

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-46617**

Polaroid Corporation, et al.,

Court Files No.'s:

Debtors.

08-46617 (GFK)

(includes:

Polaroid Holding Company;

08-46621 (GFK)

Polaroid Consumer Electronics, LLC;

08-46620 (GFK)

Polaroid Capital, LLC;

08-46623 (GFK)

Polaroid Latin America I Corporation;

08-46624 (GFK)

Polaroid Asia Pacific LLC;

08-46625 (GFK)

Polaroid International Holding LLC;

08-46626 (GFK)

Polaroid New Bedford Real Estate, LLC;

08-46627 (GFK)

Polaroid Norwood Real Estate, LLC;

08-46628 (GFK)

Polaroid Waltham Real Estate, LLC)

08-46629 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**ORDER AUTHORIZING (I) THE SALE OF THE FINE ART PHOTOGRAPHY
COLLECTION OF THE DEBTORS FREE AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES AND INTERESTS AND OUTSIDE THE ORDINARY COURSE OF
BUSINESS; (II) APPROVING TERMS AND CONDITIONS OF CONSIGNMENT
AGREEMENT WITH SOTHEBY'S, INC.; (III) GRANTING SUPER-PRIORITY LIENS
IN FAVOR OF SOTHEBY'S, INC. IN CERTAIN SALE PROCEEDS TO SECURE
REIMBURSEMENT OF CERTAIN SUMS EXPENDED;
AND (IV) GRANTING OTHER RELATED RELIEF.**

This matter came on before the Court on August 27, 2009 on the Motion of PBE Corporation, formerly known as Polaroid Corporation (the "Debtor"), to sell its fine art photography collection free and clear of liens, claims, interests and encumbrances and outside the ordinary course of business under 11 U.S.C. § 363(b), approve terms and conditions of a consignment Agreement, grant super-priority liens in favor of Sotheby's, Inc. in certain sale proceeds to secure reimbursement of certain sums expended, and grant other related relief.

Doc# 29974167

NOTICE OF ELECTRONIC ENTRY AND FILING ORDER OR JUDGMENT Filed and Docket Entry made on 08/28/2009 Lori Vosejka, Clerk, By jrb, Deputy Clerk

George H. Singer appeared for the Debtors. Other appearances were as noted on the record. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the verified motion filed in connection herewith (the "**Motion**") or in the Bankruptcy Code unless the context requires otherwise. The Court, having reviewed and considered the Motion, the objections thereto delivered to the Court in connection with the hearing on the Motion, and the reply of the Debtors with respect thereto and having determined that due, proper, timely, adequate and sufficient notice and opportunity to be heard with respect to the Motion and all of the relief requested therein has been afforded to interested parties, finds that the relief requested in the Motion is necessary, appropriate and in the best interests of the Debtors, their estates, creditors and other interested parties. Based on the arguments of counsel, moving documents and the record made at the hearing, and the Court's findings of fact and conclusions of law, if any, having been recorded in open court following the close of evidence,

IT IS HEREBY FOUND, DETERMINED AND ORDERED THAT:

1. The Motion to sell the Auction Items in the Collection free and clear of liens, claims, encumbrances and interests and outside the ordinary course of business pursuant to 11 U.S.C. § 363(b) is in all respects GRANTED.
2. Any and all objections to the Motion, and the relief requested, are hereby overruled.
3. The Consignment Agreement and the transactions set forth therein and contemplated thereby (i) are approved in all respects; (ii) are fair and reasonable; (iii) provide a benefit to the Debtor's estates and parties in interest in these Cases; and (iv) will preserve and maximize the value of the Debtor's estates for the benefit of creditors.
4. The Debtor (i) has full corporate or other power to execute, deliver and perform

its obligations under the Consignment Agreement and all other documents and agreements contemplated thereby or entered into in connection therewith, and the sale of the Auction Items by the Debtor through Sotheby's has, in each case, been duly and validly authorized by all necessary corporate or similar action; (ii) has all of the corporate or other power and authority necessary to consummate the transactions contemplated by the Consignment Agreement and such other documents and agreements contemplated thereby or entered into in connection therewith; (iii) has taken all action necessary to authorize and approve the Consignment Agreement and such other documents and agreements contemplated thereby or entered into in connection therewith; and (iv) is fully authorized and empowered to perform its obligations under the Consignment Agreement and such other documents and agreements contemplated thereby or entered in connection therewith. No third-party consents or approvals, other than those expressly provided for in the Consignment Agreement, are required for the Debtor to consummate such transactions.

5. The Debtor and Sotheby's are each authorized and empowered to sell the Auction Items in accordance with the terms of the Consignment Agreement as more fully described in the Motion and, in connection therewith, are each entitled to rely upon the provisions of this Order in all respects.

6. The transfer of the Auction Items to a Buyer constitutes and shall constitute a legal, valid and effective transfer, assignment, sale and conveyance of such Auction Items and shall vest a Buyer with all right, title (which shall be good, clear and marketable) and interest in such Auction Items.

7. Pursuant to Section 363(f) of the Bankruptcy Code, the items comprising the Auction Items of the Collection shall be transferred to a Buyer free and clear of any and all liens,

claims, encumbrances and interests of any kind or nature whatsoever and all such liens, claims, encumbrances and interests shall attach to the Net Proceeds of the sale with the same validity, priority, dignity and effect and to the same extent that existed immediately prior to the consummation of the sale and in all cases subject to any and all rights, claims and defenses that the Debtors or their bankruptcy estates may have with respect thereto. Subject to the foregoing, this Order shall be effective as a determination that any and all liens, claims, encumbrances and interests of any kind or nature whatsoever existing with respect to the Debtors or the Auction Items are and forever shall be unconditionally released, discharged, extinguished and terminated upon the transfer of an Auction Item to a Buyer.

8. Notwithstanding the above, or any prior order of this Court in these Cases relating to the enforceability, priority or security of any pre-petition or post-petition lien or claim (whether of the Debtors' pre-petition lenders or otherwise), such claimant's right to payment of their debt (whether principal, interest, or other costs or charges), and any other recovery of their claims against the Debtors, their assets and any proceeds thereof, shall be fully subordinate to the payment, in full and in cash, of all commission(s) and expenses, together with amount attributable to interest that may be applied in connection with such advances, due Sotheby's under the Consignment Agreement. Further, any commission(s) or reimbursement of expenses advanced payable pursuant to the Consignment Agreement shall be paid to Sotheby's from the Net Proceeds of the sale of any items in the Collection without any further application to, or approval from, this Court (as a cost of each such transaction) and such amounts being free and clear of any lien, claim or interest that any creditor may possess in the relevant assets sold or the proceeds received in connection with such sales.

9. Sotheby's is authorized to advance and be reimbursed for the actual and necessary

costs storing, maintaining, restoring and insuring the Other Items from the proceeds of the Collection in order to avoid irreparable damage to, and to preserve the value of, such items for the benefit of the estate and its constituencies.

10. Pursuant to Section 364 of the Bankruptcy Code, Sotheby's shall be granted a lien and security interest in all of the sale proceeds of the Collection to secure such authorized advances in the form of an allowed super-priority administrative expense claim to the extent of the amount of the Additional Collection Expenses advanced, together with amount attributable to interest that may be applied in connection with such advances. Notwithstanding any conversion of the Case to a case under chapter 7 of the Bankruptcy Code, reimbursement of Additional Collection Expenses, together with amount attributable to interest that may be applied in connection with such advances, advanced by Sotheby's shall be paid from the proceeds of such sale(s) without any further application to, or order from, this Court as a cost of each sale(s), with such amounts being free and clear of any lien, claim, interest or encumbrance that any creditor may possess in the relevant assets sold or the proceeds received in connection with such sales. The lien granted to Sotheby's herein shall be a first priority lien that is senior to any other lien in the Case (including any lien granted upon the conversion thereof) and shall be and remain valid, perfected and continuing without the need for the execution or filing of any further documents or instruments under applicable law. Sotheby's shall be entitled to rely on this Order and the full benefits of Section 364(e) of the Bankruptcy Code.

11. All persons and entities, including but not limited to, all holders of debt instruments, equity security holders, governmental, tax and regulatory authorities, lenders, trade and other creditors, holding claims or interests of any kind or nature whatsoever against the Debtor or the Collection (whether legal or equitable, secured or unsecured, matured or

unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to the Debtors or the Collection, are forever barred, estopped, and permanently enjoined from asserting against any Buyer, its affiliates, successors or assigns, its property or any item(s) acquired by such Buyer in the Collection, each such person's or entities claims and interests.

12. The Debtor is authorized and empowered to execute and deliver any agreements or documents, and are authorized and empowered to perform under, consummate and implement the Consignment Agreement and all other documents and agreements contemplated thereby or entered in connection therewith, together with all additional instruments and documents that the Debtor deems necessary or appropriate to implement the Consignment Agreement and to effectuate the sale(s) of the Auction Items, and to take such other actions as may be reasonably necessary or desirable for the purpose of assigning, transferring, granting, conveying and conferring to any Buyer or reducing to its possession, any Auction Item in the Collection, or as may be necessary or appropriate for the performance of the obligations and transactions contemplated by the Consignment Agreement.

13. Any and each Buyer of an Auction Item is and shall be deemed to be a good faith purchaser under Section 363(m) of the Bankruptcy Code and, as such, is and shall be entitled to all of the protections afforded thereby. In the absence of a stay pending appeal, any and each Buyer will be acting in good faith within the meaning of Section 363(m) of the Bankruptcy Code in closing on the sale of any Auction Item at any time after entry of this Order, notwithstanding the provisions of Bankruptcy Rule 6004(h).

14. This Order shall be binding in all respects upon all creditors of and holders of claims and equity interests in the Debtors (whether known or unknown) and shall inure to the

benefit of the Debtor and all applicable successors and assigns and any subsequent trustees appointed upon a conversion of the Cases to chapter 7 of the Bankruptcy Code. This Order and matters and approvals set forth herein shall be continuing and shall be deemed approved and effective in any subsequently converted case without the necessity for further application and order.

15. Notwithstanding Fed. R. Bankr. P. 6004(h), this Order shall take effect immediately upon entry.

Dated: August 28, 2009

/s/ Gregory F. Kishel

Gregory F. Kishel
United States Bankruptcy Judge