

Case Study

Founded in 1937 by Edwin H. Land, the Polaroid Corporation is an international consumer electronics company, most famous for its instant film cameras. After the company's acquisition by the Petters Group Worldwide (PGW) in 2005, Polaroid was transformed from a manufacturing company to a distribution company that sourced its products from various manufacturers around the globe. In 2008, PGW experienced legal complications, which impacted Polaroid's sales performance, and ultimately forced Polaroid to seek bankruptcy protection.

After careful review, Gordon Brothers Group and its partners determined that despite the bankruptcy filing, the Polaroid brand had retained considerable value

among a broad consumer base around the globe.

Gordon Brothers Group also thought that the company's capital-intensive distribution business model was preventing it from reaching its full financial potential. In May

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2009, Gordon Brothers Group and select strategic partners purchased Polaroid's intellectual property, including its brand and tangible assets, in a 363 liquidation sale conducted in the federal bankruptcy court for the District of Minnesota. The sale also included a 25% equity stake for Polaroid's unsecured creditors.

Consistent with its analysis of the company's opportunities and challenges, Gordon Brothers Group shifted Polaroid from a distribution model to a “license/royalty” business model and began aggressively securing global licensing agreements.

Gordon Brothers Group initiated a raft of organizational enhancements to align with this new business model approach, including retaining the majority of Polaroid's Minnesota-based licensing team and appointing the Executive Vice President & Director of Marketing from the acquired entity as CEO of Polaroid.

HIGHLIGHTS

- Despite the business challenges facing Polaroid, Gordon Brothers Group recognized the ongoing value in the Polaroid brand.
- Significant equity stake for Polaroid's unsecured creditors reflects Gordon Brothers Group's commitment to working closely with key creditors to ensure a seamless transaction.
- Under Gordon Brothers Group's oversight, the brand continues to thrive as a licensing business with dozens of new licensees in place and strong worldwide growth.

Since acquiring the brand, Polaroid has secured over 30 licensing agreements worldwide across a multitude of product categories. New categories continue to be explored, while simultaneously expanding the geographical footprint into new markets such as Latin America, China, Europe and the Middle East. Further evidence of the brand's viability was legitimized by Polaroid's strategic partnership with William Morris Endeavor and pop star Lady Gaga which helped deliver the brand to a younger demographic while reinforcing Polaroid's cutting-edge image. While serving as Polaroid's Creative Director, Lady Gaga unveiled a new line of Polaroid products under the Grey Label line, which are still in production today.

About Gordon Brothers Group

Founded in 1903, Gordon Brothers Group is a global advisory, restructuring and investment firm specializing in the retail, consumer products, real estate and industrial sectors. The firm has unparalleled expertise in:

Purchasing or selling under-performing or unwanted assets (in excess of \$10 billion in assets annually) including retail, wholesale, industrial, real estate, accounts receivable and intellectual property.

Appraising all asset classes (in excess of \$40 billion in assets annually) to accurately reflect real-world value by leveraging our disposition experience and our comprehensive understanding of current market trends.

Providing debt financing and private equity investments to middle-market companies to finance management buyouts, growth strategies, or restructurings in the consumer products and retail sectors.

Operating businesses for extended periods so that our clients can focus on high-level, strategic initiatives during times of growth or restructuring.

