

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

IN RE POLAROID ERISA LITIGATION

MASTER FILE: 03 CV 8335 (WHP)

THIS DOCUMENT RELATES TO:

All Actions

PLAN OF ALLOCATION

1. Capitalized terms used herein shall have the meanings ascribed to them in the *In re Polaroid ERISA Litigation* Class Action Settlement Agreement dated March 15, 2007 (the "Settlement Agreement") or in this Plan of Allocation.

2. "Class Member" means a person who is a member of the Class as certified by the Court in its Memorandum and Order rendered September 29, 2006, except as modified herein. Specifically, the Class consists of "all persons who were participants in or beneficiaries of the Plan at any time between October 1, 1999 and January 15, 2003 (the "Class Period") and whose accounts included investments in Polaroid stock." The Class shall *not* include any of the Individual Defendants, or any of their immediate family members, beneficiaries, alternate payees, Representatives, or Successors-in-Interest, except for spouses and immediate family members who themselves were participants in the Plan, who shall be considered members of the Class with respect to their own Plan accounts.

3. "Settlement Administrator" means the administrator of the Settlement Fund described in ¶ 7.1 of the Settlement Agreement and as contemplated by ¶ 8.3 of the Settlement Agreement.

4. "Settlement Fund" shall have the meaning set forth in ¶ 7.1 of the Settlement Agreement.

I. Amount to Be Distributed

The Net Proceeds of the Settlement Fund will be allocated among all eligible Class Members pursuant to the method described in greater detail below. The Net Proceeds are derived by deducting from the Settlement Fund those disbursements approved by the Court and as outlined in the Settlement Agreement ¶¶ 8.1.1 (expenses of Class notice), 8.1.2 (attorney's fees and expenses), 8.1.3 (Case Contribution Awards), 8.1.4 (taxes and expenses of the Settlement Fund), and 8.1.5 (reasonable fees and expenses of the trustee or administrators appointed to implement and/or administer the Plan of Allocation).

II. Calculation of Each Member's Share of the Distribution Amount.

The Plan of Allocation will provide that each Class Member's share of the Settlement Fund will be calculated as a general manner as follows:

(i) The Net Proceeds shall be distributed among the Class members in accordance with their alleged Net Losses. Each Class member's "Net Loss" will be the greater of (a) zero, or (b) the sum of the Class member's "Polaroid Common Stock Fund Net Loss" and "Employee Stock Ownership Plan Net Loss." If data is not available for the beginning date of the Class Period, then data from the nearest available date will be used. To the maximum extent practicable, the Plan Recordkeeper shall provide to the Settlement Administrator, at the direction of Co-Lead Counsel, all Class Member data from the Class Period that may be required for this Plan of Allocation.

(ii) “Polaroid Common Stock Fund Net Loss” will be, for each Class Member, the result obtained by taking (i) the dollar amount of the Class Member’s Plan account balance invested in the Polaroid Common Stock Fund at the beginning of the Class Period; adding (ii) the dollar amount added to the Class Member’s Plan account balance invested in the Polaroid Common Stock Fund during the Class Period (including the value of Polaroid common stock received as a dividend); and subtracting (iii) the dollar amount credited to the Class member’s Plan account balance resulting from dispositions from the Polaroid Common Stock Fund.

(iii) “Employee Stock Ownership Plan Net Loss” will be, for each Class Member, the result obtained by taking (i) the dollar amount of the Class Member’s Plan account balance invested in the Polaroid ESOP Stock Fund at the beginning of the Class Period; adding (ii) the dollar amount added to the Class Member’s Plan account balance invested in the Polaroid ESOP Stock Fund during the Class Period (including the value of Polaroid common stock received as a dividend); and subtracting (iii) the dollar amount credited to the Class Member’s Plan account balance resulting from dispositions from the Polaroid ESOP Stock Fund.

(iv) The Net Losses of the Class Members will be aggregated. Each Class Member will be assigned a Net Loss Percentage, reflecting the percentage of the Class Member’s Net Loss in relation to all Class Members’ Net Losses. Each Class Member’s share of the Net Proceeds will be equal to the Net Proceeds multiplied by the Class Member’s Net Loss Percentage. This calculation shall be called for each Class Member the “Preliminary Dollar Recovery.”

(v) The Settlement Administrator shall identify all Class Members whose Preliminary Dollar Recovery is greater than zero but less than fifteen dollars (\$15.00). All such Class Members shall receive an allocation of zero from the Net Proceeds, and the Preliminary Dollar

Recovery otherwise allocable to such Class Members shall be reallocated among the other Class Members proportionately in accordance with their Net Losses (the "Reallocation").

(vi) The Settlement Administrator shall then, taking into account the Reallocation (if applicable), recalculate the Final Dollar Recovery for each Class Member. If there is no Reallocation, the Preliminary Dollar Recovery for each Class Members shall also be their Final Dollar Recovery. The sum of the Final Dollar Recoveries must equal the Net Proceeds.

(vii) To the maximum extent allowable by law, each Class Member's Final Dollar Recovery is intended to be treated as a qualified retirement tax distribution pursuant to ERISA and the Internal Revenue Code.

III. Distribution of the Allocated Amounts.

Each Class Member's Final Dollar Recovery will be distributed as provided for in Paragraphs 8.2 and 8.3 of the Settlement Agreement. At the direction of Co-Lead Counsel, the Settlement Administrator shall use its best reasonable efforts to determine a proper address for suitable delivery with respect to distributions that are returned as undeliverable mail.

After the passage of one full calendar year from the date of State Street's mailing of the last distribution pursuant to this Plan of Allocation, Co-Lead Counsel shall determine the aggregate value, if any, of forfeited distributions under this Plan of Allocation, and shall, within sixty (60) days thereafter, make a motion to the Court for approval for final distribution of any such forfeited amount. Such a proposal would include a redistribution to the Class members if economically practicable, escheat of the forfeited funds to the state, or any other means approved by the Court.

IV. Continuing Jurisdiction

The Court will retain jurisdiction over this Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.