

**IN 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

Hearing Date: March 25, 2004

Hearing Time: 2 p.m. (EST)

**SECOND INTERIM AND FINAL APPLICATION OF
PROSKAUER ROSE LLP AS COUNSEL TO THE EXAMINER
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Name of Applicant: Proskauer Rose LLP

Authorized to Provide Professional Services To: Perry M. Mandarino, CPA, Examiner

Date of Retention: April 15, 2003 (*nunc pro tunc* to February 24, 2003)

Period for Which Interim Compensation

and Reimbursement is Sought: May 1, 2003 through and including December 17, 2003

- Amount of Interim Compensation Requested as Actual, Reasonable, and Necessary: **\$696,180.00** (*Of this amount Applicant has received \$538,936.00 in accordance with the Interim Procedures Order (defined below)*)
- Amount of Interim Expense Reimbursement Requested as Actual, Reasonable, and Necessary: **\$130,396.53**¹ (*Of this amount Applicant has received \$122,928.56 in accordance with the Interim Procedures Order*)

Period for Which Final Compensation and Reimbursement is Sought:

February 24, 2003 through and including December 17, 2003

- Amount of Final Compensation Requested as Actual, Reasonable, and Necessary: **\$948,180.00** (*Of this amount Applicant has received \$790,936.00 in accordance with the Interim Procedures Order*)
- Amount of Final Expense Reimbursement Requested as Actual, Reasonable, and Necessary: **\$148,475.84**² (*Of this amount Applicant has received \$141,047.87 in accordance with the Interim Procedures Order*)
- Total Amount of Final Compensation and Reimbursement Sought: **\$1,096,655.84**

This is a(n) Monthly XX Interim XX Final Application

¹ This amount represents the total amount requested during the Second Interim Period less an inadvertent overcharge of \$6,368.40. This inadvertent overcharge is on account of reproductions for which Applicant billed the Debtors' estates.

² This amount represents the total amount requested in each of the eight monthly fee applications filed by Applicant of \$154,884.24 less an inadvertent overcharge of \$6,368.40. This inadvertent overcharge is on account of reproductions for which Applicant billed the Debtors' estates.

Prior Applications:

Date Filed and Doc No.	Period Covered	Requested Fees	Requested Expenses	CNO Filing Date and Doc No.	Approved Fees Paid to Applicant	Approved Expenses Paid to Applicant
5/15/03 (2574)	2/24/03 – 3/31/03	\$125,000.00	\$6,867.99	6/6/03	\$100,000	\$6,867.99
5/29/03 (2641)	4/1/03 - 4/30/03	\$127,000.00	\$11,251.32	7/1/03	\$101,600	\$11,251.32
7/16/03 ³	2/24/03 – 3/31/03				\$50,400.00	N/A
7/14/03 (2784)	5/1/03 – 5/31/03	\$176,000.00	\$49,270.90	8/6/03	\$140,800	\$49,270.90
8/12/03 (2899)	6/1/03 – 6/30/03	\$222,670.00	\$47,397.71	9/4/03	\$178,136.00	\$47,397.71
9/17/03 (3048)	7/1/03 – 7/31/03	\$125,000.00	\$19,482.26	10/9/03	\$100,000.00	\$19,482.26
9/26/03 (3076)	8/1/03 – 8/31/03	\$150,000.00	\$6,777.69	10/20/03	\$120,000.00	\$6,777.69
1/30/04 ⁴	9/1/03 – 9/30/03	\$13,905.00	\$12,725.34		\$0	\$0
1/30/04 ⁵	10/1/03 – 12/17/03	\$8,605.00	\$1,111.03		\$0	\$0

³ On July 16, 2003 this Court entered an order approving Applicant's Interim Fee Applicant request, which order authorized Applicant to receive the 20% holdback from the first and second monthly fee applications.

⁴ Simultaneously with this Application, Applicant has filed its Seventh Monthly Application for compensation and Reimbursement of Expenses for the period September 1, 2003 through and including September 30, 2003. Applicant will file the certificate of no objection in a timely manner and anticipates that it will receive 80% of fees and 100% of expenses requested prior to the hearing on this Application.

⁵ Simultaneously with this Application, Applicant has filed its Eighth Monthly Application for compensation and Reimbursement of Expenses for the period October 1, 2003 through and including December 17, 2003. Applicant will file the certificate of no objection in a timely manner and anticipates that it will receive 80% of fees and 100% of expenses requested prior to the hearing on this Application.

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**SECOND INTERIM AND FINAL APPLICATION OF
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FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

The second interim and final application for compensation and reimbursement of expenses (the "Application") of Proskauer Rose LLP (the "Applicant"), counsel to Perry M. Mandarino, CPA, the court appointed examiner, (the "Examiner"), respectfully represents:

I. SUMMARY OF RELIEF REQUESTED

1. Applicant submits this Application pursuant to Sections 330 and 331 of Title 11, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") and the Interim Procedures Order, seeking entry of an Order allowing compensation and reimbursement of expenses for legal services rendered as counsel to the Examiner in connection with these Chapter 11 cases (i) during the second interim period from May 1, 2003 through and including December 17, 2003 (the "Second Interim Period") in the amount of \$696,180.00 and \$130,396.53, respectively, and (ii) granting Applicant a final allowance of compensation and reimbursement of expenses for legal services rendered since February 24, 2003 in the aggregate amount of \$948,180.00 and \$148,475.84, respectively.

2. As this is a final fee application, Applicant will not restate all of the information previously provided in its eight prior monthly fee applications that have been filed with this Court. Rather, Applicant respectfully incorporates those prior applications herein. Overall, as set forth herein and in the prior applications, Applicant believes that it rendered essential and valuable services to the Examiner which assisted the Examiner in fulfilling his duties. On August 22, 2003, after an exhaustive six-month long investigation, which included the review of over 300,000 pages of documents, a host of interviews and depositions, and extensive consideration of various legal issues, the Examiner filed a 91 page report (excluding exhibits) incorporating 119 exhibits (the "Report"). In his Report, the Examiner presents his findings and conclusions respecting the allegations made in the Requests based upon the evidence uncovered by the Examiner during the investigation. On November 18, 2003, this Court confirmed the Debtors' Amended Plan of Liquidation. The plan became effective on December 17, 2003. This Application is filed in accordance with the Interim Procedures Order, and Applicant respectfully requests that this Court enter an order awarding Applicant an allowance of all fees and expenses requested herein.

II. JURISDICTION

3. This Court has jurisdiction over the Application pursuant to 28 U.S.C. § 1334. This matter is a "core" proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A).

III. PRIOR FEE APPLICATIONS

4. On May 15, 2003, Applicant filed its First Monthly Application for Compensation and Reimbursement of Expenses for the period February 24, 2003 through and including March 3, 2003 (the "First Monthly Fee Application"). Applicant filed a supplement

(“First Fee Application Supplement”) to its First Monthly Fee Application, by providing further detail respecting the tasks performed by each partner, associate and paralegal of Applicant in their performance of services for or on behalf of the Examiner. No objections to the First Monthly fee Application were received. By the First Fee Application Supplement, Applicant voluntarily reduced the amount it sought as actual, reasonable and necessary compensation to \$125,000. On June 6, 2003, Applicant filed a certificate of no objection respecting the First Monthly Fee Application, as supplemented by the First Fee Application Supplement.

5. On May 29, 2003, Applicant filed its Second Monthly Application for Compensation and Reimbursement of Expenses for the period April 1, 2003 through and including April 30, 2003 (the “Second Monthly Fee Application”). Applicant filed a supplement (“Second Fee Application Supplement”) to its Second Monthly Fee Application, by providing further detail respecting the tasks performed by each partner, associate and paralegal of Applicant in their performance of services for or on behalf of the Examiner. No objections to the Second Monthly fee Application were received. By the Second Fee Application Supplement, Applicant voluntarily reduced the amount it sought as actual, reasonable and necessary compensation to \$127,000. On July 1, 2003, Applicant filed a certificate of no objection respecting the Second Monthly Fee Application, as supplemented by the Second Fee Application Supplement.

6. On July 16, 2003, this Court entered an order approving Applicant’s Interim Fee Application Request, which order authorized Applicant to receive the 20% holdback from the First Monthly Fee Application and the Second Monthly Fee Application filed by Applicant.

7. On July 14, 2003, Applicant filed its Third Monthly Application for Compensation and Reimbursement of Expenses for the period May 1, 2003 through and including May 31, 2003 (the "Third Monthly Fee Application"). No objections to the Third Monthly Fee Application were received. In its Third Monthly Fee Application, Applicant sought \$176,000 as actual, reasonable and necessary compensation. On August 6, 2003, Applicant filed a certificate of no obligation respecting the Third Monthly Fee Application.

8. On August 12, 2003 Applicant filed its Fourth Monthly Application for compensation and Reimbursement of Expenses for the period June 1, 2003 through and including June 30, 2003 (the "Fourth Monthly Fee Application"). No objections to the Fourth monthly Fee Application were received. In its Fourth Monthly Fee Application, Applicant sought \$222,670 as actual, reasonable and necessary compensation. On September 4, 2003, Applicant filed a certificate of no objection respecting the Fourth Monthly Fee Application.

9. On September 17, 2003 Applicant filed its Fifth Monthly Application for compensation and Reimbursement of Expenses for the period July 1, 2003 through and including July 31, 2003 (the "Fifth Monthly Fee Application"). In its Fifth Monthly Fee Application, Applicant sought \$125,000 as actual, reasonable and necessary compensation. No objections to the Fifth monthly Fee Application were received. On October 9, 2003, Applicant filed a certificate of no obligation respecting the Fifth Monthly Fee Application.

10. On September 26, 2003 Applicant filed its Sixth Monthly Application for compensation and Reimbursement of Expenses for the period August 1, 2003 through and including August 31, 2003 (the "Sixth Monthly Fee Application"). In its Fifth Monthly Fee Application, Applicant sought \$150,000.00 as actual, reasonable and necessary compensation.

No objections to the Sixth monthly Fee Application were received. On October 20, 2003, Applicant filed a certificate of no obligation respecting the Sixth Monthly Fee Application.

11. Simultaneously with this Application, Applicant has filed its Seventh Monthly Application for compensation and Reimbursement of Expenses for the period September 1, 2003 through and including September 30, 2003 (the “Seventh Monthly Fee Application”). In its Seventh Monthly Fee Application, Applicant has sought \$13,905.00 as actual, reasonable and necessary compensation.

12. Simultaneously with this Application, Applicant has filed its Eighth Monthly Application for compensation and Reimbursement of Expenses for the period October 1, 2003 through and including December 17, 2003 (the “Eighth Monthly Fee Application”). In its Eighth Monthly Fee Application, Applicant has sought \$8,605.00 as actual, reasonable and necessary compensation.

IV. DESCRIPTION OF APPLICANT

13. Proskauer Rose LLP is a full service law firm with over 590 attorneys in five domestic offices. Applicant's primary office (and the office from which services were rendered in these cases) is located in New York City. Applicant also maintains offices in Newark, New Jersey; Washington, D.C.; Boca Raton, Florida; Los Angeles, California; and Paris, France.

14. Applicant was founded one hundred twenty-seven years ago and represents a broad spectrum of clientele including major public companies, large and small privately-held corporations, partnerships, private foundations, trusts, estates and individuals. Included in the list are a large variety of enterprises of varied size, form and function, including financial and

investment institutions, manufacturing companies, department stores, real estate development companies and professional firms.

**V. ENTRY OF ORDER APPROVING PROCEDURES RESPECTING
COMPENSATION REQUESTS**

15. On November 5, 2001, this Court entered an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Interim Procedures Order”). Pursuant to the Interim Procedures Order, professionals retained in these Chapter 11 cases are required to file monthly fee applications (a “Monthly Application”) on or after the 25th of each month for services rendered during the previous month. If no objection to a Monthly Application is interposed within 20 days after service thereof, the Debtors are authorized to pay 80% of the fees and 100% of the expenses requested in a Monthly Application without further order of the Court. The Interim Procedures Order further requires that, at least once every three months, (i) all professionals submit Interim Fee Application Request (as defined in the Interim Procedures Order) for services rendered during the previous three months, and (ii) the Debtors schedule a hearing to consider all such Interim Fee Application Requests at least once every six months.

**VI. FINAL APPROVAL OF THIS INTERIM APPLICATION
AND ALL PRIOR INTERIM APPLICATION**

16. On April 15, 2003, this Court authorized the retention of Applicant as counsel to the Examiner nunc pro tunc to February 24, 2003 to render the following legal services relating to the Examiner’s fulfillment of his duties as outlined in the Examiner Orders:

- conducting depositions and discovery on behalf of the Examiner;

- addressing all legal issues as they may relate to the taking of depositions and conduct of discovery, including such legal issues that arise as a result of or in connection with such discovery;
- representing the Examiner at all court hearings on matters pertaining to his appointment as the Examiner and the discharge of his duties;
- preparing, in conjunction with or on behalf of the Examiner, pleadings, applications and other necessary legal documents in the discharge of the Examiner's duties;
- counseling and representing the Examiner in connection with all bankruptcy-related matters arising during the discharge of the Examiner's duties; and
- performing all other legal services requested by the Examiner in connection with the scope of his examination and the discharge of his duties.

17. Applicant respectfully incorporates by reference each of its previous eight monthly fee applications filed with this Court, along with all notices and prior orders of this Court relating to such applications. The prior applications detail the specific services rendered by Applicant in each of the prior monthly periods and contains detailed time and expenses records relating thereto. No objections were filed or received with respect to any of Applicant's prior fee applications.

18. Throughout these cases, Applicant assigned junior people to these cases wherever possible consistent with obtaining a professional and expeditious result. Applicant believes that its services throughout these cases as counsel to the Examiner were actual, necessary and consistent with this Court's orders, and that the amount of its fees and expenses are reasonable and appropriate under the circumstances of these cases.

VII. LEGAL STANDARD

19. Section 330(a)(1) of the Bankruptcy Code allows that payment of:

- (A) reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional person employed by any such person; and
- (B) reimbursement for actual, necessary expenses. 11 U.S.C. §330(a)(1).

20. Reasonableness of compensation is determined by the “market-driven approach” which considers the nature, extent and value of the services provided by the professional, and the cost of comparable services in non-bankruptcy contexts. *See, Zolfo Cooper & Co. v. Sunbeam-Oster Co.*, 50 F.3d 253, 258 (3d Cir. 1995); *In re Busy Beaver Building Ctr., Inc.* 19 F.3d 833, 849 (3d Cir. 1994). Thus, “the baseline rule is for firms to receive their customary rates.” *Zolfo Cooper*, 50 F.3d at 259.

21. In accordance with its practice in non-bankruptcy matters, Applicant has calculated the compensation requested in the Application by applying its standard hourly rates. Applicant’s hourly rates are well within the range of rates that are charged by comparable firms that provide similar services. Accordingly, Applicant’s rates should be determined to be reasonable under Section 330 of the Bankruptcy Code.

22. Section 330(a)(1)(B) of the Bankruptcy Code permits reimbursement for actual, necessary expenses. Applicant’s expenses incurred during the Period constitute only those necessary expenses that were incurred for the benefit of the Debtors’ estates. Applicant has properly requested reimbursement of only actual, necessary and appropriate legal expenses.

23. In accordance with Rule 2016 of the Federal Rules of Bankruptcy Procedure, Applicant hereby states that (a) all services for which compensation is sought herein were rendered to the Examiner solely in connection with these Chapter 11 cases and not on behalf of any committee, individual creditor or other persons, (b) Applicant has received no payment or promise of payment for services rendered in these Chapter 11 cases, (c) no agreement or understanding exists between Applicant and any other person for the sharing of compensation to be received for services rendered in or in connection with these cases, and (d) no division of compensation will be made by Applicant, except as between members of Applicant, and no agreement prohibited by 18 U.S.C. § 155 or Section 504 of the Bankruptcy Code has been made. The foregoing statements were reiterated in the affidavit, submitted pursuant to Section 504 of the Bankruptcy Code, of Michael E. Foreman, a member of Applicant, which was submitted in conjunction with Applicant's retention application.

24. Notice of this Application has been provided to: (a) the Polaroid Corporation, (b) counsel to the Debtors, (c) counsel to the Committee, (d) the Office of the United States Trustee, (e) counsel to the Debtors' post-petition lenders and (f) all other parties-in-interest entitled to receive notice. In light of the nature of the relief requested herein, Applicant submits that no other or further notice is required.

VIII. CONCLUSION

25. In summary, Applicant requests the approval of that the instant Application.

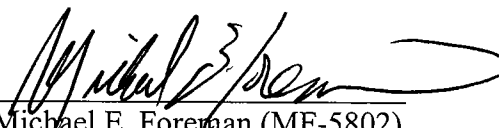
26. No previous application for the relief sought herein has been made to this or any other Court.

WHEREFORE, Applicant respectfully requests that the Court enter an order allowing Applicant compensation and reimbursement of expenses for legal services rendered as counsel to the Examiner in connection with these Chapter 11 cases: (i) during the Second Interim Period in the amount of \$696,180.00 and \$130,396.53, respectively; (ii) a final allowance of compensation and reimbursement of expenses for legal services rendered from and since since February 24, 2003 in the aggregate amount of \$948,180.00 and \$148,475.84, respectively; and (iii) granting such other and further relief as is just and proper.

[SIGNATURE PAGE FOLLOWS]

Dated: New York, New York
January 30, 2004

PROSKAUER ROSE LLP
Counsel to the Examiner

By: 
Michael E. Foreman (MF-5802)
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New York, New York 10036
(212) 969-3000

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CERTIFICATION

Michael E. Foreman, an attorney admitted to practice before this Court, certifies that:

1. I am member of the firm of Proskauer Rose LLP (the "Applicant").

Applicant was retained as counsel to the Examiner pursuant to an Order of this Court. This certification is made in support of the Second Interim and Final Application of Proskauer Rose LLP for Compensation and Reimbursement of Expenses dated January 30, 2004 (the "Application") and in compliance with this Court's Administrative Order Establishing Procedures for Allowance and Payment of Interim Compensation and Reimbursement of Expenses of Professionals (the "Interim Procedures Order").

2. I have reviewed the Application and certify that it complies with the requirements of Local Bankruptcy Rule 2016-2 and the Interim Procedures Order.

PROSKAUER ROSE LLP

Counsel to the Examiner

By: 

Michael E. Foreman (MF-5802)

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