Date.

3. Paragraph 6 of the May Engagement Letter and Paragraph 8 of the October Engagement Letter are deleted and modified as follows:

(a) [New Paragraph 6] **Independence.** WP&Co. is not an employee or agent of the Company or any other party and is not authorized to bind the Company. The advice (oral or written) rendered by WP&Co. pursuant to this agreement is intended solely for the benefit and use of the Board of Directors and senior management of the Company in considering the matters to which this agreement relates, and the Company agrees that such advice may not be relied upon by any other person, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, (except as required by law) nor shall any public references to WP&Co. be made by the Company, without the prior written consent of WP&Co.

(b) [New Paragraph 8] **Independence.** DrKW is not an employee or agent of the Company or any other party and is not authorized to bind the Company. The advice (oral or written) rendered by DrKW pursuant to this agreement is intended solely for the benefit and use of the Board of Directors of the Company in considering the matters to which this agreement relates, and the Company agrees that such advice may not be relied upon by any other person or entity, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner for any purpose, nor shall any public references to DrKW be made by the Company, without the prior written consent of DrKW.

4. Fees to be paid to DrKW pursuant to the terms of the Engagement Letter, and the indemnification provisions contained therein, are approved and shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code.

5. Subject to the foregoing, awards of compensation and expenses shall be sought by DrKW pursuant to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the rules and orders of this Court.

6. The indemnification provisions of the Engagement Letter are approved, subject to the following:

(a) subject to the provisions of subparagraph (c) infra, the Debtor is authorized to indemnify, and shall indemnify DrKW in accordance with the Engagement Letter for any claim arising from, related to or in connection with the services provided for in the Engagement Letter ("Investment Banking Services"), but not for any claim arising from, related to, or in connection with DrKW's post-petition performance of any other services unless such post-petition services and indemnification therefor are approved by the Court;

(b) notwithstanding any provisions of the Engagement Letter to the contrary, the Debtor shall have no obligation to indemnify DrKW or provide contribution or reimbursement to DrKW for any claim or expense that is either

(i) judicially determined (the determination having become final) to have arisen solely from DrKW's gross negligence or willful misconduct, or (ii) settled prior to a judicial determination as to DrKW's gross negligence or willful misconduct, but determined by the Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim or expense for which DrKW should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter; and

(c) if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing this chapter 11 case, DrKW believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, DrKW must file an application therefor in this Court, and the Debtors may not pay any such amounts to DrKW before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which the Court shall have jurisdiction over any request for fees and expenses by DrKW for indemnification, contribution or reimbursement and is not intended to limit the duration of the Debtors' obligation to indemnify DrKW.

PW
7. The Court shall retain exclusive jurisdiction to construe and enforce the terms of the Application, the Engagement Letter and this Order.

Dated: Wilmington, Delaware
December, 2001

PJW
Honorable Peter J. Walsh
Chief United States Bankruptcy Judge

7. Notwithstanding any provision of the Engagement Letter or the October Engagement Letter, neither DrKW nor its affiliates shall engage in the unsolicited purchase or sale of any securities of the Company on behalf of any insider of the Company, DrKW or its affiliates.

EXHIBIT C

Summary of Out-of-Pocket and Direct Expenses

January 1, 2002 - January 31, 2002

<u>Expense Item</u>	<u>Amount Incurred</u>	<u>Notes</u>
Transportation	\$13,298.42	(1)
Lodging	572.78	
Meals	2,299.66	(2)
Photocopying	1,676.35	(3)
Telecommunications	2,055.63	(4)
Computerized Research	4,094.95	(5)
Graphics and Word Processing	1,148.50	(6)
Messenger/Courier	914.34	(7)
TOTAL	<u><u>\$26,060.63</u></u>	

- Note 1: Consists of travel to and from airports and meetings, late night travel home for professionals working past 8:30 p.m., and air transportation.
- Note 2: Consists of out-of-town meals and dinners for professionals working past 8:30 p.m.
- Note 3: Consists of color copy charges in the amount of \$816.80 and regular copies charges in the amount of \$859.55 directly related to the Debtors for this application period.
- Note 4: Consists of telephone charges directly related to the Debtors.
- Note 5: Consists of computer research charges directly related to the Debtors.
- Note 6: Consists of word processing and graphics support charges directly related to the Debtors.
- Note 7: Consists of messenger and courier fees paid.

Exhibit C (Cont'd)

Dresdner Kleinwort Wasserstein Expense Reimbursement Policy

◆ Postage:

- DrKW does not charge its clients for postage expense

◆ Expedited mailing:

- Express mail is charged to clients after reviewing use of proper courier and client code

◆ Telephone/Facsimile:

- No charge for local calls
- Long distance outgoing calls will be charged to a specific client code through a programmed telephone system

◆ Photocopying/reproduction:

- Standard copies are billed to clients at a rate of \$0.10/copy
- Color copies are billed to clients at a rate of \$0.80/copy

◆ Travel:

- Full reimbursement is sought for hotel rooms, hotel meals and out of town meals
- Full reimbursement is sought for airline tickets

◆ Overtime meals:

- Professional and support staff staying at the office past 8:30 pm are entitled to a meal with a maximum allowed amount of \$30.00

Exhibit C (Cont'd)

Dresdner Kleinwort Wasserstein Expense Reimbursement Policy

◆ **Support staff:**

- All support staff, which includes nightstaff word-processing and graphics professionals, are billed to clients at hourly rates with 0.25hr increments

<u>Staff:</u>	<u>Rate:</u>	<u>Hours charged:</u>
Secretarial	\$35.00/hour	Overtime (>40 hours/week)
Library	\$35.00/hour	Overtime (>40 hours/week)
Graphics	\$35.00/hour	All hours – staff is highly specialized. Rates charged are comparable to rates of outside agencies
Night Staff	\$35.00/hour	All hours (by definition all such hours are overtime)
Temporary Staff		WP will hire outside sources (i.e., graphics or secretarial personnel) if necessary to complete a given job

◆ **Taxi/car service:**

- Professional staff are entitled to transportation if the employee works past 8:30 pm
 - Expense for transportation is charged to the appropriate client code through use of a voucher

◆ **Other:**

- Client will be charged for any “out of the ordinary” supplies that are needed for a specific deal
- Third party services such as Pitney Bowes Office Services are invoiced to the client at the rate charged to DrKW
- When necessary, database sources such as Disclosure, Investex research, Lexis Nexis, etc., are used. Each log is specifically charged to an individual client code

EXHIBIT D

Summary of Time Records By Professional
January 1, 2002 through January 31, 2002

<u>Professional*</u>	<u>Title</u>	<u>Hours Worked</u>
Henry Miller	Vice Chairman	7.40
Kenneth Tuchman	Vice Chairman	38.85
Robert Kraybill	Director	32.60
Akikazu Ida	Vice President	12.0
Durc Savini	Vice President	2.70
Noel Rimalovski	Associate	8.0
John Bosacco	Associate	24.50
Terese McCarthy	Analyst	51.0
Total		177.05

* A summary schedule setting forth the number of hours expended by each of the professionals who rendered services to the Debtors is hereto attached in the following pages.