

# EASTMAN KODAK CO

## FORM 10-K (Annual Report)

Filed 03/19/14 for the Period Ending 12/31/13

Address	343 STATE ST ROCHESTER, NY 14650-0910
Telephone	7167244000
CIK	0000031235
Symbol	KODK
SIC Code	3861 - Photographic Equipment and Supplies
Industry	Printing Services
Sector	Services
Fiscal Year	12/31

---

---

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

## FORM 10-K

---

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the year ended December 31, 2013**

**or**

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 1-87**

---

# EASTMAN KODAK COMPANY

(Exact name of registrant as specified in its charter)

**NEW JERSEY**  
(State of  
incorporation)

**16-0417150**  
(IRS Employer  
Identification No.)

**343 STATE STREET, ROCHESTER, NEW YORK**  
(Address of principal executive offices)

**14650**  
(Zip Code)

**Registrant's telephone number, including area code: 585-724-4000**

**Securities registered pursuant to Section 12(b) of the Act: None**

**Securities registered pursuant to Section 12(g) of the Act:**

**Title of each Class**  
**Common Stock, \$.01 par value**

---

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant’s most recently completed second fiscal quarter, June 30, 2013 was approximately \$35 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant’s common stock as of March 3, 2014 was 41,673,710 shares of common stock.

---

---

---

## Table of Contents

### Eastman Kodak Company Form 10-K December 31, 2013

#### Table of Contents

	Page
<b>Part I</b>	
Item 1. Business	3
Item 1A. Risk Factors	8
Item 1B. Unresolved Staff Comments	14
Item 2. Properties	14
Item 3. Legal Proceedings	15
Item 4. Mine Safety Disclosures	15
Executive Officers of the Registrant	16
<b>Part II</b>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	19
Item 6. Selected Financial Data	21
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Liquidity and Capital Resources	41
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	47
Item 8. Financial Statements and Supplementary Data	49
Consolidated Statement of Operations	51
Consolidated Statement of Financial Position	53
Consolidated Statement of Equity (Deficit)	54
Consolidated Statement of Cash Flows	57
Notes to Financial Statements	59
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	131
Item 9A. Controls and Procedures	131
Item 9B. Other Information	132
<b>Part III</b>	
Item 10. Directors, Executive Officers and Corporate Governance	132
Item 11. Executive Compensation	132
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	132
Item 13. Certain Relationships and Related Transactions, and Director Independence	133
Item 14. Principal Accounting Fees and Services	133
<b>Part IV</b>	
Item 15. Exhibits, Financial Statement Schedules	133
Signatures	134
Schedule II—Valuation and Qualifying Accounts	135
Index to Exhibits	136

**PART I****ITEM 1. BUSINESS**

When used in this report, unless otherwise indicated by the context, “we,” “our,” “us,” and “Kodak” refer to the consolidated company on the basis of consolidation described in Note 1 to the consolidated financial statements in Part II, Item 8, “Financial Statements and Supplementary Data” of this Form 10-K Report. Also, unless otherwise indicated by the context, “EKC” means the parent company, Eastman Kodak Company (the “Company”).

Kodak is a technology company focused on imaging for business. Kodak offers high-quality, cost-effective products and services to the commercial imaging industry. Kodak’s portfolio of products and services meets two distinct needs for its customers: transforming large printing markets with digital offset, digital print and hybrid solutions; and developing new solutions for high-growth markets. Kodak also offers leading products and services in entertainment imaging and commercial films.

The Company was founded by George Eastman in 1880 and incorporated in 1901 in the State of New Jersey. Kodak is headquartered in Rochester, New York.

**EMERGENCE FROM VOLUNTARY REORGANIZATION UNDER CHAPTER 11 PROCEEDINGS**

On January 19, 2012 (the “Petition Date”), the Company and its U.S. subsidiaries (collectively, the “Debtors”) filed voluntary petitions for relief (the “Bankruptcy Filing”) under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The cases (the “Chapter 11 Cases”) were jointly administered as Case No. 12-10202 (ALG) under the caption “In re Eastman Kodak Company.” The Debtors operated their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of chapter 11 of the Bankruptcy Code and the orders of the Bankruptcy Court until their emergence from bankruptcy. The Company’s foreign subsidiaries (collectively, the “Non-Filing Entities”) were not part of the Chapter 11 Cases, and continued to operate in the ordinary course of business.

On August 23, 2013, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (the “Plan”). On September 3, 2013 (the “Effective Date”), the Plan became effective and the Debtors emerged from chapter 11 protection.

**Fresh Start Accounting**

Upon emergence from chapter 11, Kodak applied the provisions of fresh start accounting to its financial statements as of September 1, 2013. The adoption of fresh start accounting resulted in Kodak becoming a new entity for financial reporting purposes. Accordingly, the consolidated financial statements on or after September 1, 2013 are not comparable to the consolidated financial statements prior to that date. References to “Successor” or “Successor Company” relate to the reorganized Kodak subsequent to the Effective Date. References to “Predecessor” or “Predecessor Company” relate to Kodak prior to the Effective Date.

**REPORTABLE SEGMENTS**

As of December 31, 2012, Kodak had three reportable segments: the Graphics, Entertainment and Commercial Films Segment, the Digital Printing and Enterprise Segment, and the Personalized and Document Imaging Segment. Effective in the first quarter of 2013, the Intellectual Property and Brand Licensing strategic product group is reported in the Graphics, Entertainment and Commercial Films Segment. The Intellectual Property and Brand Licensing strategic product group was previously reported in the Personalized and Document Imaging Segment. Effective in the second quarter of 2013, due to the Personalized and Document Imaging Segment (excluding the film business, for which Kodak has entered into an ongoing supply arrangement) being reported as discontinued operations, Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The balance of Kodak’s continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other. Prior period segment results have been revised to conform to the current period segment reporting structure. All the information provided herein reflects this change.

Kodak’s sales, earnings and assets by reportable segment for each of the past three years are shown in Note 25, “Segment Information,” in the Notes to Financial Statements.

**Graphics, Entertainment and Commercial Films (“GECF”) Segment**

GECF provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines, packaging, motion picture entertainment, printed electronics, and the aerial and industrial film markets.

---

## Table of Contents

**Graphics:** Kodak's Graphics portfolio, covering the pre-press segment of the digital offset printing market, includes front-end controllers, production workflow software (including the PRINERGY 6 Workflow portfolio), CTP output devices (including the KODAK TRENDSETTER and ACHIEVE Product with SQUAREspot laser writing and the TH5 imaging technology), service and digital plates (including traditional digital and KODAK SONORA Process-Free Plates). The SONORA plate delivers cost savings and efficiency and promotes customers' sustainability practices and credentials as it does not require processing chemistry. Graphic products and services are sold through a variety of direct and indirect channels.

Net sales for Graphics accounted for 52%, 49%, 49%, and 45% of total consolidated revenue for the four months ended December 31, 2013, eight months ended August 31, 2013 and years ended December 31, 2012 and 2011, respectively.

**Entertainment Imaging & Commercial Films:** Kodak's Entertainment Imaging & Commercial Film group encompasses its motion picture film business, providing motion imaging products (camera negative, intermediate, print and archival film), services, and technology for the professional motion picture and exhibition industries. Motion picture products are sold directly to studios, laboratories and independent filmmakers. The group also offers Aerial and Industrial Films, including KODAK Printed Circuit Board film, and delivers external sales for Kodak's component businesses: Polyester Film; Specialty Chemicals; Inks & Dispersions; and Solvent Recovery.

Net sales of Entertainment Imaging and Commercial Films accounted for 11%, 13%, 14%, and 18% of total consolidated revenue for the four months ended December 31, 2013, eight months ended August 31, 2013 and years ended December 31, 2012 and 2011, respectively.

**Intellectual Property and Brand Licensing:** Intellectual property and brand licensing includes licensing activities related to digital imaging products and certain branded licensed products. On February 1, 2013, Kodak sold certain of its intellectual property assets, including its digital imaging patents.

**Marketing and Competition:** The key imperatives and marketing focus for the Graphics business are: investing in process-free technology; driving a total, optimized prepress solution; delivering the next-generation print software portfolio; expanding in emerging markets, and driving operational excellence and profitability. Kodak faces competition from other companies that offer commercial offset and digital printing equipment, production software, consumables and service. Competitiveness is generally focused on a broad range of technology, solutions and price. The motion picture business faces competition from electronic substitution with digital capture and digital cinema theater display.

### Digital Printing and Enterprise ("DP&E") Segment

DP&E serves a variety of customers in the creative, in-plant, data center, consumer printing, commercial printing, packaging, newspaper and digital service bureau market segments with a range of software, media and hardware products that provide customers with a variety of solutions. DP&E products and services are sold through a variety of direct and indirect channels.

**Digital Printing:** Digital Printing includes both the Inkjet Printing Solutions and Electrophotographic Printing Solutions equipment and related consumables and service.

The Inkjet Printing Solutions product offering includes KODAK PROSPER Presses and PROSPER hybrid components, featuring ultrafast inkjet droplet generation, which are sold directly to customers. PROSPER hybrid components are also integrated into OEM partner portfolios. The PROSPER Press features STREAM Inkjet Technology, which delivers a continuous flow of ink that enables constant and consistent operation, with uniform size and accurate placement, even at very high print speeds. Applications include publishing, commercial print, direct mail, and packaging. The business also includes a large customer base of KODAK VERSAMARK (first-generation) Products.

Electrophotographic Printing Solutions encompasses the NEXPRESS Press Platform, which offers extremely high-quality, differentiated printing of short-run, personalized print applications such as direct mail, books, marketing collateral and photo products; and the DIGIMASTER Production Platform that uses monochrome electrophotographic printing technology to create high-quality printing of statements, short run books, corporate documentation, manuals and direct mail.

Net sales for Digital Printing accounted for 21%, 18%, 17%, and 15% of total consolidated revenue for the four months ended December 31, 2013, eight months ended August 31, 2013 and years ended December 31, 2012 and 2011, respectively.

**Packaging and Functional Printing:** Packaging and Functional Printing includes packaging printing equipment and related consumables and services, as well as printed functional materials and components.

The Packaging business includes Kodak's FLEXCEL NX and FLEXCEL Direct Platforms that offer digitization into the flexographic print market. The FLEXCEL System uses Kodak's proprietary SQUAREspot laser imaging technology. This print production capability leverages a portfolio of offset, flexographic, and digital products and services, which help enable customers to preserve brand equity and security, enhance shelf appeal, and drive efficiency from design.

---

## Table of Contents

Kodak's Functional Printing business has entered the commercialization phase for two separate solutions that provide touch panel sensor films to the touch module industry, a silver halide-based solution and an additive printing solution. Both pathways are expected to be in commercial production in 2014.

**Enterprise Services & Solutions:** Enterprise Services & Solutions assists with the challenges and opportunities created by the worldwide digital transformation. Kodak brings together its technological strengths to meet the needs of its customers in the areas of print & managed media services, brand protection solutions and services, and document management services. The group serves customers in enterprises including government; pharmaceuticals and healthcare; consumer and luxury good products; retail; and finance.

**Consumer Inkjet Systems:** Consumer Inkjet Systems includes consumer inkjet printers and related ink and media consumables. Starting in 2013, the Consumer Inkjet Systems business is focused on the sale of ink to its installed base of consumer inkjet printers.

Net sales for Consumer Inkjet Systems accounted for 7%, 9%, 11%, and 10% of total consolidated revenue for the four months ended December 31, 2013, eight months ended August 31, 2013 and years ended December 31, 2012 and 2011, respectively.

**Marketing and Competition:** The key imperatives and marketing focus for the DP&E businesses are 1) to expand the company's position in the high-growth markets of commercial inkjet, packaging and functional printing by leveraging Kodak's success in developing and commercializing digital printing technologies, including the *SQUAREspot* laser writing imaging technology and continuous inkjet *Stream* technology and 2) to partner with and provide professional services to customers in the commercial printing and digital imaging markets, supporting new customer applications and business solutions. DP&E faces competition from other companies that offer a range of commercial offset and digital printing equipment, consumables and service. Competition is generally focused on technology, solutions, and price.

### All Other

All Other is composed of Kodak's consumer film business and a utilities variable interest entity. Effective August 31, 2013 the Company sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED-Rochester, LLC ("RED"), a variable interest entity of which Kodak is the primary beneficiary.

## DISCONTINUED OPERATIONS

Discontinued operations of Kodak include the Personalized Imaging and Document Imaging businesses, the digital capture and devices business, Kodak Gallery, and other miscellaneous businesses. For details, refer to Note 26, "Discontinued Operations" for additional information.

## FINANCIAL INFORMATION BY GEOGRAPHIC AREA

Financial information by geographic area for the past three years is shown in Note 25, "Segment Information," in the Notes to Financial Statements.

## RAW MATERIALS

The raw materials used by Kodak are many and varied, and are generally readily available. Lithographic aluminum is the primary material used in the manufacture of offset printing plates. Kodak procures lithographic aluminum coils from several suppliers on a spot basis or under contracts generally in place over the next one to two years. Silver is one of the essential materials used in the manufacture of films. Kodak purchases silver from numerous suppliers under annual agreements or on a spot basis. Electronic components are used in the manufacturing of commercial printers and other electronic devices. Although most electronic components are generally available from multiple sources, certain key electronic components included in the finished goods manufactured by and purchased from Kodak's third party suppliers are obtained from single or limited sources, which may subject Kodak to supply risks.

## Table of Contents

### SEASONALITY OF BUSINESS

Equipment sales for the DP&E Segment and Graphics, within the GECF Segment, generally exhibit higher levels in the fourth quarter due to the seasonal nature of placements, resulting from customer or industry budgeting practices. Sales of entertainment imaging film within the GECF Segment are typically strongest in the second quarter reflecting increased demand due to the summer motion picture season.

### RESEARCH AND DEVELOPMENT

Through the years, Kodak has engaged in extensive and productive efforts in research and development.

Research and development expenditures for Kodak's two reportable segments were as follows:

	Successor	Predecessor		
	Four Months			
	Ended December 31,	Eight Months Ended August 31,	Year Ended December 31,	Year Ended December 31,
(in millions)	2013	2013	2012	2011
Graphics, Entertainment and Commercial Films	\$ 7	\$ 13	\$ 40	\$ 54
Digital Printing and Enterprise	33	55	132	159
Impact of exclusion of certain components of pension and OPEB income from the segment measure of profitability (1)	(7)	(2)	(4)	(18)
Total	<u>\$ 33</u>	<u>\$ 66</u>	<u>\$ 168</u>	<u>\$ 195</u>

- (1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

Research and development is headquartered in Rochester, New York. Other U.S. groups are located in Stamford, Connecticut; Dayton, Ohio; Oakdale, Minnesota; and Columbus, Georgia. Outside the U.S., groups are located in Canada, England, Israel, Germany, Japan, and China. These groups work in close cooperation with manufacturing units and marketing organizations to develop new products and applications to serve both existing and new markets.

It has been Kodak's general practice to protect its investment in research and development and its freedom to use its inventions by obtaining patents. The ownership of these patents contributes to Kodak's ability to provide industry-leading products. Kodak holds portfolios of patents in several areas important to its business, including the specific technologies previously discussed, such as flexographic and lithographic printing plates and systems; digital printing workflow and color management proofing systems; color and black-and-white electrophotographic printing systems; commercial and consumer inkjet writing systems, printers, and presses; inkjet inks and media; functional printing materials, formulations, and deposition modalities; dye sublimation (thermal transfer) printing systems; and color negative films, processing and papers. Each of these areas is important to existing and emerging business opportunities that bear directly on Kodak's overall business performance.

Kodak's major products are not dependent upon one single, material patent. Rather, the technologies that underlie Kodak's products are supported by an aggregation of patents having various remaining lives and expiration dates. There is no individual patent, or group of patents, whose expiration is expected to have a material impact on Kodak's results of operations.

### ENVIRONMENTAL PROTECTION

Kodak is subject to various laws and governmental regulations concerning environmental matters. The U.S. federal environmental legislation and state regulatory programs having an impact on Kodak include the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the NY State Chemical Bulk Storage Regulations and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the "Superfund Law").



---

## **Table of Contents**

It is Kodak's policy to carry out its business activities in a manner consistent with sound health, safety and environmental management practices, and to comply with applicable health, safety and environmental laws and regulations. Kodak continues to engage in programs for environmental, health and safety protection and control.

Based upon information presently available, future costs associated with environmental compliance are not expected to have a material effect on Kodak's capital expenditures, results of operations or competitive position, although costs could be material to a particular quarter or year.

### **EMPLOYMENT**

At the end of 2013, Kodak employed the full time equivalent of approximately 8,800 people globally, of whom approximately 3,600 were employed in the U.S. The actual number of employees may be greater because some individuals work part time.

Approximately 800 employees are expected to transfer to the buyer of the Personalized Imaging and Document Imaging businesses in 2014.

### **AVAILABLE INFORMATION**

Kodak files many reports with the Securities and Exchange Commission ("SEC") ([www.sec.gov](http://www.sec.gov)), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports, and amendments to these reports, are made available free of charge as soon as reasonably practicable after being electronically filed with or furnished to the SEC. They are available through Kodak's website at [www.Kodak.com](http://www.Kodak.com). To reach the SEC filings, follow the links to Investor Center, and then SEC Filings.

The CEO and CFO certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are included as exhibits to this report. These certifications are also included with the Form 10-K for the year ended December 31, 2012 filed on March 11, 2013.

### ITEM 1A. RISK FACTORS

**Continued investment, capital needs, restructuring payments and servicing the Company's debt require a significant amount of cash and we may not be able to generate cash necessary to finance these activities, which could adversely affect our business, operating results and financial condition.**

The Company's business may not generate cash flow in an amount sufficient to enable it to pay the principal of, or interest on the Company's indebtedness, or to fund Kodak's other liquidity needs, including working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances, restructuring actions and other general corporate requirements.

Kodak's ability to generate cash is subject to general economic, financial, competitive, litigation, regulatory and other factors that are beyond our control. We cannot assure you that:

- the Company's businesses will generate sufficient cash flow from operations;
- the Company will be able to repatriate or move cash to locations where and when it is needed;
- the Company will meet all the conditions associated with the Emergence Credit Facilities;
- we will realize cost savings, earnings growth and operating improvements resulting from the execution of our business and restructuring plan; or
- future sources of funding will be available in amounts sufficient to enable funding of our liquidity needs.

If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures, product development efforts, strategic acquisitions, and investments and alliances; selling additional assets; restructuring or refinancing the Company's debt; or seeking additional equity capital. Such actions could increase the Company's debt, negatively impact customer confidence in our ability to provide products and services, reduce the Company's ability to raise additional capital and delay sustained profitability. We cannot assure you that any of these actions could, if necessary, be effected on commercially reasonable terms, or at all, or that they would permit us to meet the Company's scheduled debt service obligations. In addition, if we incur additional debt, the risks associated with the Company's substantial leverage, including the risk that we will be unable to service the Company's debt, generate cash flow sufficient to fund our liquidity needs, or maintain compliance with the covenants in our various credit facilities, could intensify.

**If we are unsuccessful with the Company's strategic investment decisions, our financial performance could be adversely affected.**

The Company has focused its investments on commercial businesses in large growth markets that are positioned for technology and business model transformation, specifically, commercial inkjet, packaging and functional printing solutions, and enterprise services. Each of these businesses require additional investment and may not be successful strategies when implemented. The introduction of successful innovative products at market competitive prices and the achievement of scale are necessary for us to grow these businesses, improve margins and achieve our financial objectives. The introduction of products requires great precision in forecasting demand and understanding commercial business requirements in a rapidly moving marketplace. Additionally, our strategy is based on a number of factors and assumptions, some of which are not within our control, such as the actions of third parties. There can be no assurance that we will be able to successfully execute all elements of our strategy, or that our ability to successfully execute our strategy will be unaffected by external factors. If we are unsuccessful in growing the Company's investment businesses as planned, or perceiving the needs of the rapidly changing commercial businesses, our financial performance could be adversely affected.

**If Kodak is not able to successfully implement plans, or experiences implementation delays in cost structure reduction the Company's consolidated results of operations, financial position and liquidity could be negatively affected.**

We recognize and have communicated the need to rationalize Kodak's workforce and streamline operations to a leaner and more focused organization aligned with the emerged businesses and operations. We have implemented such cost rationalization plans including a restructuring of resources, manufacturing, supply chain, marketing, sales and administrative resources. As a result, our operations, results, financial position and liquidity could be negatively impacted. There are no assurances that such implementation will be successful or that the results we achieve through these plans will be consistent with our expectations. Additionally, if restructuring plans are not effectively managed, we may experience lost customer sales, product delays and other unanticipated effects, causing harm to our business and customer relationships. The business plans are subject to a number of assumptions, projections, and analysis. If these assumptions prove to be incorrect, we may be unsuccessful in executing our business plan or achieving the projected results, which could adversely impact our financial results and liquidity. Finally, the timing and implementation of these plans require compliance with numerous laws and regulations, including local labor laws, and the failure to comply with such requirements may result in damages, fines and penalties which could adversely affect the Company's business.

---

## Table of Contents

### **Kodak's inability to effectively complete and manage partnerships and other significant transactions could adversely impact our business performance, including our financial results.**

As part of the Company's strategy, we may be engaged in discussions with third parties regarding possible divestitures, asset sales, investments, acquisitions, strategic alliances, joint ventures, and outsourcing transactions and enter into agreements relating to such transactions in order to further our business objectives. In order to pursue this strategy successfully, we must identify suitable buyers, sellers and partners and successfully complete transactions, some of which may be large and complex, and manage post closing issues such as the elimination of any remaining post-sale costs related to divested businesses. Risks of transactions can be more pronounced for larger and more complicated transactions, or if multiple transactions are pursued simultaneously. If we fail to identify and successfully complete transactions that further the Company's strategic objectives, we may be required to expend resources to develop products and technology internally, we may be at a competitive disadvantage or we may be adversely affected by negative market perceptions. Any of these factors could have an adverse effect on our revenue, gross margins and profitability. In addition, unpredictability surrounding the timing of such transactions could adversely affect our financial results.

### **There can be no assurance that the Company will be able to comply with the terms of our various credit facilities.**

A breach of any of the financial or other covenants contained in our Senior Secured First Lien Term Credit Agreement (the "First Lien Term Credit Agreement"), Senior Secured Second Lien Term Credit Agreement (the "Second Lien Term Credit Agreement", and together with the First Lien Term Credit Agreement, the "Term Credit Agreements") or the Asset Based Revolving Credit Agreement (the "ABL Credit Agreement"), and together with the Term Credit Agreements, the "Credit Agreements") could result in an event of default under these facilities, subject, in certain cases, to applicable grace and cure periods. If any event of default occurs and we are not able either to cure it or obtain a waiver from the requisite lenders under each of these facilities, the administrative agent of each credit facility may, and at the request of the requisite lenders for that facility shall, declare all of our outstanding obligations under the applicable credit facility, together with accrued interest and fees, to be immediately due and payable, and the agent under the ABL Credit Agreement may, and at the request of the requisite lenders shall, terminate the lenders' commitments under that facility and cease making further loans, and if applicable, each respective agent could institute foreclosure proceedings against our pledged assets. This could adversely affect our operations and our ability to satisfy our obligations as they come due.

### **The extent to which the U.K. Kodak Pension Plan (KPP) Purchasing Parties are able to successfully operate the Personalized Imaging and Document Imaging Businesses (the Business) that they acquired from the Company, and to meet their commitments under transition services and other agreements entered into with the Company, could affect our brand, reputation and financial results.**

The Amended Stock and Asset Purchase Agreement ("Amended SAPA") and certain related agreements permit the KPP Purchasing Parties to use the Kodak name and brand in its operations of the Business on a going-forward basis. If the KPP Purchasing Parties are not successful in the operation of the Business, the Company's brand image and reputation as a producer of high quality products could be harmed, which could affect our financial results or operations. In addition, in connection with the closing under the Amended SAPA, on the Effective Date, the Company entered into certain transition services agreements with the KPP Purchasing Parties under which the KPP Purchasing Parties are purchasing services from the Company. The inability of the KPP Purchasing Parties to make payments as they are due under the transition service agreements could negatively affect our financial results. Further, with respect to certain jurisdictions for which deferred closings are scheduled to occur pursuant to the Amended SAPA on certain future dates, certain factors may delay the closings from occurring on the dates specified in the Amended SAPA, which could result in costs or operational impacts to Kodak.

### **Upon our emergence from chapter 11, a new Board of Directors was appointed, whose ability to quickly learn our business and lead our Company will be critical to our success.**

Pursuant to the Plan, a new Board of Directors was appointed to lead the Company upon emergence from chapter 11. The Board consists of six new Directors who have not previously served on the Kodak Board and are expanding their knowledge of the Company's operations and strategic plans. The ability of the new Directors to quickly expand their knowledge of our business plans, operations and strategies and our technologies will be critical to their ability to make informed decisions about Company strategy and operations, particularly given the competitive environment in which our businesses operate and the need to quickly adjust to technological trends and advancements. If our Board of Directors is not sufficiently informed to make such decisions, our ability to compete effectively and profitably could be adversely affected.

### **Kodak's future pension and other postretirement benefit plan costs and required level of contributions could be unfavorably impacted by changes in actuarial assumptions, market performance of plan assets and obligations imposed by legislation or pension authorities which could adversely affect our financial position, results of operations, and cash flow.**

Kodak has significant defined benefit pension and other postretirement benefit obligations. The funded status of our U.S. and non U.S. defined benefit pension plans (and other postretirement benefit plans), and the related cost reflected in our financial statements, are affected by various factors that are subject to an inherent degree of uncertainty. Key assumptions used to value

---

## Table of Contents

these benefit obligations, funded status and expense recognition include the discount rate for future payment obligations, the long term expected rate of return on plan assets, salary growth, healthcare cost trend rates, mortality trends, and other economic and demographic factors. Significant differences in actual experience, or significant changes in future assumptions or obligations imposed by legislation, or pension authorities could lead to a potential future need to contribute cash or assets to Kodak's plans in excess of currently estimated contributions and benefit payments and could have an adverse effect on the Company's consolidated results of operations, financial position or liquidity.

### **The competitive pressures we face could harm Kodak's revenue, gross margins and market share.**

The markets in which we do business are highly competitive with large, entrenched, and well financed industry participants. In addition, we encounter aggressive price competition for all our products and services from numerous companies globally. Kodak's results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures. If our products, services and pricing are not sufficiently competitive with current and future competitors, we could also lose market share, adversely affecting our revenue and gross margins.

### **If Kodak's commercialization and manufacturing processes fail to prevent product reliability and quality issues, our product launch plans may be delayed, our financial results may be adversely impacted, and our reputation may be harmed.**

In developing, commercializing and manufacturing Kodak's products and services, we must adequately address reliability and other quality issues, including defects in our engineering, design and manufacturing processes, as well as defects in third-party components included in our products. Because Kodak's products are sophisticated and complicated to develop and commercialize with rapid advances in technologies, the occurrence of defects may increase, particularly with the introduction of new product lines. Unanticipated issues with product performance may delay product launch plans which could result in additional expenses, lost revenue and earnings. Although we have established internal procedures to minimize risks that may arise from product quality issues, there can be no assurance that we will be able to eliminate or mitigate occurrences of these issues and associated liabilities. Product reliability and quality issues can impair our relationships with new or existing customers and adversely affect our brand image, and our reputation as a producer of high quality products could suffer, which could adversely affect our business as well as our financial results. Product quality issues can also result in recalls, warranty, or other service obligations and litigation.

### **If we cannot effectively anticipate technology trends and develop and market new products to respond to changing customer preferences, our revenue, earnings and cash flow, could be adversely affected.**

We have transformed ourselves into a technology company serving imaging for business markets including packaging, functional printing, graphic communications and enterprise services. Our success in these businesses depends on our ability to offer differentiated solutions to capture market share and grow scale. To enable this, we must develop and introduce new products and services in a timely manner to keep pace with technological developments and achieve customer acceptance. We must also effectively communicate to our customers, investors, and other key stakeholders our transformed business model, and successfully market our products for the markets we serve. If we are unable to anticipate new technology trends, develop improvements to the Company's current technology to address changing customer preferences, and effectively communicate, our businesses, products, and the markets we serve this could adversely affect our revenue, earnings and cash flow.

### **If we cannot protect the intellectual property rights on which the Company's business depends, or if third parties assert that we violate their intellectual property rights, our revenue, earnings, expenses and liquidity may be adversely impacted.**

Patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and non-disclosure, confidentiality and other types of agreements with Kodak's employees, customers, suppliers and other parties, may not be effective in establishing, maintaining and enforcing the Company's intellectual property rights. Any of the Company's direct or indirect intellectual property rights could, however, be challenged, invalidated, circumvented, infringed or misappropriated, or such intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly product redesign efforts, discontinuance of certain product offerings or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions, we may be unable to protect the Company's proprietary technology adequately against unauthorized third party copying, infringement or use, which could adversely affect our competitive position. Also, because of the rapid pace of technological change in the information technology industry, much of the Company's business and many of the Company's products rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

We have made substantial investments in new, proprietary technologies and have filed patent applications and obtained patents to protect the Company's intellectual property rights in these technologies as well as the interests of the Company's licensees. There can be no assurance that the Company's patent applications will be approved, that any patents issued will adequately protect the Company's intellectual property or that such patents will not be challenged by third parties.

---

## Table of Contents

In addition, third parties may claim that Kodak's customers, licensees or other parties indemnified by us are infringing upon their intellectual property rights. Such claims may be made by competitors seeking to block or limit our access to certain markets. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from large companies like ours. Even if we believe that the claims are without merit, such claims can be time consuming and costly to defend and may distract management's attention and resources. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology at all, license the technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted. Finally, we use open source software in connection with our products and services. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the ownership of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose the Company's source code or pay damages for breach of contract could be harmful to our business results of operations and financial condition.

### **Weakness or worsening of global economic conditions could adversely affect our financial performance and liquidity.**

The global economic environment can adversely affect sales of our products and profitability. Global financial markets have been experiencing volatility. Economic conditions could accelerate any decline in demand for traditional products, which could also place pressure on our results of operations and liquidity. There is no guarantee that anticipated economic growth levels in markets that have experienced some economic strength will continue in the future, or that we will succeed in expanding sales in these markets. In addition, accounts receivable and past due accounts could increase due to a decline in our customers' ability to pay as a result of an economic downturn, and the Company's liquidity, including our ability to use credit lines, could be negatively impacted by failures of financial instrument counterparties, including banks and other financial institutions. If global economic weakness and tightness in the credit markets exists, worsens or is attenuated, the Company's profitability and related cash generation capability could be adversely affected and, therefore, affect the Company's ability to meet the Company's anticipated cash needs, impair the Company's liquidity or increase the Company's costs of borrowing.

### **If we cannot attract, retain and motivate key employees, Kodak's revenue and earnings could be harmed.**

In order for us to be successful, we must continue to attract, retain and motivate executives and other key employees, including technical, managerial, marketing, sales, research and support positions. Hiring and retaining qualified executives, research and engineering professionals, and qualified sales representatives, particularly in Kodak's targeted growth markets, are critical to our future. The Company intends to hire a new Chief Executive Officer, and our ability to attract and retain a new Chief Executive Officer capable of leading the Company is critical to our future success. If we do not attract qualified individuals, and retain key leaders, executives and employees, our business could be harmed.

### **Due to the nature of the products we sell and Kodak's worldwide distribution, we are subject to changes in currency exchange rates, interest rates and commodity costs that may adversely impact our results of operations and financial position.**

As a result of Kodak's global operating and financing activities, we are exposed to changes in currency exchange rates and interest rates, which may adversely affect our results of operations and financial position. Exchange rates and interest rates in markets in which we do business tend to be volatile and at times, our sales can be negatively impacted across all of the Company's segments depending upon the value of the U.S. dollar, the Euro and other major currencies. In addition, the Company's products contain, aluminum, silver, petroleum based or other commodity-based raw materials, the prices of which have been and may continue to be volatile. If the global economic situation remains uncertain or worsens, there could be further volatility in changes in currency exchange rates, interest rates and commodity prices, which could have negative effects on our revenue and earnings.

### **An inability to provide competitive financing arrangements to Kodak's customers or extension of credit to customers whose creditworthiness deteriorates, could adversely impact our revenues, profitability and financial position.**

The competitive environment in which we operate may require us to facilitate or provide financing to our customers in order to win a contract. Customer financing arrangements may cover all or a portion of the purchase price for the Company's products and services. We may also assist customers in obtaining financing from banks and other sources. Our success may be



---

## Table of Contents

dependent, in part, upon our ability to provide customer financing on competitive terms and on our customers' creditworthiness. Tightening of credit in the global financial markets can adversely affect the ability of Kodak's customers to obtain financing for significant purchases, which may result in a decrease in, or cancellation of, orders for our products and services. If we are unable to provide competitive financing solutions to our customers or if we extend credit to customers whose creditworthiness deteriorates, our revenues, profitability and financial position could be adversely impacted.

### **We have outsourced a significant portion of Kodak's overall worldwide manufacturing, logistics and back office operations and face the risks associated with reliance on third party suppliers.**

We have outsourced a significant portion of our overall worldwide manufacturing, logistics, customer support and administrative operations to third parties. To the extent that we rely on third party service providers, we face the risk that those third parties may not be able to:

- develop manufacturing methods appropriate for the Company's products;
- maintain an adequate control environment;
- quickly respond to changes in customer demand for the Company's products;
- obtain supplies and materials necessary for the manufacturing process; or
- mitigate the impact of labor shortages and/or disruptions.

Further, even if Kodak honors its payment and other obligations to its key suppliers of products, components and services, such suppliers may choose to unilaterally withhold products, components or services, or demand changes in payment terms. As a result of such risks, we may be unable to meet our customer commitments, our costs could be higher than planned, and our cash flows and the reliability of the Company's products could be negatively impacted. Kodak will vigorously enforce its contractual rights under such circumstances, but there is no guarantee we will be successful in preventing or mitigating the effects of unilateral actions by our suppliers. Other supplier problems that we could face include electronic component shortages, excess supply, risks related to the duration of Kodak's contracts with suppliers for components and materials and risks related to dependency on single source suppliers on favorable terms or at all. The realization of any of these risks should alternative third-party relationships not be established, could cause interruptions in supply or increases in costs that might result in Kodak's inability to meet customer demand for our products, damage to our relationships with Kodak's customers, and reduced market share, all of which could adversely affect our results of operations and financial condition.

### **Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.**

Our worldwide operations could be subject to earthquakes, power shortages, telecommunications failures, cyber attacks, terrorism, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, political or economic instability, and other natural or manmade disasters or business interruptions, for which we are predominantly self insured. The occurrence of any of these business disruptions could seriously harm our revenue and financial condition and increase our costs and expenses. In addition, some areas, including parts of the east and west coasts of the United States, have previously experienced, and may experience in the future, major power shortages and blackouts. These blackouts could cause disruptions to our operations or the operations of our suppliers, distributors and resellers, or customers. We have operations including research and development facilities in geographically disparate locations, such as Israel, Japan, China, Singapore, and Canada. The impact of these risks is greater in areas where products are manufactured at a sole or limited number of location(s), and where the sourcing of materials is limited to a sole or limited base of suppliers, since any material interruption in operations in such locations or suppliers could impact our ability to provide a particular product or service for a period of time. These events could seriously harm our revenue and financial condition, and increase our costs and expenses.

### **Kodak's businesses experience seasonality of sales. Therefore, lower demand for the Company's products or increases in costs during periods that are expected to be at peak in seasonality may have a pronounced negative effect on our results of operations .**

Equipment sales for the DP&E Segment and for Graphics, within the GECF Segment, generally exhibit higher levels in the fourth quarter due to the seasonal nature of placements, resulting from customer or industry budgeting practices. Sales of entertainment imaging film within the GECF Segment are typically strongest in the second quarter reflecting increased demand due to the summer motion picture season. Developments during what are expected to be peak periods in seasonality, such as lower-than-anticipated demand for the Company's products, an internal systems failure, increases in materials costs, or failure of or performance problems with one of our key logistics, components supply, or manufacturing partners, could have a material adverse impact on our financial condition and operating results. Tight credit markets that limit capital investments or a weak economy that decreases print demand could negatively impact equipment or consumable sales. These external developments are often unpredictable and may have an adverse impact on our business and results of operations.

---

## Table of Contents

### **If we fail to manage distribution of the Company's products and services properly, our revenue, gross margins and earnings could be adversely impacted.**

We use a variety of different distribution methods to sell and deliver the Company's products and services, including third party resellers and distributors and direct and indirect sales to both enterprise accounts and customers. Successfully managing the interaction of direct and indirect channels to various potential customer segments for the Company's products and services is a complex process. Moreover, since each distribution method has distinct risks and costs, Kodak's failure to achieve the most advantageous balance in the delivery model for the Company's products and services could adversely affect our revenue, gross margins and earnings. This has concentrated the Company's credit and operational risk and could result in an adverse impact on our financial performance.

### **We may be required to recognize impairments in the value of the Company's goodwill and/or other long-lived assets resulting from the application of fresh start accounting, which could adversely affect our results of operations.**

Upon emergence from bankruptcy, we applied fresh start accounting pursuant to which the reorganization value was allocated to the individual assets and liabilities based on their estimated fair values. The excess reorganization value over the fair value of identified tangible and intangibles assets is reported as goodwill. In connection with fresh start, we also fair valued our other long-lived assets, including intangible assets. The determination of reorganization value, equity value of Successor Company common stock and fair value of assets and liabilities is dependent on various estimates and assumptions, including financial projections and the realization of certain events. We test goodwill and indefinite lived intangible assets for impairment annually or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We evaluate other long-lived assets for impairments whenever events or changes in circumstances indicate the carrying value may not be recoverable. Impairments could occur in the future if the expected future cash flows of the Company decline, market or interest rate environments deteriorate, or if carrying values change materially compared with changes in their respective fair values.

### **Kodak's future results could be harmed if we are unsuccessful in our efforts to expand sales in emerging markets.**

Because we are seeking to expand our sales and number of customer relationships outside the United States, and specifically in emerging markets in Asia, Latin America and Eastern Europe, the Company's business is subject to risks associated with doing business internationally, such as:

- support of multiple languages;
- recruitment of sales and technical support personnel with the skills to design, manufacture, sell and supply products;
- compliance with governmental regulation of imports and exports, including obtaining required import or export approval for the Company's products;
- complexity of managing international operations;
- exposure to foreign currency exchange rate fluctuations;
- commercial laws and business practices that may favor local competition;
- multiple, potentially conflicting, and changing governmental laws, regulations and practices, including differing export, import, tax, anti-corruption, labor, and employment laws;
- difficulties in collecting accounts receivable;
- limitations or restrictions on the repatriation of cash;
- limitations or reductions in protection of intellectual property rights;
- complications in logistics and distribution arrangements; and
- political or economic instability.

There can be no assurance that we will be able to market and sell our products in all of Kodak's targeted markets. If our efforts are not successful, our business growth and results of operations could be harmed. As a global company, Kodak is subject to regulatory requirements and laws in the jurisdictions in which we operate, and any alleged non-compliance with these requirements or laws could result in an adverse financial or reputational impact.

---

## Table of Contents

### **We are subject to environmental laws and regulations and failure to comply with such laws and regulations or liabilities imposed as a result of such laws and regulations could have an adverse effect on our business, results of operations and financial condition.**

We are subject to environmental laws and regulations in the jurisdictions in which we conduct the Company's business, including laws regarding the discharge of pollutants, including greenhouse gases, into the air and water, the need for environmental permits for certain operations, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, the content of the Company's products and the recycling and treatment and disposal of the Company's products. If we do not comply with applicable laws and regulations in connection with the use and management of hazardous substances, then we could be subject to liability and/or could be prohibited from operating certain facilities, which could have a material adverse effect on our business, results of operations and financial condition. The cost of complying with such laws, and costs associated with the cleanup of contaminated sites, could have a material adverse effect on our business, results of operations and financial condition.

In addition, the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation have entered into a settlement agreement of the Company's historical environmental liabilities at Eastman Business Park through the establishment of a \$49 million environmental remediation trust. Should historical liabilities exceed \$49 million, New York State is responsible for payments of cost up to an additional \$50 million. In the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million, which could have a material adverse effect on our financial condition. The settlement agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including Bankruptcy Court approval of a covenant not to sue from the U.S. Environmental Protection Agency. Any uncertainties related to the Company's environmental obligations may impact our ability to further develop and transform Eastman Business Park.

### **Regulations related to "conflict minerals" will require the Company to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing the Company's products.**

In August 2012, the SEC adopted rules requiring disclosure related to sourcing of specified minerals, known as "conflict minerals", that are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. The rules, effective in 2013, require a report to be filed by May 31, 2014, and if applicable, require companies to undertake due diligence, disclose whether or not such minerals originated from the Democratic Republic of Congo or an adjoining country. As a result, the Company has developed a framework and management system consistent with the guidance issued by the Organization for Economic Co-operation and Development (OECD), and is currently performing due diligence on our supply chain. The implementation of the rules could adversely affect our sourcing, supply and pricing of materials used in the Company's products. There may only be a limited number of suppliers offering "conflict free" conflict minerals, and we cannot be certain that we will be able to obtain necessary "conflict free" conflict minerals from such suppliers in sufficient quantities or at competitive prices. Because Kodak's supply chain is complex, we may also not be able to sufficiently verify the origins of the relevant minerals used in the Company's products through the due diligence procedures that we implement, which may harm our reputation.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 2. PROPERTIES**

Kodak's worldwide headquarters is located in Rochester, New York.

Products in the DP&E Segment are manufactured in the United States in Rochester, New York; Dayton, Ohio; and Weatherford, Oklahoma. Manufacturing facilities outside the United States are located in China, Japan and Canada.

Products in the GECF Segment are manufactured in the United States in Rochester, New York and Columbus, Georgia. Manufacturing facilities outside the United States are located in Germany, China, Japan, United Kingdom and Canada.

Properties within a country may be shared by all segments operating within that country.

Regional distribution centers are located in various places within and outside of the United States. Kodak owns or leases administrative, research and development, manufacturing, marketing, and processing facilities in various parts of the world. The leases are for various periods and are generally renewable.



**ITEM 3. LEGAL PROCEEDINGS**

Subsequent to the Company's Bankruptcy Filing, between January 27, 2012 and March 22, 2012, several putative class action suits were filed in federal court in the Western District of New York against the committees of the Company's Stock Ownership Plan ('SOP') and Savings and Investment Plan ("SIP"), and certain former and current executives of the Company. The suits have been consolidated into a single action brought under the Employee Retirement Income Security Act ("ERISA"), styled as *In re Eastman Kodak ERISA Litigation*. The allegations concern the decline in the Company's stock price and its alleged impact on SOP and SIP. Plaintiffs seek the recovery of any losses to the applicable plans, a constructive trust, the appointment of an independent fiduciary, equitable relief, as applicable, and attorneys' fees and costs. Defendants' motion to dismiss the litigation was heard on May 23, 2013 and has been taken under advisement. On behalf of the defendants in this case, the Company believes that the case is without merit and will vigorously defend the defendants on their behalf.

On February 10, 2012, a suit was filed in federal court in the Southern District of New York against the Chief Executive Officer, the former President and Chief Operating Officer and the former Chief Financial Officer, as a putative class action suit under the federal securities laws, claiming that certain Company statements concerning the Company's business and financial results were misleading and claiming alleged resulting damages (*Timothy A. Hutchinson v. Antonio M. Perez, Philip J. Faraci, and Antoinette McCorvey*). The District Court granted defendants' July 2, 2012 motion to dismiss this case as against all defendants but granted the plaintiffs' subsequent motion for leave to amend. Plaintiffs filed a second amended complaint against only the Chief Executive Officer and the former Chief Financial Officer (*Timothy A. Hutchinson v. Antonio M. Perez and Antoinette McCorvey*), in which they sought damages with interest, equitable relief as applicable, and attorneys' fees and costs. The District Court granted defendants' motion to dismiss the case on April 25, 2013, and plaintiffs appealed. On December 26, 2013, the Court of Appeals for the Second Circuit affirmed the decision of the District Court dismissing the case, finding that plaintiffs had failed to plead facts with the particularity required to maintain their alleged causes of action.

On June 17, 2013 the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, d/b/a Empire State Development entered into a settlement agreement subsequently amended on August 6, 2013 (the "Amended EBP Settlement Agreement") which resolves certain of the Company's historical environmental liabilities at Eastman Business Park ("EBP") through the establishment of a \$49 million environmental remediation trust (the "EBP Trust"). Upon implementation of the Amended EBP Settlement Agreement, (i) the EBP Trust will be responsible for investigation and remediation at EBP arising from the Company's historical environmental liabilities in existence prior to the effective date of the EBP settlement, (ii) the Company will fund the EBP Trust with a \$49 million payment and transfer of certain equipment and fixtures used for remediation at EBP, and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million. The Amended EBP Settlement Agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including Bankruptcy Court approval of a covenant not to sue from the US Environmental Protection Agency ("EPA") with respect to the liabilities that are addressed in the Amended EBP Settlement Agreement. The deadline for implementation of the Amended EBP Settlement Agreement is May 15, 2014.

The Company and its subsidiaries are involved in various lawsuits, claims, investigations, remediations and proceedings, including commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. The Company is also subject to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of the Company's products. These matters are in various stages of investigation and litigation, and are being vigorously defended. Based on information presently available, the Company does not believe that it is probable that losses for known exposures could have a material adverse effect on its financial condition or results of operations. Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

## Table of Contents

### EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to General Instructions G (3) of Form 10-K, the following list is included as an unnumbered item in Part I of this report in lieu of being included in the Proxy Statement for the Annual Meeting of Shareholders.

Name	Age	Positions Held	Date First Elected an Executive Officer	to Present Office
Douglas J. Edwards	53	Senior Vice President	2012	2012
Brad W. Kruchten	53	Senior Vice President	2009	2011
Jeffrey J. Clarke	52	Chief Executive Officer	2014	2014
Rebecca A. Roof	58	Interim Chief Financial Officer	2012	2012
Eric H. Samuels	46	Chief Accounting Officer and Corporate Controller	2009	2009
Patrick M. Sheller	52	General Counsel, Secretary, and Chief Administrative Officer	2012	2012
Terry R. Taber	59	Senior Vice President	2009	2010

All of the executive officers have been employed by Kodak in various executive and managerial positions for at least eight years except Ms. Roof, a managing director of AlixPartners LLP who was named to her Kodak position on September 7, 2012.

The executive officers' biographies follow:

#### Douglas J. Edwards, PhD

Douglas J. Edwards, PhD, is President of Digital Printing and Enterprise. He was named to the post in September 2012, and elected a Senior Vice President in October 2012. His responsibilities include Packaging, Functional Printing, Electrophotographic Solutions, Inkjet Printing Solutions, Kodak Services for Business, Consumer Inkjet Systems, and Design2Launch businesses.

Previously, Edwards was President, Digital, Packaging and Functional Printing. Between 2006 and 2012, Edwards was General Manager, Prepress Solutions, Graphic Communications Group. He was elected a Vice President in 2006. In 2005-2006 in his first role at Kodak, Edwards was General Manager and Vice President, Prepress Consumables, Graphic Communications Group.

Before joining Kodak, Edwards was Vice President, Research and Product Development, New Business and Strategy Development for Kodak Polychrome Graphics ("KPG"), a joint venture between Kodak and Sun Chemical. During his time at KPG, Edwards commercialized many of Kodak's market-leading digital consumable products, now with annual revenues of more than \$1.5 billion.

Edwards joined KPG in 1998 from International Paper's Imaging Products Division, where for two years he had worldwide responsibility for technology and product commercialization as Vice President, Product and Manufacturing Process Development. Previously, he was with Zeneca Specialties and ICI Colors & Fine Chemicals in the U.K. for eight years in a variety of senior marketing, manufacturing and research positions. Edwards started his industrial career with Ilford Ltd, Ciba-Geigy in 1985 as a research chemist, and has a number of scientific papers, patents and other publications to his name.

Edwards earned his PhD in 1985 from the University of London in superconducting organic materials, sponsored by Ciba-Geigy and the British Government's Science & Engineering Research Council. Edwards also has a BSc in Chemistry from London University.

#### Brad W. Kruchten

Brad W. Kruchten is President of Graphics, Entertainment & Commercial Films, which includes Prepress, Entertainment Imaging, Commercial Film, and Global Consumables Manufacturing, a position he has held since 2011.

Previously, Kruchten was President of the Film, Photofinishing & Entertainment Group (FPEG), a position to which he was named in 2009 and was subsequently elected as a Senior Vice President. Prior to that, Kruchten held positions as General Manager for Retail Printing and General Manager for Consumer and Professional Film, and was elected a Vice President in 2002.

---

## Table of Contents

Kruchten's career at Kodak began in 1982 as a quality engineer, and he subsequently held roles in manufacturing and research engineering. In 1986, he moved into a sales position for Copy Products, and later held sales and marketing positions before becoming a product line manager for Business Imaging Systems, responsible for retrieval products.

Between 1998 and 2001, he served in management roles in the Document Imaging unit, which became the world's leading seller of high-speed production scanners. In 2001, Kruchten was named Site Manager, Kodak Colorado Division, and became a divisional vice president of Kodak's Global Manufacturing unit. In 2002, he was named the Chief Executive Officer of Encad Inc., a wholly-owned Kodak subsidiary.

Prior to Kodak, Kruchten worked as a project engineer at Inland Steel and as a tool designer for General Motors Corp.

A native of Flint, Michigan, Kruchten has a B.S. in Engineering from Michigan State University, a M.S. in Statistics and Quality Management from the Rochester Institute of Technology, and has attended the Executive Management Development program at Penn State University.

### **Jeffrey J. Clarke**

Jeffrey Clarke is the Chief Executive Officer of Kodak.

Prior to joining Kodak, Clarke was a Managing Partner of Augusta Columbia Capital (ACC), a private investment firm he co-founded in 2012. Prior to joining ACC, Clarke was the Chairman of Travelport, Inc., a private, travel technology firm, where he served as CEO from 2006 to 2011, after leading its sale from Cendant Corporation to the Blackstone Group for \$4.3 billion in 2006.

Clarke was the Chief Operating Officer of CA, Inc., an enterprise software company, from 2004 to 2006. At CA, he was responsible for sales, services, distribution, corporate finance, mergers & acquisitions, information technology, corporate strategy and planning.

From 2002 to 2003, Clarke was an Executive Vice President of Global Operations at Hewlett-Packard. In this role, he was responsible for HP's worldwide supply chain, manufacturing, procurement and internet operations. He also co-led HP's merger integration with Compaq Computer. Prior to HP, Clarke was the Chief Financial Officer of Compaq Computer, which he joined in 1998 following the merger of Compaq with Digital Equipment Corporation (DEC). Clarke was with DEC from 1985 to 1998, serving in management roles in international operations, finance and manufacturing.

Clarke has served as Chairman of Orbitz Worldwide, a global online travel agency, since leading the company's IPO in July 2007. He has served on the board of directors of Red Hat, Inc, an enterprise software company, since 2008, and has also been a director the Compuware Corporation, an enterprise software company, since 2013.

Clarke earned an MBA from Northeastern University, where he serves as a Trustee. He holds a B.A. in Economics from SUNY Geneseo.

### **Rebecca A. Roof**

Rebecca A. Roof was named Interim Chief Financial Officer in September 2012. She is a Managing Director at AlixPartners LLP, where she provides interim and crisis management and consulting services to troubled and underperforming companies in a broad array of industries.

Prior to her appointment to Kodak, Ms. Roof's roles included Chief Financial Officer of a radiologic services provider (2012), Chief Restructuring Officer of think3 Inc. (2011-2012), Controller of LyondellBasell Industries (2009-2010), Chief Administrative and Chief Restructuring Officer of Taro Pharmaceuticals (2006), Chief Financial Officer of Anchor Glass Company (2005), Chief Financial and Chief Restructuring Officer of Atkins Nutritionals (2004), and advisor to multiple companies in the areas of business plan development, strengthening of the finance function, liquidity and cash management, cost reductions, and debt restructurings. Before joining the predecessor to AlixPartners LLP, Ms. Roof was a Director with Price Waterhouse and a Senior Manager with Ernst & Young.

Ms. Roof is active in a wide variety of industry activities. She is a fellow of the American College of Bankruptcy, and a Director of the American Bankruptcy Institute, an Advisory Board member of Texas Women on Wall Street, and a Director of Peach Outreach. She graduated from Trinity University with degrees in business administration and geology.

---

## Table of Contents

### Eric H. Samuels

Eric H. Samuels was appointed Corporate Controller and Chief Accounting Officer in July 2009. Samuels previously served as the Company's Assistant Corporate Controller and brings to his position more than 20 years of leadership experience in corporate finance and public accounting. He joined Kodak in 2004 as Director, Accounting Research and Policy.

Prior to joining Kodak, Samuels had a 14-year career in public accounting during which he served as a senior manager at KPMG LLP's Department of Professional Practice (National Office) in New York City. Prior to joining KPMG in 1996, he worked in Ernst & Young's New York City office.

Samuels has a B.S. degree in business economics from the State University of New York College at Oneonta. He is a Certified Public Accountant in New York and a member of the American Institute of Certified Public Accountants.

### Patrick M. Sheller

Patrick M. Sheller is General Counsel, Secretary and Chief Administrative Officer of Kodak.

He was named Kodak's General Counsel in 2011 and has served as Secretary to the Board of Directors since 2009. In January 2012, he was also appointed Chief Administrative Officer and elected a Senior Vice President of the Company by the Board of Directors.

As General Counsel, he is responsible for the Company's world-wide legal function, including its Intellectual Property Legal organization, and for providing legal advice to senior management and the Board of Directors. As Corporate Secretary, Sheller oversees Kodak's corporate governance program. He ensures that the Board has the proper advice and resources for discharging its fiduciary duty under law, and that the Company's corporate records reflect the Board's actions. He is the principal advisor to the Board and senior management on federal securities laws and regulations. As Chief Administrative Officer ("CAO"), Sheller also oversees the corporate functions of Human Resources; Communications & Public Affairs; Worldwide Information Systems; Corporate Audit; and Health, Safety, Environment & Sustainability.

Sheller led the legal, human resources, communications, and other functional aspects of Kodak's successful chapter 11 reorganization completed on September 3, 2013. Sheller continues to supervise these functions in Kodak's ongoing transformation into a technology leader focused on imaging for business.

Sheller joined Kodak in 1993 as division counsel to the Company's former Health Group. From 1999 to 2004, he served as Kodak's Chief Antitrust Counsel. From 2000 to 2004, Sheller was based in Europe and advised Kodak's European, African & Middle Eastern Region businesses on commercial legal issues. He then returned to Kodak's Rochester headquarters to assume business development and operating roles in Kodak's Health Care Information Systems business. From 2005 to 2011, Sheller served as Chief Compliance Officer of the Company. He was elected Secretary of the Board in 2009, and served as Deputy General Counsel in 2011.

Sheller has a B.A. degree in economics and government from St. Lawrence University and a J.D. degree from Albany Law School of Union University.

### Terry R. Taber, PhD

Terry R. Taber joined Kodak in 1980. In January 2009, he was named Chief Technical Officer. The Board of Directors elected him a corporate vice president in December 2008, and then a senior vice president in December 2010.

Taber was previously the Chief Operating Officer of Kodak's Image Sensor Solutions (ISS) business, a leading developer of advanced CCD and CMOS sensors serving imaging and industrial markets. Prior to joining ISS in 2007, Taber held a series of senior positions in Kodak's research and development and product organizations. During his 30+ years at Kodak, Taber has been involved in new materials research, product development and commercialization, manufacturing, and executive positions in R&D and business management.

Taber's early responsibilities included research on new synthetic materials, an area in which he holds several patents. He then became a program manager for several film products before completing the Sloan Fellows program at the Massachusetts Institute of Technology ("MIT"). He returned from MIT to become the worldwide consumer film business product manager from 1999 to 2002, and then became an Associate Director of R&D from 2002 to 2005, followed by a position as the Director of Materials & Media R&D from 2005 to 2007.

Taber received a B.S. degree in Chemistry from Purdue University and a Ph.D. in Organic Chemistry from the California Institute of Technology. He also received an M.S. in General Management from MIT as a Kodak Sloan Fellow. In 2003, he was elected to the Board of Trustees at Roberts Wesleyan College and Northeastern Seminary. Taber is a board member of the Innovation & Material Sciences Institute and serves on the Executive Advisory Board of FIRST Rochester (For Inspiration and Recognition of Science and Technology). He also serves on the Executive Committee of the Rochester Business Alliance and the New York State Business Council.

## **PART II**

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

In connection with the Company's reorganization and emergence from bankruptcy, all shares of common stock outstanding prior to emergence were canceled on September 3, 2013. On September 23, 2013, the Company's new common stock started trading on the Over the Counter (OTC) market under the symbol "EKOD." On November 1, 2013 the Company listed its common stock on the New York Stock Exchange (NYSE) under the symbol "KODK." Upon listing on the NYSE, the common stock ceased to be listed on the OTC market. There were 1,511 shareholders of record of common stock on March 3, 2014.

#### **MARKET PRICE DATA**

The market price data below reflects the high and low sales price of the Company's stock since September 23, 2013.

Price per share:	2013	
	High	Low
3rd Quarter	\$26.50	\$19.25
4th Quarter	\$34.71	\$22.00

#### **DIVIDEND INFORMATION**

No dividends were paid during 2012 or 2013.

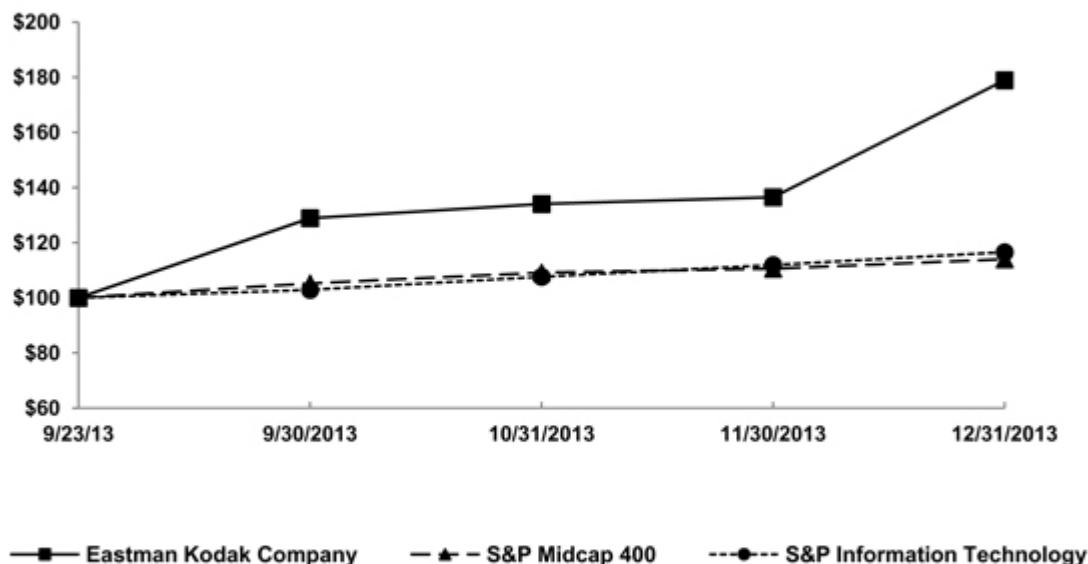
Dividends may be restricted under Kodak's debt agreements. Refer to Note 11, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements.

#### **PERFORMANCE GRAPH—SHAREHOLDER RETURN**

The following graph compares the performance of the Company's common stock with the performance of the Standard & Poor's (S&P) Information Technology Index and the S&P Midcap 400 Composite Stock Price Index by measuring the monthly changes in common stock prices from September 23, 2013 (the date the Company's common stock commenced trading), plus reinvested dividends.

### COMPARISON OF 3 MONTH CUMULATIVE TOTAL RETURN\*

Among Eastman Kodak Company, the S&P Midcap 400 Index,  
and the S&P Information Technology Index



\*\$100 invested on 9/23/13 in stock or 8/31/13 in index, including reinvestment of dividends.  
Fiscal year ending December 31.

Copyright© 2014 S&P, a division of The McGraw-Hill Companies Inc. All rights reserved.

	9/23/13	9/30/2013	10/31/2013	11/30/2013	12/31/2013
Eastman Kodak Company	100.00	128.87	134.02	136.49	178.92
S&P Midcap 400	100.00	105.21	109.12	110.56	113.98
S&P Information Technology	100.00	102.88	107.61	111.88	116.52

### ISSUER PURCHASES OF EQUITY SECURITIES

During the fourth quarter of 2013, in connection with the issuance of stock to unsecured claim holders under the Plan, the Company purchased 152,746 shares of common stock, in the form of a withholding of those shares, to satisfy tax withholding obligations in the approximate amount of \$3 million.

## Table of Contents

### ITEM 6. SELECTED FINANCIAL DATA

#### EASTMAN KODAK COMPANY SUMMARY OF OPERATING DATA – UNAUDITED

	Successor September 1 2013 through December 31,	Predecessor				
(in millions, except per share data, shareholders, and employees )	2013 (9)	January 1, 2013 through August 31, 2013 (9)	2012 (9)	2011 (9)	2010 (9)	2009 (9)
Net sales from continuing operations (8)	\$ 805	\$ 1,542	\$ 2,719	\$ 3,585	\$ 4,438	\$ 6,248
Loss (earnings) from continuing operations before interest expense, loss on extinguishment of debt, other income (charges), net, reorganization items, net, and income taxes	(48)	457	(642)	(616)	(263)	86
Loss (earnings) from:						
Continuing operations	(82)(1)	2,201(2)	(1,337)(3)	(739)(4)	(560)(5)	(116)(6)
Discontinued operations	4(7)	(135)(7)	(42)(7)	(25)(7)	(128)	(94)
Net (Loss) earnings	(78)	2,066	(1,379)	(764)	(688)	(210)
Less: Net earnings attributable to noncontrolling interests	3	—	—	—	—	—
<b>Net (Loss) earnings Attributable to Eastman Kodak Company</b>	(81)	2,066	(1,379)	(764)	(688)	(210)
<b>Earnings and Dividends</b>						
(Loss) earnings from continuing operations						
- % of net sales from continuing operations	-10.2%	142.7%	-49.2%	-20.6%	-12.6%	-1.9%
Net (loss) earnings						
- % return on average equity	-12.7%	70.6%	-45.8%	-44.6%	-124.0%	-41.2%
Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:						
Continuing operations	(2.04)	8.08	(4.92)	(2.75)	(2.08)	(0.43)
Discontinued operations	0.10	(0.50)	(0.15)	(0.09)	(0.48)	(0.35)
Total	(1.94)	7.58	(5.07)	(2.84)	(2.56)	(0.78)
Cash dividends declared and paid						
- on common shares	—	—	—	—	—	—
- per comon share	—	—	—	—	—	—
Weighted average common shares outstanding at end of period	41.7	272.7	271.8	269.1	268.5	268.0
Shareholders at year end	1,511	N/A	48,656	49,760	51,802	54,078
<b>Statement of Financial Position Data</b>						
Working capital	1,086	564	(806)	(60)	966	1,407
Property, plant and equipment, net	684	507	607	796	1,037	1,254
Total assets	3,200	3,037	4,321	4,676	6,226	7,682
Short-term borrowings and current portion of long-term debt	4	681	699	152	50	62
Long-term debt, net of current portion	674	370	740	1,363	1,195	1,129



## Table of Contents

### EASTMAN KODAK COMPANY SUMMARY OF OPERATING DATA – UNAUDITED (CONT'D)

	Successor	Predecessor				
	September 1 2013 through December 31, 2013 (9)	January 1, 2013 through August 31, 2013 (9)	2012 (9)	2011 (9)	2010 (9)	2009 (9)
<b>Supplemental Information</b>						
Net sales from continuing operations:						
Graphics, Entertainment and Commercial Films	\$ 519	\$ 987	\$ 1,680	\$ 2,341	\$ 3,290	\$ 3,262
Digital Printing and Enterprise	284	519	939	1,099	950	854
All Other	2	36	100	145	198	2,132
Research and development costs	33	66	168	195	249	280
Depreciation	67	91	182	221	318	354
Employees as of year end						
- in the U.S.	3,600		5,980	8,350	9,600	10,630
- worldwide	8,800		13,100	17,100	18,800	20,250

\* Historical results are not indicative of future results.

- Includes pre-tax restructuring charges of \$17 million; \$16 million in pre-tax reorganization items, net; \$6 million of income related to gains on asset sale; income from corporate components of pension and OPEB of \$67 million; and \$8 million in impairment charges. These items decreased net loss from continuing operations by \$32 million.
- Includes pre-tax licensing revenue of \$535 million; pre-tax goodwill impairment charges of \$77 million; pre-tax restructuring charges of \$49 million; income of \$2,026 million in pre-tax reorganization items, net; \$34 million of income related to gains on asset sales; income from corporate components of pension and OPEB costs of \$43 million; and net charges of \$84 million related to discrete tax items. These items increased net income from continuing operations by \$2.4 billion.
- Includes pre-tax restructuring charges of \$232 million; \$843 million in pre-tax reorganization items, net; \$50 million of income related to gains on asset sales; \$35 million associated with the termination of a supply agreement; expense from corporate components of pension and OPEB costs of \$2 million; \$4 million of income related to reversals of value-added tax reserves; and a net benefit of \$320 million related to discrete tax items. These items increased net loss from continuing operations by \$673 million.
- Includes pre-tax impairment charges of \$13 million; pre-tax restructuring charges of \$120 million; \$69 million of income related to gains on asset sales; income from corporate components of pension and OPEB costs of \$61 million; \$3 million of income related to reversals of value-added tax reserves; and a net benefit of \$38 million related to discrete tax items. These items increased net loss from continuing operations by \$25 million.
- Includes a pre-tax goodwill impairment charge of \$626 million; pre-tax restructuring charges of \$77 million; a \$102 million loss on early extinguishment of debt; \$8 million of income related to gains on assets sales; \$19 million of income related to legal contingencies and settlements; \$6 million of charges related to foreign contingencies; and a net benefit of \$109 million related to discrete tax items. These items increased net loss from continuing operations by \$698 million.
- Includes pre-tax restructuring and rationalization charges of \$245 million; a \$5 million charge related to a legal settlement; \$100 million of income related to gains on asset sales; \$7 million of income related to the reversal of negative goodwill; \$10 million of income related to reversals of value-added tax reserves; and a \$6 million asset impairment charge. These items increased net loss from continuing operations by \$131 million.
- Refer to Note 26, "Discontinued Operations" in the Notes to Financial Statements for a discussion regarding the earnings (loss) from discontinued operations.
- Includes revenues from non-recurring intellectual property licensing agreements of \$7 million for the four months ended December 31, 2013, \$31 million for the eight months ending August 31, 2013, \$(61) million in 2012, \$82 million in 2011, \$838 million in 2010 and \$435 million in 2009.
- Effective in the second quarter of 2013, due to the sale of the Business to the KPP Purchasing Parties, results for 2011, 2012 and 2013 were restated to report the Business as discontinued operations. Results for 2009 and 2010 were not restated.



---

## Table of Contents

Corporate components of pension and OPEB include interest cost, expected return on plan assets, amortization of actuarial gains and losses, and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net in the Consolidated Statement of Operations.

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to help the reader understand the results of operations and financial condition of Kodak for the four months ended December 31, 2013, eight months ended August 31, 2013 and for the years ended December 31, 2012 and 2011. All references to Notes relate to Notes to the Financial Statements in Item 8. “Financial Statements and Supplementary Data.”

**OVERVIEW**

Prior to emergence from chapter 11 Kodak took many actions to reduce legacy obligations and improve the profitability of its emerging commercial imaging business. These actions included the following:

- In November 2012, the Bankruptcy Court entered an order approving a settlement agreement between the Debtors and the retiree committee appointed by the U.S. Trustee related to its U.S. postretirement benefit plans. Under the settlement agreement, the Debtors no longer provide retiree medical, dental, life insurance, and survivor income benefits to current and future retirees after December 31, 2012 (other than COBRA continuation coverage of medical and/or dental benefits available to active employees or conversion coverage as required by the plans or applicable law).
- In February 2013, Kodak received approximately \$530 million related to the sale and licensing of certain of its intellectual property assets and repaid approximately \$419 million of the then outstanding term loan under the DIP Credit Agreement.
- On the Effective Date, Kodak received net cash consideration of \$325 million for the sale of certain assets and liabilities of its Personalized Imaging and Document Imaging businesses as part of the KPP Global Settlement, which also included the settlement of the U.K. pension plan liability.

Kodak expects to continue to improve its profitability by focusing on the placement of equipment and the generation of profitable annuities in its Digital Printing, Packaging and Enterprise businesses as well as the continued generation and enhancement of profits in its large consumable-based Graphics business through differentiation from the competition with its process free technology. Kodak also expects functional printing to contribute to profitable growth in 2014 and beyond.

As of December 31, 2013, Kodak has total assets of \$3.2 billion, total liabilities of \$2.6 billion and equity of approximately \$650 million.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The accompanying consolidated financial statements and notes to consolidated financial statements contain information that is pertinent to management’s discussion and analysis of the financial condition and results of operations. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities.

Kodak believes that the critical accounting policies and estimates discussed below involve the most complex management judgments due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts. Specific risks associated with these critical accounting policies are discussed throughout this MD&A, where such policies affect Kodak’s reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to the Notes to Financial Statements in Item 8.

***Revenue Recognition***

Kodak’s revenue transactions include sales of products (such as components and consumables for use in Kodak and other manufacturers’ equipment, and film based products), equipment, software, services, integrated solutions, and intellectual property licensing. The timing and the amount of revenue recognized depend upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. For equipment sales, revenue recognition may depend on completion of installation based on the type of equipment, level of customer specific customization and other contractual terms. In instances in which the agreement with the customer contains a customer acceptance clause, revenue is deferred until customer acceptance is obtained, provided the customer acceptance clause is considered to be substantive.

---

## Table of Contents

Kodak evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has stand-alone value to the customer, and if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in Kodak's control. If these criteria are not met, the arrangement is accounted for as one unit of accounting and the recognition of revenue occurs upon delivery/completion or ratably as a single unit of accounting over the contractual service period.

For multiple-element arrangements, Kodak allocates to, and recognizes revenue from, the various elements based on their relative selling price, using vendor-specific objective evidence ("VSOE"), third-party evidence ("TPE"), and best estimated selling price ("BESP") in accordance with the selling price hierarchy. BESP is established by considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to geographies, market conditions such as competitor pricing strategies and industry technology life cycles.

Revenue allocated to an individual element is recognized when all revenue recognition criteria are met for that element. Kodak limits the amount of revenue recognized for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

At the time revenue is recognized, Kodak also records reductions to revenue for customer incentive programs. Such incentive programs include cash and volume discounts, price protection and, promotional, cooperative and other advertising allowances. For those incentives that require the estimation of sales volumes or redemption rates, such as for volume rebates, Kodak uses historical experience and both internal and customer data to estimate the sales incentive at the time revenue is recognized. In the event that the actual results of these items differ from the estimates, adjustments to the sales incentive accruals would be recorded.

### ***Valuation and Useful Lives of Long-Lived Assets, Including Goodwill and Intangible Assets***

Kodak performs a test for goodwill impairment annually and whenever events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Historically, Kodak performed its annual goodwill impairment assessment as of September 30. Upon application of fresh start accounting, Kodak elected October 1 as the annual goodwill impairment assessment date.

Kodak tests goodwill for impairment at a level of reporting referred to as a reporting unit. A reporting unit is an operating segment or one level below an operating segment (referred to as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. When two or more components of an operating segment have similar economic characteristics, the components are aggregated and deemed a single reporting unit. An operating segment is deemed to be a reporting unit if all of its components are similar, if none of its components is a reporting unit, or if the segment comprises only a single component.

As of December 31, 2012, the Graphics, Entertainment and Commercial Films Segment had two goodwill reporting units: Graphics and Entertainment Imaging and Commercial Films. The Digital Printing and Enterprise Segment had four goodwill reporting units: Digital Printing, Packaging and Functional Printing, Enterprise Services and Solutions, and Consumer Inkjet Systems. The Personalized and Document Imaging segment had three goodwill reporting units: Personalized Imaging, Document Imaging and Intellectual Property.

Effective in the first quarter of 2013, the Intellectual Property and Brand Licensing reporting unit was reported in the Graphics, Entertainment and Commercial Films Segment. Goodwill assigned to the Intellectual Property and Brand Licensing reporting unit of approximately \$113 million as of December 31, 2012 was previously reported in the Personalized and Document Imaging Segment. Due to the sale of its digital imaging patents during the first quarter of 2013, Kodak concluded that the carrying value of goodwill for its Intellectual Property and Brand Licensing reporting unit exceeded the implied fair value of goodwill. The fair value of the Intellectual Property and Brand Licensing reporting unit was estimated using an income approach in which the future cash flows, including a terminal value at the end of the projection period, were discounted to present value. Kodak recorded a pre-tax impairment charge of \$77 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations.

Effective in the second quarter of 2013, due to the Personalized and Document Imaging disposal group being reported as assets held for sale, goodwill of approximately \$140 million in the Personalized and Document Imaging Segment was reported as a component of assets held for sale as of June 30, 2013 and subsequently written-off as part of the loss on sale of the Personalized and Document Imaging businesses.

As part of fresh start accounting, Kodak adjusted the carrying value of goodwill to \$88 million which represents the reorganizational value of assets in excess of amounts allocated to identified tangible and intangible assets. Goodwill that was recorded as part of fresh start accounting was allocated to the Graphics, Packaging and Functional Printing, Intellectual Property and Brand Licensing and Consumer Inkjet Systems reporting units.

---

## Table of Contents

Goodwill is impaired if the fair value of a reporting unit is less than the related carrying value. Kodak may assess qualitative factors for some or all of its reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If Kodak determines that it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if Kodak elects to bypass the qualitative assessment for any of its reporting units, then the fair value of that reporting unit is compared to its carrying value.

If the fair value of a reporting unit is less than its carrying value, Kodak must determine the implied fair value of the goodwill associated with that reporting unit. The implied fair value of goodwill is determined by first allocating the fair value of the reporting unit to all of its assets and liabilities and then computing the excess of the reporting unit's fair value over the amounts assigned to the assets and liabilities. If the carrying value of goodwill exceeds the implied fair value of goodwill, such excess represents the amount of goodwill impairment charge that must be recognized.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Quoted market prices in active markets are the best evidence of fair value, however the market price of an individual equity security may not be representative of the fair value of the reporting unit as a whole and, therefore need not be the sole measurement basis of the fair value of a reporting unit.

Kodak estimates the fair value of its reporting units using the guideline public company method and discounted cash flow method. To estimate fair value utilizing the guideline public company method, Kodak applies valuation multiples, derived from the operating data of publicly-traded benchmark companies, to the same operating data of the reporting units. The valuation multiples are based on financial measures of revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA") and earnings before interest and taxes ("EBIT"). To estimate fair value utilizing the discounted cash flow method, Kodak establishes an estimate of future cash flows for each reporting unit and discounts those estimated future cash flows to present value.

As part of fresh start accounting, Kodak estimated the fair value of each of its reporting units. Except for the Graphics reporting unit, Kodak did not use the guideline public company method because reporting unit EBIT and/or EBITDA results were negative, which would have only allowed the application of a revenue multiple in determining fair value under the guideline public company method, and/or reporting units ranked below all the selected market participants for these financial measures. When using the guideline public company method, multiples should be derived from companies that exhibit a high degree of comparability to the business being valued. Kodak ultimately gave 100% weighting to the discounted cash flow method for these reporting units. For the Graphics reporting unit, Kodak selected equal weighting of the guideline public company method and the discounted cash flow method as the valuation approaches produced comparable ranges of fair value.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from September 1, 2013 to December 31, 2022 and discounted the estimated future cash flows to present value. The expected cash flows for the period September 1, 2013 to December 31, 2017 were based on the financial projections and assumptions utilized in the disclosure statement in support of the Plan. The expected cash flows for the period January 1, 2018 to December 31, 2022 were derived from earnings forecasts and assumptions regarding growth and margin projections, as applicable. The discount rates are estimated based on an after-tax weighted average cost of capital ("WACC") for each reporting unit reflecting the rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium for each reporting unit reflecting the risk associated with the overall uncertainty of the financial projections. Discount rates of 27% to 32% were utilized in the fresh start valuation based on Kodak's best estimates of the after-tax weighted-average cost of capital of each reporting unit.

A terminal value was included for all reporting units, except for the Intellectual Property and Brand Licensing and Consumer Inkjet Systems reporting units, at the end of the cash flow projection period to reflect the remaining value that the reporting unit is expected to generate. The terminal value is calculated using the constant growth method ("CGM") based on the cash flows of the final year of the discrete period.

For the 2013 annual goodwill test, Kodak elected to utilize the qualitative assessment for all reporting units with goodwill balances due to the fresh start valuation being performed as of September 1, 2013. In performing the qualitative assessment, Kodak updated the carrying values of each reporting unit, compared actual results to budgeted performance and considered the extent to which adverse events and circumstances could affect the fair value of a reporting unit since the fresh start valuation. Based on the results of this assessment, no impairment of goodwill was indicated. Impairment of goodwill could occur in the future if a reporting unit's fair value changes significantly from the amounts estimated as part of fresh start accounting, if market or interest rate environments deteriorate, or if a reporting unit's carrying value changes materially compared with changes in its fair values.

---

## Table of Contents

In conjunction with fresh start accounting, Kodak recorded a \$54 million indefinite-lived intangible asset related to the Kodak trade name. The Kodak trade name was valued using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from September 1, 2013 to December 31, 2022, including a terminal year with growth rates ranging from 0% to 3%; (b) royalty rates ranging from .5% to 1% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 27% to 32%, which were based on the after-tax weighted-average cost of capital.

The carrying value of the Kodak trade name is evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Kodak elected October 1 as the annual impairment assessment date.

For the 2013 annual impairment test of the Kodak trade name, Kodak elected to utilize the qualitative assessment due to the fresh start valuation being performed as of September 1, 2013. In performing the qualitative assessment, Kodak compared actual results to forecasted revenues and considered the extent to which adverse events and circumstances could affect the fair value of the Kodak trade name since the fresh start valuation. Based on the results of this assessment, no impairment of the Kodak trade name was indicated.

Subsequent to the annual impairment test of the Kodak trade name and due to Kodak revising its projected 2014 revenue estimates, Kodak concluded that the carrying value of the Kodak trade name, estimated as part of fresh start accounting, exceeded its fair value. Kodak recorded a pre-tax impairment charge of \$8 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations. The fair value of the Kodak trade name was valued as of December 31, 2013 using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from January 1, 2014 to December 31, 2022, including a terminal year with growth rates ranging from -3% to 3%; (b) royalty rates ranging from .5% to 1% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 26% to 31%, which were based on the after-tax weighted-average cost of capital. Additional impairments of the Kodak trade name could occur in the future if expected revenues decline or if there are significant changes in the discount or royalty rates.

Kodak's long-lived assets other than goodwill and indefinite-lived intangible assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. When evaluating long-lived assets for impairment, Kodak compares the carrying value of an asset group to its estimated undiscounted future cash flows. An impairment is indicated if the estimated future cash flows are less than the carrying value of the asset group. The impairment is the excess of the carrying value over the fair value of the long-lived asset group.

As part of fresh start accounting, Kodak fair valued property, plant and equipment and revised depreciable lives to reflect the remaining estimated useful life of the assets. Kodak depreciates the value of property, plant, and equipment over its expected useful life in such a way as to allocate it as equitably as possible to the periods during which services are obtained from their use, which aims to distribute the value over the remaining estimated useful life of the unit in a systematic and rational manner. An estimate of useful life not only considers the economic life of the asset, but also the remaining life of the asset to the entity. Impairment of long-lived assets other than goodwill and indefinite lived intangible assets could occur in the future if expected future cash flows decline or if there are significant changes in the estimated useful life of the assets.

## Income Taxes

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak's assets and liabilities. Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. Kodak has considered forecasted earnings, future taxable income, the geographical mix of earnings in the jurisdictions in which Kodak operates and prudent and feasible tax planning strategies in determining the need for these valuation allowances. As of December 31, 2013, Kodak has net deferred tax assets before valuation allowances of approximately \$1,008 million and a valuation allowance related to those net deferred tax assets of approximately \$953 million, resulting in net deferred tax assets of approximately \$55 million. If Kodak were to determine that it would not be able to realize a portion of its net deferred tax assets in the future, for which there is currently no valuation allowance, an adjustment to the net deferred tax assets would be charged to earnings in the period such determination was made. Conversely, if Kodak were to make a determination that it is more likely than not that deferred tax assets, for which there is currently a valuation allowance, would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded. Kodak considers both positive and negative evidence, in determining whether a valuation allowance is needed by territory, including, but not limited to, whether particular entities are in three year cumulative income positions. During the eight months ended August 31, 2013, Kodak determined that it was more likely than not that a portion of its deferred tax assets outside the U.S. would not be realized due to changes in the business resulting from the KPP Global Settlement and the related sale of the Business. As a result, Kodak recorded a tax provision of \$100 million associated with the establishment of a valuation allowance on those deferred tax assets.

---

## Table of Contents

Additionally, during the eight months ended August 31, 2013, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to the change in the company's business as a result of restructuring associated with the emergence from bankruptcy and accordingly, recorded a provision of \$46 million associated with the establishment of a valuation allowance on those deferred tax assets. During 2012 and 2011, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced manufacturing volumes negatively impacting profitability in a location outside the U.S. and accordingly, recorded a provision of \$30 million and \$53 million, respectively, associated with the establishment of a valuation allowance on those deferred tax assets.

In general, the amount of tax expense or benefit from continuing operations is determined without regard to the tax effects of other categories of income or loss, such as Other comprehensive (loss) income. However, an exception to this rule applies when there is a loss from continuing operations and income from items outside of continuing operations that must be considered. This exception requires that income from discontinued operations, extraordinary items, and items charged or credited directly to other comprehensive income be considered in determining the amount of tax benefit that results from a loss in continuing operations. This exception affects the allocation of the tax provision amongst categories of income.

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak recorded a deferred tax liability (net of related foreign tax credits) of \$213 million and \$374 million on the foreign subsidiaries' undistributed earnings for years ended December 31, 2013 and 2012, respectively. This deferred tax liability was fully offset by Kodak's U.S. valuation allowance. Kodak also recorded a deferred tax liability of \$23 million and \$42 million for the potential foreign withholding taxes on the undistributed earnings for years ended December 31, 2013 and 2012, respectively.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution. Management's ongoing assessments of the more-likely-than-not outcomes of these issues and related tax positions require judgment, and although management believes that adequate provisions have been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provisions would be reduced, thus having a positive impact on earnings.

### *Pension and Other Postretirement Benefits*

Kodak's defined benefit pension and other postretirement benefit costs and obligations are estimated using several key assumptions. These assumptions, which are reviewed at least annually by Kodak, include the discount rate, long-term expected rate of return on plan assets ("EROA"), salary growth, healthcare cost trend rate, mortality trends and other economic and demographic factors. Actual results that differ from Kodak's assumptions are recorded as unrecognized gains and losses and are amortized to earnings over the estimated future service period of the active participants in the plan or, if almost all of a plan's participants are inactive, the average remaining lifetime expectancy of inactive participants, to the extent such total net unrecognized gains and losses exceed 10% of the greater of the plan's projected benefit obligation or the calculated value of plan assets. Significant differences in actual experience or significant changes in future assumptions would affect Kodak's pension and other postretirement benefit costs and obligations.

Asset and liability modeling studies are utilized by Kodak to adjust asset exposures and review a liability hedging program through the use of forward looking correlation, risk and return estimates. Those forward looking estimates of correlation, risk and return generated from the modeling studies are also used to estimate the EROA. The EROA is estimated utilizing a forward-looking building block model factoring in the expected risk of each asset category, return and correlation over a five to seven year horizon, and weighting the exposures by the current asset allocation. Historical inputs are utilized in the forecasting model to frame the current market environment with adjustments made based on the forward looking view. Kodak aggregates investments into major asset categories based on the underlying benchmark of the strategy. Kodak's asset categories include broadly diversified exposure to U.S. and non-U.S. equities, U.S. and non-U.S. government and corporate bonds, inflation-linked bonds, commodities and absolute return strategies. Each allocation to these major asset categories is determined within the overall asset allocation to accomplish unique objectives, including enhancing portfolio return, providing portfolio diversification, or hedging plan liabilities.

The EROA, once set, is applied to the calculated value of plan assets in the determination of the expected return component of Kodak's pension expense. Kodak uses a calculated value of plan assets, which recognizes gains and losses in the fair value of assets over a four-year period, to calculate expected return on assets. At December 31, 2013, the calculated value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately \$5.0 billion and the fair value was approximately \$5.1 billion. Asset gains and losses that are not yet reflected in the calculated value of plan assets are not included in amortization of unrecognized gains and losses.



## Table of Contents

Kodak reviews its EROA assumption annually. To facilitate this review, every three years, or when market conditions change materially, Kodak's larger plans will undertake asset allocation or asset and liability modeling studies. The weighted average EROA used to determine net pension expense for major U.S. and non-U.S. defined benefit pension plans was 8.20% and 5.35% for the four months ended December 31, 2013 and 8.12% and 6.54% for the eight months ended August 31, 2013, respectively.

Generally, Kodak bases the discount rate assumption for its significant plans on high quality corporate bond yields in the respective countries as of the measurement date. Specifically, for its U.S. and Canadian plans, Kodak determines a discount rate using a cash flow model to incorporate the expected timing of benefit payments and an AA-rated corporate bond yield curve. For Kodak's U.S. plans, the Citigroup Above Median Pension Discount Curve is used. For Kodak's other non-U.S. plans, discount rates are determined by comparison to published local high quality bond yields or indices considering estimated plan duration and removing any outlying bonds, as warranted.

The salary growth assumptions are determined based on Kodak's long-term actual experience and future and near-term outlook. The healthcare cost trend rate assumptions are based on historical cost and payment data, the near-term outlook and an assessment of the likely long-term trends.

The following table illustrates the sensitivity to a change to certain key assumptions used in the calculation of expense for the year ending December 31, 2014 and the projected benefit obligation ("PBO") at December 31, 2013 for Kodak's major U.S. and non-U.S. defined benefit pension plans:

(in millions)	Impact on 2014 Pre-Tax Pension Expense Increase (Decrease)		Impact on PBO December 31, 2013 Increase (Decrease)	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in assumption:				
25 basis point decrease in discount rate	\$ (6)	\$ (1)	\$ 103	\$ 31
25 basis point increase in discount rate	5	1	(99)	(29)
25 basis point decrease in EROA	10	2	n/a	n/a
25 basis point increase in EROA	(10)	(2)	n/a	n/a

Total pension (income) expense from continuing operations before special termination benefits, curtailments and settlements for the major funded and unfunded defined benefit pension plans in the U.S. was \$(48) million and \$25 million for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively, and is expected to be approximately \$(100) million in 2014. Pension (income) expense from continuing operations before special termination benefits, curtailments and settlements for the major funded and unfunded non-U.S. defined benefit pension plans was \$(2) million and \$17 million for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively and is projected to be approximately \$(5) million in 2014. The shift from expense to income in the successor period of 2013 is expected to continue in 2014 and results primarily from the recognition of actuarial losses previously deferred as part of accumulated other comprehensive income with the application of fresh start accounting.

Kodak expects the expense, before curtailment and settlement gains and losses of its major other postretirement benefit plans, to be approximately \$5 million in 2014 as compared with expense (income) of \$1 million and \$(69) million for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively. The shift from income to expense in the successor period of 2013 is expected to continue in 2014 and results from the recognition of prior service credits previously deferred as part of accumulated other comprehensive income with the application of fresh start accounting.

### Environmental Commitments

Environmental liabilities are accrued based on undiscounted estimates of known environmental remediation responsibilities. The liabilities include accruals for sites owned or leased by Kodak, sites formerly owned or leased by Kodak, and other third-party sites where Kodak was designated as a potentially responsible party ("PRP"). The amounts accrued for such sites are based on these estimates, which are determined using the ASTM Standard E 2137-06, "Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters." The overall method includes the use of a probabilistic model that forecasts a range of cost estimates for the remediation required at individual sites. Kodak's estimate includes equipment and operating costs for investigations, remediation and long-term monitoring of the sites. Such estimates may be affected by changing determinations of what constitutes an environmental liability or an acceptable level of remediation. Kodak's estimate of its environmental liabilities may also change if the proposals to regulatory agencies for desired methods and outcomes of remediation are viewed as not acceptable, or additional exposures are identified. Kodak has an ongoing monitoring process to assess how activities, with respect to the known exposures, are progressing against the accrued cost estimates.

---

## Table of Contents

Additionally, in many of the countries in which Kodak operates, environmental regulations exist that require Kodak to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. Kodak records a liability equal to the estimated fair value of its obligation to perform asset retirement activities related to the asbestos, computed using an expected present value technique, when sufficient information exists to calculate the fair value.

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 1, “Basis of Presentation and Significant Accounting Policies,” in the Notes to Financial Statements in Item 8.

### KODAK OPERATING MODEL AND REPORTING STRUCTURE

As of December 31, 2013, Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The balance of Kodak’s continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other. Within each of Kodak’s reportable segments are various components, or Strategic Product Groups (“SPG’s”). Throughout the remainder of this document, references to the segments’ SPGs are indicated in italics.

**Graphics, Entertainment and Commercial Films Segment (“GECF”):** The Graphics, Entertainment and Commercial Films Segment consists of three SPGs, *Graphics*, *Entertainment & Commercial Films*, and *Intellectual Property & Brand Licensing*.

**Digital Printing and Enterprise Segment (“DP&E”):** The Digital Printing and Enterprise Segment consists of four SPGs, *Digital Printing*, *Packaging and Functional Printing*, *Enterprise Services & Solutions*, and *Consumer Inkjet Systems*.

**All Other:** All Other is composed of Kodak’s consumer film business and a utilities variable interest entity. Effective August 31, 2013 the Company sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED, a variable interest entity.

### *Change in Segment Measure of Profit and Loss*

During the second quarter of 2013, the Predecessor Company changed its segment measure of profit and loss to exclude amortization of prior service credits related to the U.S. Postretirement Benefit Plan. Prior to this change, Kodak excluded certain other components of pension and other postretirement benefit obligation (OPEB) costs from the segment measure of profitability. As a result of this change, the operating segment results now exclude the interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan, and special termination benefit, curtailment and settlement components of pension and OPEB expense. The service cost component for all plans will continue to be reported as a part of operating segment results, as will the amortization of prior service cost component for all plans other than for the U.S. Postretirement Benefit Plan. Prior period segment results have been revised to reflect this change.

Upon application of fresh start accounting, the Successor Company eliminated prior service credits related to the U.S. Postretirement Benefit Plan. Therefore, the four-month period ended December 31, 2013 does not include any amortization of prior service credits related to the U.S. Postretirement Benefit Plan.



## Table of Contents

### DETAILED RESULTS OF OPERATIONS

#### Net Sales from Continuing Operations by Reportable Segment (1)

	Successor	Predecessor				Predecessor		
	Four Months Ended December	Eight Months Ended August	Year Ended December 31,	Change vs. 2012 (Combined)	Foreign Currency Impact*	Year Ended December 31,	Change vs.	Foreign Currency Impact*
(in millions)	31, 2013	31, 2013	2012			2011	2011	
Graphics, Entertainment and Commercial Films								
Inside the U.S.	\$ 115	\$ 265	\$ 384	(1%)	0%	\$ 607	(37%)	0%
Outside the U.S.	404	722	1,296	(13%)	(2%)	1,734	(25%)	(3%)
Total Graphics, Entertainment and Commercial Films	\$ 519	\$ 987	\$ 1,680	(10%)	(1%)	\$ 2,341	(28%)	(2%)
Digital Printing and Enterprise								
Inside the U.S.	\$ 121	\$ 239	\$ 431	(16%)	0%	\$ 510	(15%)	0%
Outside the U.S.	163	280	508	(13%)	(2%)	589	(14%)	(3%)
Total Digital Printing and Enterprise	\$ 284	\$ 519	\$ 939	(14%)	(1%)	\$ 1,099	(15%)	(2%)
All Other								
Inside the U.S.	\$ —	\$ 11	\$ 37	(70%)	0%	\$ 45	(18%)	0%
Outside the U.S.	2	25	63	(57%)	(2%)	100	(37%)	5%
Total All Other	\$ 2	\$ 36	\$ 100	(62%)	(1%)	\$ 145	(31%)	3%
Consolidated								
Inside the U.S.	\$ 236	\$ 515	\$ 852	(12%)	0%	\$ 1,162	(27%)	0%
Outside the U.S.	569	1,027	1,867	(15%)	(2%)	2,423	(23%)	(3%)
Total Consolidated	\$ 805	\$ 1,542	\$ 2,719	(14%)	(1%)	\$ 3,585	(24%)	(2%)

\* Represents the percentage change in segment net sales for the period that is attributable to foreign currency fluctuations.

(1) Sales are reported based on the geographic area of destination.

## Table of Contents

### Segment (Loss) Earnings and Consolidated (Loss) Earnings from Continuing Operations Before Income Taxes

(in millions)	Successor	Predecessor		Change vs. 2012 (Combined)	Predecessor	Change vs. 2011
	Four Months Ended December	Eight Months	Year Ended		Year Ended	
	31, 2013	Ended August 31, 2013	December 31, 2012		December 31, 2011	
Graphics, Entertainment and Commercial Films	\$ (37)	\$ 5	\$ (210)	85%	\$ (8)	2,525%
Digital Printing and Enterprise	(59)	(37)	(280)	66%	(613)	54%
Total of reportable segments	(96)	(32)	(490)	74%	(621)	21%
All Other	(3)	—	(3)		8	
Restructuring costs and other	17	49	232		120	
Corporate components of pension and OPEB income (expense) (1)	67	43	(2)		61	
Other operating (expense) income, net	(2)	495	86		56	
Legal contingencies, settlements and other	(3)	—	1		—	
Loss on early extinguishment of debt, net	—	8	7		—	
Interest expense	22	106	139		138	
Other income (charges), net	12	(13)	21		(3)	
Reorganization items, net	16	(2,026)	843		—	
Consolidated (loss) earnings from continuing operations before income taxes	\$ (74)	\$ 2,356	\$ (1,610)	242%	\$ (757)	113%

- (1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

## Table of Contents

### RESULTS OF OPERATIONS—CONTINUING OPERATIONS

#### CONSOLIDATED

	Successor	Predecessor	Predecessor	Predecessor	Predecessor	Predecessor	Predecessor	Predecessor	Predecessor
	Four Months	Eight Months	Year Ended	% of	% Change	Year Ended	% of	% Change	
(in millions)	Ended December	Ended August	December 31,	Sales	vs. 2012	December 31,	Sales	vs. 2011	
	31, 2013	31, 2013	2012		(Combined)	2011			
		% of Sales							
		(Combined)							
Net sales	\$ 805	\$ 1,542	\$ 2,719		(14%)	\$ 3,585		(24%)	
Cost of sales	687	1,174	2,426			3,095			
Gross profit	118	368	293	11%	66%	490	14%	(40%)	
Selling, general and administrative expenses	114	297	637	23%	(35%)	859	24%	(26%)	
Research and development costs	33	66	168	6%	(41%)	195	5%	(14%)	
Restructuring costs and other	17	43	215	8%	(72%)	108	3%	99%	
Other operating expense (income), net	2	(495)	(85)	3%	480%	(56)	2%	52%	
(Loss) earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other income (charges), net, reorganization items, net and income taxes	(48)	457	(642)	(24%)	164%	(616)	(17%)	(4%)	
Interest expense	22	106	139	5%	(8%)	138	4%	1%	
Loss on early extinguishment of debt, net	—	8	7	—	14%	—	—	—	
Other income (charges), net	12	(13)	21	1%	(105%)	(3)	—	800%	
Reorganization items, net	16	(2,026)	843	31%	(338%)	—	—	—	
(Loss) earnings from continuing operations before income taxes	(74)	2,356	(1,610)	(59%)	242%	(757)	(21%)	(113%)	
Provision (benefit) for income taxes	8	155	(273)	(10%)	(160%)	(18)	(1%)	1,417%	
(Loss) earnings from continuing operations	(82)	2,201	(1,337)	(49%)	258%	(739)	(21%)	(81%)	
Earnings (loss) from discontinued operations, net of income taxes	4	(135)	(42)	(2%)	212%	(25)	(1%)	(68%)	
NET (LOSS) EARNINGS	(78)	2,066	(1,379)	(51%)	244%	(764)	(21%)	(80%)	
Less: Net loss attributable to noncontrolling interests	3	—	—	—	—	—	—	—	
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (81)	\$ 2,066	\$ (1,379)	(51%)	244%	\$ (764)	(21%)	(80%)	

	Year Ended December 31,		Percent Change vs. 2012 (Combined)			
	2013	Change vs.	Manufacturing			
(in millions)	(Combined)	2012	Volume	Price/Mix	Foreign	and Other
	Amount	(Predecessor)			Exchange	Costs
Net Sales	\$ 2,347	-14%	-17%	4%	-1%	n/a
Gross profit margin	21%	10pp	n/a	8pp	-1pp	3pp

	Year Ended December 31,		Percent Change vs. 2011			
	2012	Change vs.	Manufacturing			
(in millions)	Amount	2011	Volume	Price/Mix	Foreign	and Other
	(Predecessor)	(Predecessor)			Exchange	Costs
Net Sales	\$ 2,719	-24%	-15%	-7%	-2%	n/a
Gross profit margin	11%	-3pp	n/a	-2pp	-1pp	0pp

---

## Table of Contents

### Revenues

#### Current Year

For the year ended December 31, 2013, net sales decreased approximately 14% compared with the same period in 2012 primarily due to volume declines in each segment, partially offset by favorable price/mix within *Intellectual Property and Brand Licensing* (+3%) and *Entertainment Imaging and Commercial Films* (+2%) in the Graphics, Entertainment & Commercial Films Segment. The impact of the application of fresh start accounting was not material. See segment discussions below for additional information.

Included in revenues were non-recurring intellectual property licensing agreements. Such agreements contributed approximately \$38 million to revenues in 2013. There were no significant non-recurring intellectual property licensing agreements in 2012. However, there was a \$61 million license revenue reduction reflecting sharing, with licensees, of the withholding tax refund received in 2012 (refer to Note 17, “Income Taxes” for additional information).

#### Prior Year

For the year ended December 31, 2012, net sales decreased approximately 24% compared with the same period in 2011 primarily due to volume declines across all segments. Also included in the total decline was the \$61 million license revenue reduction reflecting sharing, with licensees, of the withholding tax refund received in the first quarter of 2012 (refer to Note 17, “Income Taxes” for additional information). Non-recurring intellectual property licensing agreements contributed \$82 million to revenues in 2011. See segment discussion below for additional information.

### Gross Profit

#### Current Year

The increase in gross profit percent from 2012 to 2013 was due to favorable price/mix in the Graphics, Entertainment and Commercial Films Segment (+4pp) primarily from intellectual property licensing and the Digital Printing and Enterprise Segment (+3pp). Also contributing to the increase was a reduction in pension and other postretirement benefit costs in the current year (+3pp) and other cost improvements from each segment (+3pp) partially offset by increased manufacturing and other costs due to the revaluation of inventory from the application of fresh start accounting (-3pp). See segment discussions below for additional details.

#### Prior Year

The decrease in gross profit percent from 2011 to 2012 was driven by unfavorable price/mix within the Graphics, Entertainment & Commercial Films Segment (-7pp) primarily attributable to the \$61 million licensing revenue reduction as noted above. This was partially offset by favorable price/mix within the DP&E segment, due to the focus on liquidity within *Consumer Inkjet Systems* (+4pp). See segment discussions below for additional details.

### Selling, General and Administrative Expenses

The decreases in consolidated selling, general and administrative expenses (SG&A) from 2012 to 2013 and 2011 to 2012 were the result of cost reduction actions. For 2012 to 2013 this included the change in strategy for *Consumer Inkjet Systems*.

### Research and Development Costs

The decreases in consolidated research and development costs (R&D) from 2012 to 2013 and 2011 to 2012 were primarily attributable to cost reduction actions resulting from focusing development activities on core products and certain products reaching the commercialization stage.

### Restructuring Costs and Other

These costs, as well as the restructuring costs reported in Cost of sales, are discussed under the “RESTRUCTURING COSTS AND OTHER” section in this MD&A.

### Other Operating Expense (Income), Net

For details, refer to Note 15, “Other Operating Expense (Income), Net.”

### Other Income (Charges), Net

For details, refer to Note 16, “Other Income (Charges), Net.”

## Table of Contents

### Reorganization Items, Net

For details, refer to Note 4, "Reorganization Items, Net."

### Income Tax Provision (Benefit)

(in millions)	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
(Loss) earnings from continuing operations before income taxes	\$ (74)	\$ 2,356	\$ (1,610)	\$ (757)
Provision (benefit) for income taxes	8	155	(273)	(18)
Effective tax rate	(11%)	7%	17%	2%
(Benefit) provision for income taxes @ 35%	(26)	825	(564)	(265)
Difference between tax @ effective vs statutory rate	34	(670)	291	247

(in millions)	Year Ended December 31, (Combined Amount)		
	2013	2012	2011
Earnings (loss) from continuing operations before income taxes	\$ 2,282	\$ (1,610)	\$ (757)
Provision (benefit) for income taxes	163	(273)	(18)
Effective tax rate	7%	17%	2%
Provision (benefit) for income taxes @ 35%	799	(564)	(265)
Difference between tax @ effective vs statutory rate	(636)	291	247

### Current Year

The change in Kodak's effective tax rate from continuing operations for 2013 as compared to 2012 is primarily attributable to: (1) a decrease as a result of income generated in the U.S., for which no provision was recognized, partially offset by an increase as a result of losses in certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (2) a benefit as a result of Kodak reaching a settlement with a taxing authority in a location outside the U.S. in the twelve months ended December 31, 2012, (3) an increase as a result of the establishment of a deferred tax asset valuation allowance in certain jurisdictions outside the U.S., (4) a benefit associated with the tax impact of the impairment of goodwill and intangibles recognized in the twelve months ended December 31, 2013, (5) a decrease as a result of a legislative tax rate change in a jurisdiction outside the U.S., (6) a provision as a result of withholding taxes on foreign dividends in the twelve months ended December 31, 2013, (7) an increase as a result of tax accounting impacts related to items reported in Accumulated other comprehensive loss in the Consolidated Statement of Financial Position, (8) a provision as a result of withholding taxes on the sale of intellectual property in the twelve months ended December 31, 2013, (9) a decrease associated with foreign withholding taxes on undistributed earnings, and (10) a benefit as a result of Kodak reaching a settlement with taxing authorities outside the U.S. in the twelve months ended December 31, 2012.

### Prior Year

The change in Kodak's effective tax rate from continuing operations for 2012 as compared with 2011 is primarily attributable to: (1) a benefit as a result of tax accounting impacts related to items reported in Accumulated other comprehensive loss in the Consolidated Statement of Financial Position as of December 31, 2012, (2) a benefit as a result of Kodak reaching a settlement with a taxing authority in a location outside the U.S. during the year ended December 31, 2012, (3) a benefit as a result of the U.S. Internal Revenue Service federal audit settlement for calendar years 2001 through 2005 during the year ended December 31, 2011, (4) a decrease as a result of foreign withholding taxes on undistributed earnings, (5) an increase as a result of Kodak reaching a settlement with taxing authorities outside the U.S., (6) an increase as a result of losses generated in the U.S. and certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (7) a decrease as a result of the establishment of a deferred tax asset valuation allowance in certain jurisdictions outside the U.S., and (8) a benefit as a result of the release of a deferred tax asset valuation allowance in a certain jurisdiction outside the U.S. during the year ended December 31, 2011.

---

## **Table of Contents**

### **Discontinued Operations**

Discontinued operations of Kodak include the Personalized and Document Imaging businesses, digital capture and devices business, Kodak Gallery, and other miscellaneous businesses. For details, refer to Note 26, “Discontinued Operations” for additional information.

## Table of Contents

### GRAPHICS, ENTERTAINMENT AND COMMERCIAL FILMS

	Successor	Predecessor		Predecessor			Predecessor		
	Four Months Ended	Eight Months Ended August 31,	% of Sales	Year Ended December 31,	% of	% Change	Year Ended December 31,	% of	% Change
(in millions)	December 31, 2013	2013	(Combined)	2012	Sales	vs. 2012 (Combined)	2011	Sales	vs. 2011
Net sales	\$ 519	\$ 987		\$ 1,680		(10%)	\$ 2,341		(28%)
Cost of sales	472	805		1,509		(15%)	1,853		(19%)
Gross profit	47	182	15%	171	10%	34%	488	21%	(65%)
Selling, general and administrative expenses	77	164	16%	341	20%	(29%)	439	19%	(22%)
Research and development costs	7	13	1%	40	2%	(50%)	57	2%	(30%)
Segment (loss) earnings	\$ (37)	\$ 5	(2%)	\$ (210)	(13%)	85%	\$ (8)	—	(2,525%)

	Year Ended December 31,		Percent Change vs. 2012 (Combined)				
(in millions)	2013 (Combined) Amount	Change vs. 2012 (Predecessor)	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs	
Net Sales	\$ 1,506	-10%	-16%	7%	-1%	n/a	
Gross profit margin	15%	5pp	n/a	6pp	-1pp	0pp	

	Year Ended December 31,		Percent Change vs. 2011				
(in millions)	2012 (Predecessor)	Change vs. 2011 (Predecessor)	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs	
Net Sales	\$ 1,680	-28%	-18%	-8%	-2%	n/a	
Gross profit margin	10%	-11pp	n/a	-10pp	0pp	-1pp	

### Revenues

#### Current Year

The decrease in the Graphics, Entertainment and Commercial Films Segment net sales of approximately 10% for the year ended December 31, 2013 was primarily due to volume declines within *Entertainment Imaging & Commercial Films* (-9%), largely attributable to reduced demand from movie studios, and within *Graphics* (-7%), largely attributable to lower demand for digital plates. Also contributing to the decline was unfavorable price/mix within *Graphics* (-2%) due to pricing pressures in the industry. Partially offsetting these declines was favorable price/mix within *Intellectual Property and Brand Licensing* (+6%) due to non-recurring intellectual property licensing agreements and within *Entertainment Imaging and Commercial Films* (+3%) due to pricing actions impacting the current year. The impact of the application of fresh start accounting was not material.

Included in revenues were non-recurring intellectual property licensing agreements. Such agreements contributed approximately \$38 million to revenues in 2013. There were no significant non-recurring intellectual property licensing agreements in 2012. However, there was a \$61 million licensing revenue reduction reflecting sharing, with licensees, of the withholding tax refund received in 2012 (refer to Note 17, "Income Taxes" for additional information).

#### Prior Year

The decrease in the Graphics, Entertainment and Commercial Films Segment net sales of approximately 28% for the year ended December 31, 2012 was primarily driven by volume declines within *Entertainment Imaging & Commercial Films* (-10%), largely attributable to reduced demand from movie studios, and within *Graphics* (-8%), largely attributable to lower demand. Also contributing to the revenue decline was lower revenue within *Intellectual Property and Brand Licensing* (-6%) due to the \$61 million license revenue reduction reflecting sharing, with licensees, of the withholding tax refund received in the first quarter of 2012 (refer to Note 17, "Income Taxes" for additional information).

Non-recurring intellectual property licensing agreements contributed \$82 million to revenues in 2011.

## Table of Contents

### Gross Profit

#### Current Year

The increase in the Graphics, Entertainment and Commercial Films Segment gross profit percent for the year ended December 31, 2013 was primarily driven by favorable price/mix within *Intellectual Property and Brand Licensing* (+5pp). Also contributing to the improvement was favorable price/mix within *Entertainment Imaging & Commercial Films* (+2pp) driven by the impact of pricing actions as noted above, and manufacturing and other cost improvements within *Graphics* (+4pp) due to productivity improvement initiatives. Partially offsetting these improvements was unfavorable price/mix within *Graphics* (-2pp) due to pricing pressures in the industry, and increased manufacturing and other costs within *Entertainment Imaging & Commercial Films* (-2pp) driven by lower production volumes. Manufacturing and other costs were also negatively impacted by the revaluation of inventory from the application of fresh start accounting (-2pp).

#### Prior Year

The decrease in the Graphics, Entertainment and Commercial Films Segment gross profit percent for the year ended December 31, 2012 was due to unfavorable price/mix, primarily in *Intellectual Property and Brand Licensing* (-5pp) due to the \$61 million licensing revenue reduction as noted above, and in *Graphics* (-1pp) largely due to competitive pricing within the prepress solutions industry. Also contributing to the decline was increased costs within *Entertainment Imaging & Commercial Films* (-1pp) driven by lower production volumes.

### Selling, General and Administrative Expenses

The decreases in SG&A from 2012 to 2013 and 2011 to 2012 were primarily the result of cost reduction actions.

### Research and Development Costs

The decreases in R&D from 2012 to 2013 and 2011 to 2012 were primarily attributable to cost reduction actions resulting from focused development activities on core products.

## DIGITAL PRINTING AND ENTERPRISE

	<u>Successor</u>	<u>Predecessor</u>		<u>Predecessor</u>			<u>Predecessor</u>		
	<u>Four Months</u>	<u>Eight Months</u>		<u>Year Ended</u>	<u>% of</u>	<u>% Change</u>	<u>Year Ended</u>	<u>% of</u>	<u>% Change</u>
(in millions)	<u>Ended December</u>	<u>Ended August</u>	<u>% of Sales</u>	<u>December</u>	<u>Sales</u>	<u>vs. 2012</u>	<u>December</u>	<u>Sales</u>	<u>vs. 2011</u>
	<u>31, 2013</u>	<u>31, 2013</u>	<u>(Combined)</u>	<u>31, 2012</u>		<u>(Combined)</u>	<u>31, 2011</u>		
Net sales	\$ 284	\$ 519		\$ 939		(14%)	\$ 1,099		(15%)
Cost of sales	243	373		813		(24%)	1,139		(29%)
Gross profit	41	146	23%	126	13%	48%	(40)	(4%)	415%
Selling, general and administrative expenses	67	128	24%	274	29%	(29%)	410	37%	(33%)
Research and development costs	33	55	11%	132	14%	(33%)	163	15%	(19%)
Segment loss	<u>\$ (59)</u>	<u>\$ (37)</u>	(12%)	<u>\$ (280)</u>	(30%)	66%	<u>\$ (613)</u>	(56%)	54%



## Table of Contents

	Year Ended December 31,		Percent Change vs. 2012 (Combined)			
	2013 (Combined) Amount	Change vs. 2012 (Predecessor)	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
(in millions)						
Net Sales	\$ 803	-14%	-13%	—	-1%	n/a
Gross profit margin	23%	10pp	n/a	11pp	0pp	-1pp

	Year Ended December 31,		Percent Change vs. 2011			
	2012 (Predecessor)	Change vs. 2011 (Predecessor)	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
(in millions)						
Net Sales	\$ 939	-15%	-14%	1%	-2%	n/a
Gross profit margin	13%	17pp	n/a	14pp	-1pp	4pp

## Revenues

### Current Year

The decrease in the Digital Printing and Enterprise Segment net sales of approximately 14% for the year ended December 31, 2013 was primarily attributable to volume declines within *Consumer Inkjet Systems*, driven by lower consumer printer sales, due to the discontinuance of printer production (-7%), and lower sales of ink to the existing installed base of printers (-6%). The impact of the application of fresh start accounting was not material.

### Prior Year

The decrease in the Digital Printing and Enterprise Segment net sales of approximately 15% for the year ended December 31, 2012 was driven by volume declines within *Digital Printing* attributable to lower placements of commercial equipment (-6%), and within *Consumer Inkjet Systems* (-7%) driven by lower consumer printer sales. Partially offsetting these declines was favorable price/mix within *Consumer Inkjet Systems* (+3%) due to pricing actions in 2012.

## Gross Profit

### Current Year

The increase in the Digital Printing and Enterprise Segment gross profit percent for year ended December 31, 2013 was primarily due to favorable price/mix within *Consumer Inkjet Systems* due to a greater proportion of consumer ink sales in the current year (+10pp). Increased manufacturing and other costs due to the revaluation of inventory from the application of fresh start accounting (-5pp) was largely offset by cost reductions within *Digital Printing* (+3pp) due to increase in scale and productivity improvement initiatives.

### Prior Year

The increase in the Digital Printing and Enterprise Segment gross profit percent for the year ended December 31, 2012 was primarily due to favorable price/mix within *Consumer Inkjet Systems* (+14pp), due to a greater proportion of consumer ink sales and pricing actions in 2012. Also contributing to the increase in gross profit percent were cost reductions within *Digital Printing* (+3pp), primarily driven by improved inventory management as Kodak continued to focus on liquidity.

## Selling, General and Administrative Expenses

The decreases in SG&A from 2012 to 2013 and 2011 to 2012 were the result of cost reduction actions. For 2012 to 2013 this included the change in strategy for *Consumer Inkjet Systems*.

## Research and Development Costs

The decreases in R&D from 2012 to 2013 and 2011 to 2012 were primarily attributable to cost reduction actions resulting from focusing development activities on core products and certain products reaching the commercialization stage.

**RESTRUCTURING COSTS AND OTHER****2013**

Restructuring actions taken in 2013 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability. Actions included manufacturing capacity reductions in the U.S. and the U.K., the continued wind down of the consumer inkjet printer business, a workforce reduction in France, and various targeted reductions in service, sales, and other administrative functions.

As a result of these actions, for the four months ended December 31, 2013 Kodak recorded \$17 million of charges reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. For the eight months ended August 31, 2013, Kodak recorded \$52 million of charges, including \$4 million for accelerated depreciation and \$2 million for inventory write-downs which were reported in Cost of sales, \$43 million reported as Restructuring costs and other and \$3 million which were reported as Discontinued operations in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The Company made cash payments related to restructuring of approximately \$18 million and \$80 million for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively.

The charges of \$17 million recorded for the four months ended December 31, 2013 included \$1 million applicable to the Digital Printing and Enterprise Segment, \$8 million applicable to the Graphics, Entertainment and Commercial Films Segment, and \$8 million applicable to manufacturing, research and development, and administrative functions. The charges of \$52 million recorded for the eight months ended August 31, 2013 included \$5 million applicable to the Digital Printing and Enterprise Segment, \$22 million applicable to the Graphics, Entertainment and Commercial Films Segment, \$22 million applicable to manufacturing, research and development, and administrative functions and \$3 million applicable to discontinued operations.

The restructuring actions implemented in 2013 are expected to generate future annual cash savings of approximately \$69 million. These savings are expected to reduce future annual Cost of sales and SG&A by \$37 million and \$32 million, respectively. Kodak began realizing a portion of these savings in 2013, and expects the majority of the annual savings to be in effect by the second half of 2014 as actions are completed.

**2012**

For the year ended December 31, 2013, Kodak recorded \$271 million of charges during 2012, including \$13 million of charges for accelerated depreciation and \$4 million of charges for inventory write-downs, which were reported in Cost of sales in the accompanying Consolidated Statement of Operations for the year ended December 31, 2012, and \$39 million that was reported as discontinued operations. The remaining \$215 million of charges were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations for the year ended December 31, 2012.

**2011**

For the year ended December 31, 2011, Kodak incurred restructuring charges of \$133 million. The \$133 million of restructuring charges included \$10 million of costs related to accelerated depreciation and \$2 million of charges for inventory write-downs, which were reported in Cost of sales in the accompanying Consolidated Statement of Operations, and \$13 million which was reported as discontinued operations. The remaining charges of \$108 million were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations for the year ended December 31, 2011.

## Table of Contents

### LIQUIDITY AND CAPITAL RESOURCES

2013

(in millions)	As of December 31,	
	Successor 2013	Predecessor 2012
Cash and cash equivalents	\$ 844	\$ 1,135

Sources and uses of cash at emergence (including divestiture of the Personalized Imaging and Document Imaging businesses) follow:

(in millions)	
<b>Sources:</b>	
Net Proceeds from Emergence Credit Facilities	\$ 664
Proceeds from divestiture	325
Proceeds from Rights Offerings	406
Total sources	\$1,395
<b>Uses:</b>	
Repayment of Junior DIP Term Loan	\$ 844
Repayment of Second Lien Notes	375
Claims paid at emergence	94
Funding of escrow accounts	113
Other fees & expenses	16
Total uses	\$1,442
Net uses	\$ (47)

### Cash Flow Activity

(in millions)	Successor Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013	Predecessor Year Ended December 31, 2012	Computed Change vs 2012 (2013 Combined)
<b>Cash flows from operating activities:</b>				
Net cash used in operating activities	\$ (98)	\$ (565)	\$ (289)	\$ (374)
<b>Cash flows from investing activities:</b>				
Net cash provided by investing activities	81	679	52	708
<b>Cash flows from financing activities:</b>				
Net cash (used in) provided by financing activities	(42)	(328)	508	(878)
Effect of exchange rate changes on cash	5	(23)	3	(21)
Net (decrease) increase in cash and cash equivalents	\$ (54)	\$ (237)	\$ 274	\$ (565)

### Operating Activities

Net cash used in operating activities increased \$374 million for the year ended December 31, 2013 as compared with the prior year due to emergence related cash outflows and less cash being provided by working capital changes as compared to the prior year, partially offset by earnings improvement.

### Investing Activities

Net cash provided by investing activities increased \$708 million for the year ended December 31, 2013 as compared with the prior year, primarily due to the increase in proceeds from sales of businesses/assets of \$746 million. The sale of the digital imaging patent portfolio contributed approximately \$530 million in the current year. The sale of the Personalized Imaging and Document Imaging businesses contributed \$290 million to investing activities in the current year. Partially offsetting these increases was the net funding of restricted cash and

investment accounts of \$41 million.

---

## **Table of Contents**

### ***Financing Activities***

Net cash used in financing activities increased \$878 million for the year ended December 31, 2013 as compared with the prior year due to the net pay-down of debt in the current year period of approximately \$810 million compared with borrowing under the Original Senior DIP Credit Agreement in the prior year. Partially offsetting the increased cash used in financing activities were the proceeds from the Rights Offering of \$406 million and \$35 million of contingent cash received related to the sale of the Personalized Imaging and Document Imaging businesses in the current year.

---

## Table of Contents

### *Sources of Liquidity*

Available liquidity includes cash balances and the unused portion of the ABL Credit Agreement. The ABL Credit Agreement had \$49 million of net availability as of December 31, 2013. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At December 31, 2013 and December 31, 2012, approximately \$307 million and \$324 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$537 million and \$811 million, respectively, of cash and cash equivalents were held outside the U.S. Cash balances held outside of the U.S. are generally required to support local country operations, may have high tax costs, or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Additionally, in China, where approximately \$254 million of cash and cash equivalents were held as of December 31, 2013, there are limitations related to net asset balances that impact the ability to make cash available to other jurisdictions in the world. Under the terms of the Company's Credit Agreements, the Company is permitted to invest up to \$100 million at any time in subsidiaries that are not party to the loan agreement.

As defined in each of the Company's Term Credit Agreements, the Company is required to prepay loans with net proceeds from asset sales, recovery events or issuance of indebtedness, subject to, in the case of net proceeds received from asset sales or recovery events, reinvestment rights by the Company in assets used or usable by the business within certain time limits. On an annual basis, starting with the fiscal year ending on December 31, 2014, the Company will prepay on June 30 of the following fiscal year loans in an amount equal to a percentage of Excess Cash Flow ("ECF") as defined in each of the Term Credit Agreements, provided no such prepayment is required if such prepayment would cause U.S. liquidity (as defined in each of the Term Credit Agreements) to be less than \$100 million. Any mandatory prepayments as described above shall be reduced by any mandatory prepayments of the first lien loan.

The Company's Credit Agreements limit, among other things, the Company's and its subsidiary guarantors' ability to (i) incur indebtedness, (ii) incur or create liens, (iii) dispose of assets, (iv) make restricted payments and (v) make investments. Under the Company's Term Credit Agreements, the Company is required to maintain minimum U.S. Liquidity (as defined therein) through 2014 and starting December 31, 2014, tested on a quarterly basis, Net Secured Leverage (as defined therein) not to exceed specified levels. Under the ABL Credit Agreement, if Excess Availability (as defined therein) is less than 15% of commitments available, the Company would be required to maintain a minimum Fixed Charge Coverage Ratio (as defined therein). Kodak was in compliance with all covenants under the Company's Term Credit Agreements and the ABL Credit Agreement as of December 31, 2013.

During 2013 and 2012, Kodak made contributions (funded plans) or paid benefits (unfunded plans) of \$34 million and \$153 million, respectively, relating to its major defined benefit pension and other postretirement benefit plans. The decline in contributions in 2013 from 2012 is primarily due to the discontinuation of U.S. retiree medical, dental, life insurance, and survivor income benefits (other than COBRA continuation coverage or conversion rights as required by the applicable benefit plans or applicable law) in 2013. Kodak estimates contributions and benefit payments relating to its major defined benefit pension and other postretirement benefit plans in 2014 of \$26 million.

Cash flows from investing activities included \$21 million and \$18 million for capital expenditures for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively. Kodak expects approximately \$50 million of cash flows for investing activities from capital expenditures for the year ended December 31, 2014. Additionally, Kodak intends to utilize a variety of methods to finance customer equipment purchases in the future, including expansion of third party finance programs and internal financing through both leasing and installment loans.

Kodak believes that its liquidity position is adequate to fund its operating and investing needs and to provide the flexibility to respond to further changes in the business environment. See "Item 1A. Risk Factors" for a discussion of potential challenges to liquidity.

Refer to Note 11, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements for further discussion of long-term debt, related maturities and interest rates as of December 31, 2013 and December 31, 2012.

## Table of Contents

### Contractual Obligations

The impact that contractual obligations are expected to have on Kodak's cash flow in future periods is as follows:

(in millions)	Total	As of December 31, 2013					
		2014	2015	2016	2017	2018	2019+
Long-term debt (1)	\$ 693	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$673
Interest payments on debt	401	65	64	64	64	64	80
Operating lease obligations	95	28	20	15	12	8	12
Purchase obligations (2)	81	61	11	3	2	2	2
Total (3) (4) (5)	<u>\$1,270</u>	<u>\$158</u>	<u>\$99</u>	<u>\$86</u>	<u>\$82</u>	<u>\$78</u>	<u>\$767</u>

- (1) Represents the maturity values of Kodak's long-term debt obligations as of December 31, 2013. Annual amounts represent minimum mandatory principal payments. Starting in 2015 annual prepayments equal to a percentage of excess cash flow, as defined in each of the term credit agreements, may be required. Other prepayments may be required upon the occurrence of certain events. Refer to Note 11, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements.
- (2) Purchase obligations include agreements related to raw materials, supplies, production and administrative services, as well as marketing and advertising, that are enforceable and legally binding on Kodak and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty. The terms of these agreements cover the next one to five years.
- (3) Due to uncertainty regarding the completion of tax audits and possible outcomes, an estimate of the timing of payments related to uncertain tax positions and interest cannot be made. See Note 17, "Income Taxes," in the Notes to Financial Statements for additional information regarding Kodak's uncertain tax positions.
- (4) Funding requirements for Kodak's major defined benefit retirement plans and other postretirement benefit plans have not been determined, therefore, they have not been included.
- (5) Because timing of their future cash outflows are uncertain, the other long-term liabilities presented in Note 10, "Other Long-Term Liabilities," in the Notes to Financial Statements are excluded from this table.



## Table of Contents

### Off-Balance Sheet Arrangements

Kodak guarantees debt and other obligations of certain customers. The debt and other obligations are primarily due to banks and leasing companies in connection with financing of customers' purchases of equipment and product from Kodak. At December 31, 2013, the maximum potential amount of future payments (undiscounted) that Kodak could be required to make under these customer-related guarantees was \$14 million and the carrying amount of the liability related to these customer guarantees was not material.

The customer financing agreements and related guarantees, which mature between 2014 and 2017, typically have a term of 90 days for product and short-term equipment financing arrangements, and up to five years for long-term equipment financing arrangements. These guarantees would require payment from Kodak only in the event of default on payment by the respective debtor. In some cases, particularly for guarantees related to equipment financing, Kodak has collateral or recourse provisions to recover and sell the equipment to reduce any losses that might be incurred in connection with the guarantees. However, any proceeds received from the liquidation of these assets may not cover the maximum potential loss under these guarantees.

EKC also guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed, and the outstanding amount for those guarantees, is \$79 million.

Kodak issues indemnifications in certain instances when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Further, the Company indemnifies its directors and officers who are, or were, serving at the Company's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Additionally, the fair value of the indemnifications that Kodak issued during the year ended December 31, 2013 was not material to Kodak's financial position, results of operations or cash flows.

## 2012

### Cash Flow Activity

	As of December 31,	
	Predecessor	Predecessor
(in millions)	2012	2011
Cash and cash equivalents	\$ 1,135	\$ 861

	Predecessor Year Ended December 31,	Predecessor Year Ended December 31,	Change
	2012	2011	
(in millions)			
<u>Cash flows from operating activities:</u>			
Net cash used in operating activities	\$ (289)	\$ (1,025)	\$ 736
<u>Cash flows from investing activities:</u>			
Net cash provided by investing activities	52	2	50
<u>Cash flows from financing activities:</u>			
Net cash provided by financing activities	508	246	262
Effect of exchange rate changes on cash	3	14	(11)
Net increase (decrease) in cash and cash equivalents	\$ 274	\$ (763)	\$1,037

---

## **Table of Contents**

### ***Operating Activities***

Net cash used in operating activities decreased \$736 million for the year ended December 31, 2012 as compared with the prior year, primarily due to non-payment of pre-petition liabilities. Partially offsetting this improvement was the incremental payment of reorganization and restructuring costs of approximately \$195 million in the current year.

### ***Investing Activities***

Net cash provided by investing activities increased \$50 million for the year ended December 31, 2012 as compared with the prior year, due to decreases in 2012 capital expenditures of \$59 million, as well as cash used for a business acquisition in 2011 of \$27 million and the funding of a restricted cash account of \$22 million in 2011. Partially offsetting these cash improvements was a decrease in proceeds from the sales of businesses/assets of \$63 million.

### ***Financing Activities***

Net cash provided by financing activities increased \$262 million for the year ended December 31, 2012 as compared with the prior year, due to the net borrowing increase of \$256 million in the current year, driven by the first quarter net borrowing increase, and the proceeds from the sale and leaseback of a property in Mexico in the first quarter for approximately \$41 million. Partially offsetting these increases was an increase in reorganization items of \$41 million.

### ***Other***

Refer to Note 12, "Commitments and Contingencies" in the Notes to Financial Statements for discussion regarding Kodak's undiscounted liabilities for environmental remediation costs, and other commitments and contingencies including legal matters.

---

## Table of Contents

### CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report on Form 10-K, includes “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include statements concerning the Company’s plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs, business trends, and other information that is not historical information. When used in this document, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “predicts,” “forecasts,” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management’s examination of historical operating trends and data are based upon the Company’s expectations and various assumptions. Future events or results may differ from those anticipated or expressed in these forward-looking statements. Important factors that could cause actual events or results to differ materially from these forward-looking statements include, among others, the risks and uncertainties described in more detail in this report on Form 10-K under the headings “Business,” “Risk Factors,” and/or “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources,” and those described in filings made by the Company with the U.S. Bankruptcy Court for the Southern District of New York and in other filings the Company makes with the SEC from time to time, as well as the following: the Company’s ability to improve and sustain its operating structure, financial results and profitability; the ability of the Company to achieve cash forecasts, financial projections, and projected growth; our ability to achieve the financial and operational results contained in our business plans; the ability of the Company to discontinue or sell certain non-core businesses or operations; the Company’s ability to comply with the covenants in its credit facilities; our ability to obtain additional financing if and as needed; the potential adverse effects of the concluded Chapter 11 proceedings on the Company’s brand or business prospects; the Company’s ability to fund continued investments, capital needs, restructuring payments and service its debt; changes in foreign currency exchange rates, commodity prices and interest rates; the resolution of claims against the Company; our ability to attract and retain key executives, managers and employees; our ability to maintain product reliability and quality and growth in relevant markets; our ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; and the impact of the global economic environment on the Company. There may be other factors that may cause the Company’s actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this report on Form 10-K and are expressly qualified in their entirety by the cautionary statements included in this document. The Company undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

### SUMMARY OF OPERATING DATA

A summary of operating data for 2013 and for the four years prior is shown on page 22.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Kodak, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates, commodity prices, and interest rates, which may adversely affect its results of operations and financial position. In seeking to minimize the risks associated with such activities, Kodak may enter into derivative contracts. Kodak does not utilize financial instruments for trading or other speculative purposes. Foreign currency forward contracts are used to hedge existing foreign currency denominated assets and liabilities, especially those of Kodak’s International Treasury Center, as well as forecasted foreign currency denominated intercompany sales. Silver forward contracts are used to mitigate Kodak’s risk to fluctuating silver prices. Kodak’s exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Long-term debt is generally used to finance long-term investments, while short-term debt is used to meet working capital requirements.

Using a sensitivity analysis based on estimated fair value of open foreign currency forward contracts using available forward rates, if the U.S. dollar had been 10% weaker at December 31, 2013 and 2012, the fair value of open forward contracts would have decreased \$13 million and \$21 million, respectively. Such changes in fair value would be substantially offset by the revaluation or settlement of the underlying positions hedged.

There were no open silver forward contracts as of December 31, 2013 or as of December 31, 2012. Kodak is exposed to interest rate risk primarily through its borrowing activities. Kodak may utilize borrowings to fund its working capital and investment needs. The majority of short-term and long-term borrowings are in variable-rate instruments. There is inherent roll-over risk for borrowings and marketable securities as they mature and are renewed at current market rates. The extent of this risk is not predictable because of the variability of future interest rates and business financing requirements.

---

## Table of Contents

Kodak's borrowings are in variable-rate instruments with an interest rate floor. See Note 11, "Short-term borrowings and long-term debt" in the Notes to Financial Statements. At December 31, 2013, the one-month LIBOR rate was approximately 0.17%. If LIBOR rates were to rise above the 1% and 1.25% floors for the Term Credit Agreements, interest expense would increase approximately \$7 million for each 1% of LIBOR above the floor (\$693 million debt times 1%). Using a sensitivity analysis based on estimated fair value of short-term and long-term borrowings, if available market interest rates had been 10% (about 187 basis points) lower at December 31, 2012, the fair value of short-term and long-term borrowings would have increased \$1 million and \$37 million, respectively.

Kodak's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. Kodak manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. Kodak has procedures to monitor the credit exposure amounts. The maximum credit exposure at December 31, 2013 was not significant to Kodak.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Eastman Kodak Company and its subsidiaries (Successor Company) at December 31, 2013 and the results of their operations and their cash flows for the period from September 1, 2013 to December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) for the period from September 1, 2013 through December 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the Company's revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (as revised, the "Plan") on August 23, 2013. Confirmation of the plan resulted in the discharge of certain claims against the Company that arose before January 19, 2012 and substantially alters rights and interests of equity security holders as provided for in the plan. The plan was substantially consummated on September 3, 2013 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting as of September 1, 2013.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**/s/ PricewaterhouseCoopers LLP**

Rochester, New York  
March 19, 2014

---

## Table of Contents

### Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Eastman Kodak Company and its subsidiaries (Predecessor Company) at December 31, 2012 and the results of their operations and their cash flows for the period from January 1, 2013 to August 31, 2013, and for each of the two years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) for each of the two years in the period ended December 31, 2012 and the period from January 1, 2013 through August 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company filed a petition on January 19, 2012 with the United States Bankruptcy Court for the Southern District of New York for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company's revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (as revised, the "Plan") was substantially consummated on September 3, 2013 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

**/s/ PricewaterhouseCoopers LLP**

Rochester, New York  
March 19, 2014

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended	Year Ended	Year Ended
	December 31, 2013	August 31, 2013	December 31, 2012	December 31, 2011
Net Sales				
Products	\$ 664	\$ 1,227	\$ 2,313	\$ 2,959
Services	133	279	454	500
Licensing & royalties	8	36	(48)	126
Total net sales	\$ 805	\$ 1,542	\$ 2,719	\$ 3,585
Cost of sales				
Products	\$ 581	\$ 955	\$ 2,039	\$ 2,668
Services	106	219	387	427
Total cost of sales	\$ 687	\$ 1,174	\$ 2,426	\$ 3,095
Gross profit	\$ 118	\$ 368	\$ 293	\$ 490
Selling, general and administrative expenses	114	297	637	859
Research and development costs	33	66	168	195
Restructuring costs and other	17	43	215	108
Other operating expense (income), net	2	(495)	(85)	(56)
(Loss) earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other income (charges), net, reorganization items, net and income taxes	(48)	457	(642)	(616)
Interest expense	22	106	139	138
Loss on early extinguishment of debt, net	—	8	7	—
Other income (charges), net	12	(13)	21	(3)
Reorganization items, net	16	(2,026)	843	—
(Loss) earnings from continuing operations before income taxes	(74)	2,356	(1,610)	(757)
Provision (benefit) for income taxes	8	155	(273)	(18)
(Loss) earnings from continuing operations	(82)	2,201	(1,337)	(739)
Earnings (loss) from discontinued operations, net of income taxes	4	(135)	(42)	(25)
NET (LOSS) EARNINGS	(78)	2,066	(1,379)	(764)
Less: Net income attributable to noncontrolling interests	3	—	—	—
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (81)	\$ 2,066	\$ (1,379)	\$ (764)
Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:				
Continuing operations	\$ (2.04)	\$ 8.08	\$ (4.92)	\$ (2.75)
Discontinued operations	0.10	(0.50)	(0.15)	(0.09)
Total	\$ (1.94)	\$ 7.58	\$ (5.07)	\$ (2.84)
Number of common shares used in basic and diluted (loss) earnings per share	41.7	272.7	271.8	269.1

The accompanying notes are an integral part of these consolidated financial statements.



## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME (in millions)

	Successor	Predecessor		
	Four Months Ended December	Eight Months Ended August	Year Ended December 31,	Year Ended December 31,
	31, 2013	31, 2013	2012	2011
NET (LOSS) EARNINGS	\$ (78)	\$ 2,066	\$ (1,379)	\$ (764)
Other comprehensive income (loss), net of tax:				
Unrealized gains on available-for-sale securities net of tax of \$0 for all periods presented	—	—	—	1
Realized and unrealized gains (losses) from hedging activity, net of tax of \$0 for the four months ended December 31, 2013, the eight months ended August 31, 2013 and the year ended December 31, 2011 and \$2 for the year ended December 31, 2012	—	—	(1)	5
Reclassification adjustment for hedging—related gains (losses) included in net earnings, net of tax of \$0 for the four months ended December 31, 2013, the eight months ended August 31, 2013 and the year ended December 31, 2011 and \$2 for the year ended December 31, 2012	—	—	5	(14)
Currency translation adjustments	1	4	(14)	18
Pension and other postretirement benefit plan obligation activity, net of tax of \$3, \$462, \$146 and \$71 for the four months ended December 31, 2013, the eight months ended August 31, 2013 and the years ended December 31, 2012 and December 31, 2011, respectively.	98	1,604	60	(541)
Total comprehensive income (loss), net of tax	21	3,674	(1,329)	(1,295)
Less: comprehensive income attributable to noncontrolling interest	(3)	—	—	—
COMPREHENSIVE INCOME (LOSS), NET OF TAX ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 24	\$ 3,674	\$ (1,329)	\$ (1,295)

The accompanying notes are an integral part of these consolidated financial statements.

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in millions)

	<u>Successor</u> <u>December 31, 2013</u>	<u>Predecessor</u> <u>December 31, 2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 844	\$ 1,135
Receivables, net	571	611
Inventories, net	358	420
Deferred income taxes	48	75
Assets held for sale	95	578
Other current assets	55	24
Total current assets	1,971	2,843
Property, plant and equipment, net of accumulated depreciation of \$67 and \$3,754, respectively	684	607
Goodwill	88	132
Intangible assets, net	219	61
Restricted cash	79	56
Deferred income taxes	54	470
Other long-term assets	105	152
<b>TOTAL ASSETS</b>	<b>\$ 3,200</b>	<b>\$ 4,321</b>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable, trade	\$ 281	\$ 355
Short-term borrowings and current portion of long-term debt	4	699
Other current liabilities	562	814
Liabilities held for sale	38	1,781
Total current liabilities	885	3,649
Long-term debt, net of current portion	674	740
Pension and other postretirement liabilities	572	506
Other long-term liabilities	421	395
Liabilities subject to compromise	—	2,708
Total liabilities	2,552	7,998
Commitments and contingencies (Note 12)		
<b>Equity (Deficit)</b>		
Predecessor common stock, \$2.50 par value	—	978
Successor common stock, \$0.01 par value	—	—
Additional paid in capital	613	1,105
(Accumulated deficit) retained earnings	(81)	2,600
Accumulated other comprehensive income (loss)	99	(2,616)
	631	2,067
Less: Treasury stock, at cost	(3)	(5,746)
Total Eastman Kodak Company shareholders' equity (deficit)	628	(3,679)
Noncontrolling interests	20	2
Total equity (deficit)	648	(3,677)
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>\$ 3,200</b>	<b>\$ 4,321</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF EQUITY (DEFICIT) (in millions, except share data)

	Eastman Kodak Company Shareholders							
	Common	Additional	Retained	Accumulated	Treasury	Total	Noncontrolling	
	Stock	Paid in Capital	Earnings (Accumulated Deficit)	Other Comprehensive Income (Loss)			Interests	Total
Equity (deficit) as of December 31, 2010 (Predecessor)	\$ 978	\$ 1,105	\$ 4,969	\$ (2,135)	\$ (5,994)	\$(1,077)	\$ 2	\$(1,075)
Net Loss	—	—	(764)	—	—	(764)	—	(764)
Other comprehensive loss:								
Unrealized gains arising from hedging activity (\$5 million pre-tax)	—	—	—	5	—	5	—	5
Unrealized gains on available-for-sale securities (\$1 million pre-tax)	—	—	—	1	—	1	—	1
Reclassification adjustment for hedging related gains included in net earnings (\$14 million pre-tax)	—	—	—	(14)	—	(14)	—	(14)
Currency translation adjustments	—	—	—	18	—	18	—	18
Pension and other postretirement liability adjustments (\$612 million pre-tax)	—	—	—	(541)	—	(541)	—	(541)
Total other comprehensive loss	—	—	—	(531)	—	(531)	—	(531)
Stock-based compensation	—	20	—	—	—	20	—	20
Issuance of treasury stock, net (2,326,209 shares) (1)	—	(16)	(127)	—	143	—	—	—
Unvested stock issuances (154,696 shares)	—	(1)	(7)	—	8	—	—	—
Equity (deficit) as of December 31, 2011 (Predecessor)	<u>\$ 978</u>	<u>\$ 1,108</u>	<u>\$ 4,071</u>	<u>\$ (2,666)</u>	<u>\$ (5,843)</u>	<u>\$(2,352)</u>	<u>\$ 2</u>	<u>\$(2,350)</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF EQUITY (DEFICIT) (Continued)

(in millions, except share data)

	Eastman Kodak Company Shareholders						Noncontrolling	
	Common	Additional	Retained	Accumulated	Treasury	Total		
	Stock	Paid in Capital	(Accumulated Deficit)	Other Comprehensive Income (Loss)	Stock	Total	Interests	Total
Equity (deficit) as of December 31, 2011 (Predecessor)	\$ 978	\$ 1,108	\$ 4,071	\$ (2,666)	\$ (5,843)	\$(2,352)	\$ 2	\$(2,350)
Net income	—	—	(1,379)	—	—	(1,379)	—	(1,379)
Other comprehensive income:								
Unrealized loss arising from hedging activity (\$2 million pre-tax)	—	—	—	(1)	—	(1)	—	(1)
Reclassification adjustment for hedging related losses included in net earnings (\$0 million pre-tax)	—	—	—	5	—	5	—	5
Currency translation adjustments	—	—	—	(14)	—	(14)	—	(14)
Pension and other postretirement liability adjustments (\$206 million pre-tax)	—	—	—	60	—	60	—	60
Total other comprehensive income	—	—	—	50	—	50	—	50
Stock-based compensation	—	2	—	—	—	2	—	2
Issuance of treasury stock, net (994,037 shares) (1)	—	(5)	(92)	—	97	—	—	—
Equity (deficit) as of December 31, 2012 (Predecessor)	\$ 978	\$ 1,105	\$ 2,600	\$ (2,616)	\$ (5,746)	\$(3,679)	\$ 2	\$(3,677)
Net income	—	—	2,066	—	—	2,066	—	2,066
Other comprehensive income:								
Currency translation adjustments	—	—	—	4	—	4	—	4
Pension and other postretirement liability adjustments (\$2,066 pre-tax)	—	—	—	1,604	—	1,604	—	1,604
Total other comprehensive income	—	—	—	1,608	—	1,608	—	1,608
Stock-based compensation	—	3	—	—	—	3	—	3
Issuance of treasury stock, net (446,501 shares) (1)	—	(3)	(32)	—	35	—	—	—
Equity as of August 31, 2013 (Predecessor)	978	1,105	4,634	(1,008)	(5,711)	(2)	2	—
Investment in variable interest entity	—	—	—	—	—	—	8	8
Cancellation of Predecessor Company equity	(978)	(1,105)	(4,634)	1,008	5,711	2	—	2
Equity as of August 31, 2013 (Predecessor)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10</u>	<u>\$ 10</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF EQUITY (DEFICIT) (Continued)

(in millions, except share data)

	Eastman Kodak Company Shareholders								
	Common	Additional	Retained Earnings (Accumulated	Accumulated Other Comprehensive	Treasury		Noncontrolling		
	Stock (2)	Paid in Capital	Deficit)	Income (Loss)	Stock	Total	Interests	Total	
Equity as of August 31, 2013 (Predecessor)	\$ —	\$ —	\$ —	\$ —	\$ —	\$—	\$ 10	\$ 10	
Issuance of Successor Company common stock	\$ —	\$ 613	\$ —	\$ —	\$ —	\$613	\$ —	\$613	
Equity as of September 1, 2013 (Successor)	—	613	—	—	—	613	10	623	
Equity transactions with noncontrolling interest	—	—	—	—	—	—	7	7	
Net (loss) income	—	—	(81)	—	—	(81)	3	(78)	
Other comprehensive income:									
Currency translation adjustments	—	—	—	1	—	1	—	1	
Pension and other postretirement liability adjustments (\$101 pre-tax)	—	—	—	98	—	98		98	
Recognition of equity-based compensation expense	—	1	—	—	—	1	—	1	
Purchases of treasury stock, net (152,746 shares) (3)	—	(1)	—	—	(3)	(4)	—	(4)	
Equity as of December 31, 2013 (Successor)	\$ —	\$ 613	\$ (81)	\$ 99	\$ (3)	\$628	\$ 20	\$648	

(1) Includes stock awards issued, offset by shares surrendered for taxes.

(2) There are 60 million shares of no par value preferred stock authorized, none of which have been issued.

(3) Represents purchases of common stock and warrants to satisfy tax withholding obligations in connection with the issuance of stock and warrants to employees under the Plan.

The accompanying notes are an integral part of these consolidated financial statements.

## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF CASH FLOWS (in millions)

	Successor	Predecessor		
	Four Months Ended December 31,	Eight Months Ended August 31,	Year Ended December 31, 2012	Year Ended December 31, 2011
	2013	2013		
Cash flows from operating activities:				
Net (loss) earnings	\$ (81)	\$ 2,066	\$ (1,379)	\$ (764)
Adjustments to reconcile to net cash used in operating activities:				
Depreciation and amortization	75	118	245	294
Net gains on sales of businesses/assets	(6)	(407)	(42)	(80)
Loss on early extinguishment of debt	—	8	7	—
Non-cash restructuring costs, asset impairments and other charges	9	81	34	17
Reorganization items:				
Non-cash reorganization gain	—	(1,964)	—	—
Payment of claims	—	(94)	—	—
Fresh start adjustments, net	—	(302)	—	—
Other non-cash reorganization items, net	3	119	717	—
(Benefit) provision for deferred income taxes	(2)	448	(20)	14
(Increase) decrease in receivables	(72)	105	319	102
Decrease (increase) in inventories	147	(27)	60	128
Decrease in liabilities excluding borrowings	(166)	(450)	(808)	(903)
Other items, net	(5)	(266)	578	167
Total adjustments	(17)	(2,631)	1,090	(261)
Net cash used in operating activities	(98)	(565)	(289)	(1,025)
Cash flows from investing activities:				
Additions to properties	(21)	(18)	(42)	(101)
Proceeds from sales of businesses/assets	9	827	90	153
Use (funding) of restricted cash	93	(134)	—	(22)
Business acquisitions, net of cash acquired	—	—	—	(27)
Marketable securities – sales	—	21	95	83
Marketable securities – purchases	—	(17)	(91)	(84)
Net cash provided by investing activities	81	679	52	2
Cash flows from financing activities:				
Proceeds from Emergence credit facilities	—	664	—	—
Proceeds from Senior and Junior DIP Credit Agreements	—	450	686	—
Proceeds from other borrowings	—	—	—	412
Repayment of term loans under Original Senior DIP Credit Agreement	—	(664)	(36)	—
Repayment of term loans under Junior DIP Credit Agreement	—	(844)	—	—
Repayment of emergence credit facilities	(2)	—	—	—
Repayment of other borrowings	(40)	(375)	(142)	(160)
Proceeds from Rights Offerings	—	406	—	—
Contingent consideration received with sale of business	—	35	—	—
Reorganization items	—	—	(41)	—
Debt issuance costs	—	—	—	(6)
Proceeds from sale and leaseback transaction	—	—	41	—
Net cash (used in) provided by financing activities	(42)	(328)	508	246
Effect of exchange rate changes on cash	5	(23)	3	14
Net (decrease) increase in cash and cash equivalents	(54)	(237)	274	(763)
Cash and cash equivalents, beginning of period	898	1,135	861	1,624

Cash and cash equivalents, end of period	<u>\$</u> <u>844</u>	<u>\$</u> <u>898</u>	<u>\$</u> <u>1,135</u>	<u>\$</u> <u>861</u>
--	----------------------	----------------------	------------------------	----------------------

The accompanying notes are an integral part of these consolidated financial statements.



## Table of Contents

### EASTMAN KODAK COMPANY CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### SUPPLEMENTAL CASH FLOW INFORMATION

	Successor	Predecessor		
	Four Months	Eight Months	Year Ended	Year Ended
	Ended	Ended	December 31,	December 31,
	December 31,	August 31,	2012	2011
	2013	2013		
(in millions)				
<b>Cash paid for interest and income taxes was:</b>				
Interest, net of portion capitalized of \$0 as of December 31, 2013 and August 31, 2013, and \$1 as of December 31, 2012 and 2011	\$ 22	\$ 179	\$ 63	\$ 126
Income taxes (net of refunds)	18	34	(13)	67
<b>The following non-cash items are not reflected in the Consolidated Statement of Cash Flows:</b>				
Pension and other postretirement benefits liability adjustments	\$ (98)	\$ (1,329)	\$ 355	\$ 622
Liabilities assumed in acquisitions	—	—	—	9

The accompanying notes are an integral part of these consolidated financial statements.

---

## **Table of Contents**

### **EASTMAN KODAK COMPANY NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **BASIS OF PRESENTATION**

On January 19, 2012 (the “Petition Date”), Eastman Kodak Company (“EKC” or the “Company”) and its U.S. subsidiaries (collectively, the “Debtors”) filed voluntary petitions for relief (the “Bankruptcy Filing”) under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The cases (the “Chapter 11 Cases”) were jointly administered as Case No. 12-10202 (ALG) under the caption “In re Eastman Kodak Company.” The Debtors operated their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of chapter 11 of the Bankruptcy Code and the orders of the Bankruptcy Court until their emergence from bankruptcy. The Company’s foreign subsidiaries (collectively, the “Non-Filing Entities”) were not part of the Chapter 11 Cases, and continued to operate in the ordinary course of business.

Upon emergence from bankruptcy on September 3, 2013, Kodak adopted fresh-start accounting which resulted in Kodak’s becoming a new entity for financial reporting purposes. Kodak applied fresh start accounting as of September 1, 2013. As a result of the application of fresh start accounting and the effects of the implementation of the plan of reorganization, the financial statements on or after September 1, 2013 are not comparable with the financial statements prior to that date. Refer to Note 3, “Fresh Start Accounting” for additional information.

Subsequent to the Petition Date, all expenses, gains and losses directly associated with the reorganization proceedings are reported as Reorganization items, net in the accompanying Consolidated Statement of Operations. In addition, Liabilities subject to compromise during the chapter 11 proceedings were distinguished from liabilities of the Company’s foreign subsidiaries that were not part of the Chapter 11 Cases, fully-secured liabilities that were not expected to be compromised and from post-petition liabilities in the accompanying Consolidated Statement of Financial Position.

The accompanying consolidated financial statements have been prepared assuming that Kodak will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. During the chapter 11 proceedings, Kodak’s ability to continue as a going concern was contingent upon its ability to comply with the financial and other covenants contained in its debtor-in-possession credit agreements, the Bankruptcy Court’s approval of the Debtors’ plan of reorganization and Kodak’s ability to successfully implement the plan of reorganization, among other factors. As a result of the execution of the plan of reorganization there is no longer substantial doubt about Kodak’s ability to continue as a going concern.

References to “Successor” or “Successor Company” relate to Kodak on and subsequent to September 1, 2013. References to “Predecessor” or “Predecessor Company” refer to Kodak prior to September 1, 2013.

Certain amounts for prior periods have been reclassified to conform to the current period classification due to the presentation of discontinued operations, assets held for sale, to reflect workers compensation obligations gross of recoveries, and for a change in the segment measure of profitability. Refer to Note 25, “Segment Information” and Note 26, “Discontinued Operations” for additional information.

##### **ACCOUNTING PRINCIPLES**

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The following is a description of the significant accounting policies of Kodak.

##### **BASIS OF CONSOLIDATION**

The consolidated financial statements include the accounts of EKC and all companies directly or indirectly controlled by EKC, either through majority ownership or otherwise (collectively “Kodak”). Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity. Kodak accounts for investments in companies over which it has the ability to exercise significant influence, but does not hold a controlling interest, under the equity method of accounting, and records its proportionate share of income or losses in Other income (charges), net in the accompanying Consolidated Statements of Operations. Kodak accounts for investments in companies over which it does not have the ability to exercise significant influence under the cost method of accounting. These investments are carried at cost and are adjusted only for other-than-temporary declines in fair value. Kodak has eliminated all significant intercompany accounts and transactions, and net earnings are reduced by the portion of the net earnings of subsidiaries applicable to non-controlling interests.

---

## Table of Contents

Effective August 31, 2013, Kodak sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED-Rochester, LLC (“RED”), a variable interest entity (“VIE”). Kodak determined that it was the primary beneficiary of the VIE. Therefore, Kodak consolidates RED’s assets, liabilities and results of operations. Consolidated assets and liabilities of RED are \$85 million and \$3 million, respectively, as of December 31, 2013. RED’s equity in those net assets as of December 31, 2013 is \$18 million. The results of operations and cash flows of RED are immaterial to Kodak. RED’s results of operations are reflected in net income attributable to noncontrolling interest in the accompanying Consolidated Statement of Operations.

### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at year end, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

### FOREIGN CURRENCY

For most subsidiaries and branches outside the U.S., the local currency is the functional currency. The financial statements of these subsidiaries and branches are translated into U.S. dollars as follows: assets and liabilities at year-end exchange rates; income, expenses and cash flows at average exchange rates; and shareholders’ equity at historical exchange rates. For those subsidiaries for which the local currency is the functional currency, the resulting translation adjustment is recorded as a component of Accumulated other comprehensive (loss) income in the accompanying Consolidated Statement of Financial Position. Translation adjustments related to investments that are permanent in nature are not tax-effected.

For certain other subsidiaries and branches outside the U.S., operations are conducted primarily in U.S. dollars, which is therefore the functional currency. Monetary assets and liabilities of these foreign subsidiaries and branches, which are recorded in local currency, are remeasured at year-end exchange rates, while the related revenue, expense, and gain and loss accounts, which are recorded in local currency, are remeasured at average exchange rates. Non-monetary assets and liabilities, and the related revenue, expense, and gain and loss accounts, are remeasured at historical rates. Adjustments that result from the remeasurement of the assets and liabilities of these subsidiaries are included in Net (loss) earnings in the accompanying Consolidated Statement of Operations.

The effects of foreign currency transactions, including related hedging activities, are included in Other income (charges), net, in the accompanying Consolidated Statement of Operations.

### CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Kodak to significant concentrations of credit risk consist principally of cash and cash equivalents, receivables, and derivative instruments. Kodak places its cash and cash equivalents with high-quality financial institutions and limits the amount of credit exposure to any one institution. With respect to receivables, such receivables arise from sales to numerous customers in a variety of industries, markets, and geographies around the world. Receivables arising from these sales are generally not collateralized. Kodak performs ongoing credit evaluations of its customers’ financial conditions, and maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management’s expectations. Counterparties to the derivative instrument contracts are major financial institutions. Kodak has not experienced non-performance by any of its derivative instruments counterparties.

### DERIVATIVE FINANCIAL INSTRUMENTS

All derivative instruments are recognized as either assets or liabilities and are measured at fair value. Kodak does not use derivatives for trading or other speculative purposes. See Note 14, “Financial Instruments.”

### CASH EQUIVALENTS

All highly liquid investments with a remaining maturity of three months or less at date of purchase are considered to be cash equivalents.

### INVENTORIES

Inventories are stated at the lower of cost or market with the exception of inventory that was on hand as of the application of fresh start accounting. The cost of all of Kodak’s inventories is determined by either the “first in, first out” (“FIFO”) or average cost method, which approximates current cost. Kodak provides inventory reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors. In connection with fresh start accounting, Kodak adjusted the net book value of inventories to their estimated fair value as of September 1, 2013. Refer to Note 3, “Fresh Start Accounting.”

## Table of Contents

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, net of accumulated depreciation with the exception of property, plant and equipment owned as of the application of fresh start accounting. Kodak capitalizes additions and improvements while maintenance and repairs are charged to expense as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to net (loss) earnings. In connection with fresh start accounting, property, plant and equipment were adjusted to their estimated fair value and depreciable lives were revised as of September 1, 2013. Refer to Note 3, “Fresh Start Accounting.”

Kodak calculates depreciation expense using the straight-line method over the assets’ estimated useful lives, which are as follows:

	Successor Company	As of September 1, 2013
Buildings and building improvements	5-40	1-38
Land improvements	20	1-20
Leasehold improvements	3-20	1-10
Equipment	3-15	1-20
Tooling	1-3	1-3
Furniture and fixtures	5-10	1-10

Kodak depreciates leasehold improvements over the shorter of the lease term or the asset’s estimated useful life.

### GOODWILL

Goodwill reported in the Successor period represents the reorganizational value of assets in excess of amounts allocated to identified tangible and intangible assets. Goodwill reported in the Predecessor period represents the excess of purchase price of an acquisition over the fair value of net assets acquired. Goodwill is not amortized, but is required to be assessed for impairment at least annually. Kodak has historically performed its annual goodwill impairment assessment as of September 30. Upon application of fresh start accounting, Kodak elected October 1 as the annual goodwill impairment assessment date and will perform additional impairment tests when events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Kodak tests goodwill for impairment at a level of reporting referred to as a reporting unit. A reporting unit is defined as an operating segment or one level below an operating segment (referred to as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. When two or more components of an operating segment have similar economic characteristics, the components are aggregated and deemed a single reporting unit. An operating segment is deemed to be a reporting unit if all of its components are similar, if none of its components is a reporting unit, or if the segment comprises only a single component.

Kodak estimates the fair value of its reporting units using the guideline public company method and discounted cash flow method. When testing goodwill for impairment, Kodak may assess qualitative factors for some or all of its reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If Kodak determines based on this qualitative test of impairment that it is more likely than not that a reporting unit’s fair value is less than its carrying amount, or elects to bypass the qualitative assessment for some or all of its reporting units, then a two-step goodwill impairment test is performed to test for a potential impairment of goodwill (step 1) and if potential losses are identified, to measure the impairment loss (step 2). Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Refer to Note 3, “Fresh Start Accounting” and Note 8, “Goodwill and Other Intangible Assets.”

### REVENUE

Kodak’s revenue transactions include sales of products (such as components and consumables for use in Kodak and other manufacturers’ equipment and film based products); equipment; software; services; integrated solutions; and intellectual property licensing. Kodak recognizes revenue when realized or realizable and earned, which is when the following criteria are met: (1)

---

## Table of Contents

persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the sales price is fixed or determinable; and (4) collectability is reasonably assured. If Kodak determines that collection of a fee is not reasonably assured, the fee is deferred and revenue is recognized at the time collection becomes reasonably assured, which is generally upon receipt of payment. At the time revenue is recognized, Kodak provides for the estimated costs of customer incentive programs, warranties and estimated returns and reduces revenue accordingly. For those incentives that require the estimation of sales volumes or redemption rates, such as for volume rebates, Kodak uses historical experience and internal and customer data to estimate the sales incentive at the time revenue is recognized. Kodak accrues the estimated cost of post-sale obligations, including basic product warranties, based on historical experience at the time Kodak recognizes revenue.

For product sales, the revenue recognition criteria are generally met when title and risk of loss have transferred from Kodak to the buyer, which may be upon shipment or upon delivery to the customer site, based on contract terms or legal requirements in certain jurisdictions.

For equipment sales, the recognition criteria are generally met when the equipment is delivered and installed at the customer site. Revenue is recognized for equipment upon delivery as opposed to upon installation when the equipment has stand-alone value to the customer, and the amount of revenue allocable to the equipment is not legally contingent upon the completion of the installation. In instances in which the agreement with the customer contains a customer acceptance clause, revenue is deferred until customer acceptance is obtained, provided the customer acceptance clause is considered to be substantive. For certain agreements, Kodak does not consider these customer acceptance clauses to be substantive because Kodak can and does replicate the customer acceptance test environment and performs the agreed upon product testing prior to shipment. In these instances, revenue is recognized upon installation of the equipment.

Revenue from the sale of software licenses is recognized when (1) Kodak enters into a legally binding arrangement with a customer for the license of software; (2) Kodak delivers the software; (3) customer payment is deemed fixed or determinable and free of contingencies or significant uncertainties; and (4) collection from the customer is probable. Software maintenance and support revenue is recognized ratably over the term of the related maintenance contract.

Revenue from services includes extended warranty, customer support and maintenance agreements, consulting, business process services, training and education. Service revenue is recognized over the contractual period or as services are performed. In service arrangements where final acceptance of a system or solution by the customer is required, revenue is deferred until all acceptance criteria have been met.

The timing and the amount of revenue recognized from the licensing of intellectual property depend upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. Revenue is only recognized after all of the following criteria are met: (1) Kodak enters into a legally binding arrangement with a licensee of Kodak's intellectual property, (2) Kodak delivers the technology or intellectual property rights, (3) licensee payment is deemed fixed or determinable and free of contingencies or significant uncertainties, and (4) collection from the licensee is reasonably assured.

Kodak's transactions may involve the sale of equipment, software, and related services under multiple element arrangements. Kodak allocates revenue at the inception of an arrangement to the various elements based on available vendor specific objective evidence ("VSOE"), third-party evidence ("TPE"), or best estimated selling price ("BESP") on the basis of the relative selling price. When applying the relative selling price method, the selling price for each deliverable is based on its VSOE if available, TPE if VSOE is not available, or BESP if neither VSOE nor TPE is available. Kodak establishes VSOE of selling price using the price charged for a deliverable when sold separately. TPE of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The BESP is established by considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to geographies, market conditions such as competitor pricing strategies and industry technology life cycles. Revenue allocated to an individual element is recognized when all revenue recognition criteria are met for that element. Kodak limits the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Kodak evaluates each deliverable in an arrangement to determine whether they represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has stand-alone value to the customer, and if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in Kodak's control. If these criteria are not met, the arrangement is accounted for as one unit of accounting and the recognition of revenue occurs upon delivery/completion or ratably as a single unit of accounting over the contractual service period.

---

## Table of Contents

Most of Kodak's equipment has both software and non-software components that function together to deliver the equipment's essential functionality and therefore they are accounted for together as non-software deliverables. Non-essential software sold in connection with Kodak's equipment sales is accounted for as separate deliverables or elements. In most cases, these software products sold as part of a multiple element arrangement include software maintenance agreements as well as unspecified upgrades or enhancements on a when-and-if-available basis. In multiple element arrangements where non-essential software deliverables are included, revenue is allocated to non-software and to software deliverables each as a group based on relative selling prices of each of the deliverables in the arrangement. The software deliverables are subject to software accounting whereby revenue is allocated based on relative VSOE or based on the residual method when VSOE exists for all undelivered software elements such as post-contract support. Revenue allocated to the software deliverables is deferred and amortized over the contract period if VSOE does not exist for post-contract support or at the completion of the contract for non-post-contract support undelivered elements such as specified up-grade rights. Revenue allocated to software licenses is recognized when all revenue recognition criteria have been met. Revenue generated from maintenance and unspecified upgrades or updates on a when-and-if-available basis is recognized over the contract period.

### RESEARCH AND DEVELOPMENT COSTS

Research and development ("R&D") costs, which include costs incurred in connection with new product development, fundamental and exploratory research, process improvement, product use technology and product accreditation, are expensed in the period in which they are incurred. The acquisition-date fair value of R&D assets acquired in a business combination is capitalized. In connection with fresh start accounting, Kodak capitalized the estimated fair value of certain in-process research and development projects. Refer to Note 3, "Fresh Start Accounting" and Note 8, "Goodwill and Other Intangible Assets."

### ADVERTISING

Advertising costs are expensed as incurred and are included in Selling, general and administrative expenses in the accompanying Consolidated Statement of Operations. Advertising expenses amounted to \$6 million and \$14 million for the four months ended December 31, 2013 and the eight months ended August 31, 2013 respectively and \$66 million and \$135 million for the years ended December 31, 2012 and 2011, respectively.

### SHIPPING AND HANDLING COSTS

Amounts charged to customers and costs incurred by Kodak related to shipping and handling are included in net sales and cost of sales, respectively.

### IMPAIRMENT OF LONG-LIVED ASSETS

Kodak reviews the carrying values of its long-lived assets, other than goodwill and intangible assets with indefinite useful lives, for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. In connection with fresh start accounting, the carrying values of long-lived assets were adjusted to estimated fair value as of September 1, 2013 and Kodak revised its estimates of the remaining useful lives of all long-lived assets. Refer to Note 3, "Fresh Start Accounting."

Kodak assesses the recoverability of the carrying values of long-lived assets by first grouping its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, by estimating the undiscounted future cash flows that are directly associated with and that are expected to arise from the use of and eventual disposition of such asset group. Kodak estimates the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, Kodak records an impairment charge to the extent the carrying value of the long-lived asset exceeds its fair value. Kodak determines fair value through quoted market prices in active markets or, if quoted market prices are unavailable, through the performance of internal analyses of discounted cash flows.

In connection with its assessment of recoverability of its long-lived assets and its ongoing strategic review of the business and its operations, Kodak continually reviews the remaining useful lives of its long-lived assets. If this review indicates that the remaining useful life of the long-lived asset has changed significantly, Kodak adjusts the depreciation on that asset to facilitate full cost recovery over its revised estimated remaining useful life.

In conjunction with fresh start accounting, Kodak recorded a \$54 million indefinite-lived intangible asset related to the Kodak trade name. The carrying value of the Kodak trade name is evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Kodak elected October 1 as the annual impairment assessment date. During the fourth quarter of 2013, Kodak recorded a pre-tax impairment charge of \$8 million related to the Kodak trade name. Refer to Note 8, "Goodwill and Other Intangible Assets."



---

## Table of Contents

### INCOME TAXES

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak's assets and liabilities. Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. For discussion of the amounts and components of the valuation allowances as of December 31, 2013 and 2012, see Note 17, "Income Taxes."

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak has recognized a deferred tax liability (net of related foreign tax credits) on the foreign subsidiaries' undistributed earnings.

### RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU No. 2013-11 provides that a liability related to an unrecognized tax benefit would be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In that case, the liability associated with the unrecognized tax benefit is presented in the financial statements as a reduction to the related deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. In situations in which a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of the jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with deferred tax assets. The adoption of this guidance did not have an impact on Kodak's Consolidated Financial Statements.

In February 2013, the FASB issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU No. 2013-02 requires presentation of reclassification adjustments from each component of Accumulated other comprehensive income either in a single note or parenthetically on the face of the financial statements, for those amounts required to be reclassified into net income in their entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety in the same reporting period, cross-reference to other disclosures is required. The changes to the Accounting Standards Codification ("ASC") as a result of this update were effective prospectively for interim and annual periods beginning after December 15, 2012 (January 1, 2013 for Kodak). The adoption of this guidance required changes in presentation only and did not have an impact on Kodak's Consolidated Financial Statements.

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles-Goodwill and Other (ASC Topic 350) – Testing Indefinite-Lived Intangible Assets for Impairment." ASU No. 2012-02 amends the impairment test for indefinite-lived intangible assets by allowing companies to first assess the qualitative factors to determine if it is more likely than not that an indefinite-lived intangible asset might be impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. The changes to the ASC as a result of this update were effective prospectively for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 (January 1, 2013 for Kodak). The adoption of this guidance did not impact Kodak's Consolidated Financial Statements.

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 2013, the FASB issued ASU No. 2013-05, "Foreign Currency Matters (Topic 830)—Parent's Accounting for the Cumulative Translation Adjustment upon De-recognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." ASU No. 2013-05 specifies that a cumulative translation adjustment ("CTA") should be released into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro-rata portion of CTA attributable to the investment would be recognized in earnings upon sale of the investment. When an entity sells either a part or all of its investment in a consolidated foreign entity, CTA would be recognized in earnings only if the sale results in the parent no longer having a controlling financial interest in the foreign entity. The changes in the ASC are effective prospectively for annual and interim periods beginning after December 15, 2013 (January 1, 2014 for Kodak). Kodak does not expect the adoption of the guidance will have a material impact on its Consolidated Financial Statements.

In February 2013, the FASB issued ASU No. 2013-04, "Liabilities (Topic 405)—Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date." ASU No 2013-04 requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the following: the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The amendments in this update are effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013 (January 1, 2014 for Kodak). Kodak does not expect the adoption of the guidance will have a material impact on its Consolidated Financial Statements.



**NOTE 2: EMERGENCE FROM VOLUNTARY REORGANIZATION UNDER CHAPTER 11 PROCEEDINGS**

***PLAN OF REORGANIZATION***

On August 23, 2013, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (the “Plan”). On September 3, 2013 (the “Effective Date”), the Plan became effective and the Debtors emerged from the Chapter 11 Cases.

On or following the Effective Date and pursuant to the terms of the Plan, the following occurred:

- The Debtors’ obligations under the second lien notes indentures, unsecured notes indentures, stock certificates, equity interests, and / or any other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors or giving rise to any claim or equity interest were cancelled, except as provided under the Plan;
- The Company’s certificate of incorporation was amended and restated to authorize the issuance of 560 million shares of stock, consisting of 60 million shares of preferred stock, no par value, and 500 million shares of common stock, par value \$0.01 per share;
- The Company entered into a senior secured first lien term loan agreement and senior secured second lien term loan agreement for an aggregate principal amount of \$695 million and a \$200 million senior secured asset-based revolving credit facility;
- The Company issued 34 million shares of common stock to unsecured creditors and the Backstop Parties (as defined below) at a per share price of \$11.94, for an aggregate purchase price of approximately \$406 million. In addition, the Company issued 1.7 million shares of common stock to the Backstop Parties in payment of fees pursuant to the Backstop Commitment Agreement (as defined below);
- The Company issued 6 million shares of common stock and net-share settled warrants to purchase: (i) approximately 2.1 million shares of new common stock at an exercise price of \$14.93 and (ii) approximately 2.1 million shares of new common stock at an exercise price of \$16.12, to the holders of general unsecured and retiree committee unsecured claims;
- The Debtors established a liquidating trust (the “Kodak GUC Trust”) for the benefit of holders of general unsecured and retiree committee unsecured claims, into which certain avoidance actions of the Debtors were transferred;
- The Debtors paid approximately \$94 million in administrative, priority or secured claims; and
- The Debtors resolved claims held by the Kodak Pension Plan of the United Kingdom (the “U.K. Pension Plan”) pursuant to the terms of the Global Settlement (as defined below).

***Backstop Commitment Agreement and Rights Offering***

On June 26, 2013, the Bankruptcy Court approved the Company’s entry into a backstop commitment agreement (the “Backstop Commitment Agreement”) with GSO Capital Partners LP, on behalf of various managed funds, BlueMountain Capital Management, LLC, on behalf of various managed funds, George Karfunkel, United Equities Commodities Company, Momar Corporation and Contrarian Capital Management, LLC, on behalf of Contrarian Funds, LLC (collectively, the “Backstop Parties”), associated with rights offerings to offer eligible creditors, including the Backstop Parties, up to 34 million shares of common stock for the per share purchase price of \$11.94, or an aggregate purchase price of approximately \$406 million.

A portion of the shares issued in the rights offerings are restricted securities for purposes of Rule 144 under the Securities Act of 1933 and may not be offered, sold or otherwise transferred absent registration under the Securities Act of 1933 or an applicable exemption from registration requirements. The shares issued to participants in the rights offerings were issued in reliance upon the exemption from registration under the Securities Act of 1933 provided by Regulation D thereunder and/or Section 4(a)(2) thereof; or under Section 1145 of the Bankruptcy Code as securities of a debtor issued principally in exchange for claims against a debtor and partly in exchange for cash pursuant to a plan of reorganization.

---

## Table of Contents

### *Registration Rights Agreement*

On the Effective Date, the Company and the Backstop Parties executed a registration rights agreement (the “Registration Rights Agreement”). The Registration Rights Agreement, among other rights, provides the Backstop Parties with certain registration rights with respect to the common stock.

Following the earlier of the filing of Kodak’s annual report on Form 10-K as of and for the year ending December 31, 2013 or June 30, 2014, stockholders holding registrable securities representing 25% of the outstanding common stock as of the Effective Date may require the Company to facilitate a registered offering of registrable securities; provided that if such registration has not been consummated prior to the second anniversary of the Effective Date, stockholders holding registrable securities representing 10% of the outstanding common stock as of the Effective Date may require the Company to facilitate such an offering (such offering, the “Initial Registration”). The registrable securities requested to be sold in the Initial Registration must have an aggregate market value of at least \$75 million.

Following the Initial Registration, stockholders holding 10% or more of the outstanding registrable securities may demand that the Company file a shelf registration statement and effectuate one or more takedowns off of such shelf, or, if a shelf is not available, effectuate one or more stand-alone registered offerings, provided that such non-shelf registered offerings or shelf takedowns may not be requested more than four times and, in each case, shall include shares having an aggregate market value of at least \$75 million. Beginning on the second anniversary of the Effective Date, upon request of a stockholder, the Company shall amend its existing shelf registration statement to register additional registrable securities as set forth in the Registration Rights Agreement. Stockholders also have the right to include their registrable securities in the Initial Registration or any other non-shelf registered offering or shelf takedown of the common stock by the Company for its own account or for the account of any holders of common stock.

### *KPP Global Settlement*

The Company had previously issued (pre-petition) a guarantee to Kodak Limited (the “Subsidiary”) and KPP Trustees Limited (“KPP” or the “Trustee”), as trustee for the U.K. Pension Plan. Under that arrangement, EKC guaranteed to the Subsidiary and the Trustee the ability of the Subsidiary, only to the extent it became necessary to do so, to (1) make contributions to the U.K. Pension Plan to ensure sufficient assets existed to make plan benefit payments, as they became due, if the Subsidiary otherwise would not have sufficient assets and (2) make contributions to the U.K. Pension Plan such that it would achieve fully funded status by the funding valuation for the period ending December 31, 2022.

The Subsidiary agreed to make certain contributions to the U.K. Pension Plan as determined by a funding plan agreed to by the Trustee. The Subsidiary did not pay the annual contributions due by the funding plan for 2012 or 2013. The Trustee asserted an unsecured claim against the Company of approximately \$2.8 billion under the guarantee. The Subsidiary also asserted an unsecured claim under the guarantee for an unliquidated amount. The Trustee also asserted an unliquidated claim against all Debtors, as financial support direction and contribution notice claims.

On April 26, 2013, Eastman Kodak Company, the Trustee, Kodak Limited and certain other Kodak entities entered into a global settlement agreement (the “Global Settlement”) that resolved all liabilities of Kodak with respect to the U.K. Pension Plan. The Global Settlement also provided for the acquisition by KPP and/or its subsidiaries of certain assets, and the assumption by KPP and/or its subsidiaries of certain liabilities of Kodak’s Personalized Imaging and Document Imaging businesses (together the “Business”) under a Stock and Asset Purchase Agreement dated April 26, 2013 (the “SAPA”). The underfunded position of the U.K. Pension Plan of approximately \$1.5 billion was included in Liabilities held for sale presented in the Consolidated Statement of Financial Position as of December 31, 2012.

On August 30, 2013, the Company entered into an agreement (the “Amended SAPA”) amending and restating the SAPA. The Amended SAPA provides for, among other things, a series of deferred closings that will take place in certain foreign jurisdictions following the initial closing under the Amended SAPA. The deferred closings will implement the legal transfer of the Business to KPP subsidiaries in the deferred closing foreign jurisdictions in accordance with local law. Pursuant to the Amended SAPA, Kodak will operate the Business relating to the deferred closing jurisdictions, subject to certain covenants, until the applicable deferred closing occurs, and will deliver to (or receive from) a KPP subsidiary at each deferred closing a payment reflecting the actual economic benefit (or detriment) to the Business in the applicable deferred closing jurisdiction(s) from September 1, 2013 through the time of the applicable deferred closing. Up to the time of the deferred closing, the results of the operations of the Business will be reported as Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations and the assets and liabilities of the Business will be categorized as Assets held for sale or Liabilities held for sale in the Consolidated Statement of Financial Position, as appropriate.

On the Effective Date, the following occurred pursuant to the Amended SAPA and Global Settlement:

- The acquisition by KPP Holdco Limited (“KPP Holdco”), a wholly owned subsidiary of KPP, and certain direct and indirect subsidiaries of KPP Holdco (together with KPP Holdco, the “KPP Purchasing Parties”), of certain assets of the Business, and the assumption by the KPP Purchasing Parties of certain liabilities of the Business, for a total purchase price, exclusive of the assumption of liabilities, of \$650 million, of which a gross \$525 million was paid in cash (net cash consideration of \$325 million) and the balance of which was settled by a \$125 million note issued by the KPP (the “KPP Note”).

---

## Table of Contents

- The KPP Note was cancelled after being assigned by the Company to the Subsidiary and subsequently assigned by the Subsidiary to KPP as settlement, by way of setoff, of an equal amount of outstanding pension liabilities of the Subsidiary to KPP.
- The cash consideration was comprised of \$325 million sourced from assets of the U.K. Pension Plan and \$200 million sourced from a payment by the Subsidiary to KPP as payment for outstanding pension liabilities of the Subsidiary to KPP.
- Up to \$35 million in aggregate of the purchase price is subject to repayment to KPP if the Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018.

### **SECTION 363 ASSET SALES**

On February 1, 2013, Kodak entered into a series of agreements related to the monetization of certain of its intellectual property assets, including the sale of its digital imaging patents. Under these agreements, Kodak received approximately \$530 million, a portion of which was paid by twelve licensees that received a license to the digital imaging patent portfolio and other patents owned by Kodak. Another portion was paid by Intellectual Ventures Fund 83 LLC (“Intellectual Ventures”) and Apple, Inc., each of which acquired a portion of the digital imaging patent portfolio, subject to the licenses granted to the twelve new licensees, and previously existing licenses. In addition, Kodak retained a license to the digital imaging patents for its own use. In connection with this transaction, the Company entered into a separate agreement with FUJIFILM Corporation (“Fuji”) whereby, among other things, Fuji granted Kodak the right to sub-license certain Fuji patents to businesses Kodak ultimately sold as part of the Plan. The Debtors also agreed to allow Fuji a general unsecured claim against the Debtors in the amount of \$70 million that was discharged pursuant to the terms of the Plan.

### **EASTMAN BUSINESS PARK SETTLEMENT AGREEMENT**

On June 17, 2013 the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, d/b/a Empire State Development entered into a settlement agreement, subsequently amended on August 6, 2013 (the “Amended EBP Settlement Agreement”), which resolves certain of the Company’s historical environmental liabilities at Eastman Business Park (“EBP”) through the establishment of a \$49 million environmental remediation trust (the “EBP Trust”). Upon implementation of the Amended EBP Settlement Agreement, (i) the EBP Trust will be responsible for investigation and remediation at EBP arising from the Company’s historical environmental liabilities in existence prior to the effective date of the EBP Settlement, (ii) the Company will fund the EBP Trust with a \$49 million payment and transfer of certain equipment and fixtures used for remediation at EBP, and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million.

Approximately \$31 million was already held in a separate trust to support the environmental liabilities related to EBP and is recorded within Restricted cash in Kodak’s Consolidated Statement of Financial Position. An escrow account of \$18 million was established on the Effective Date for the balance of the EBP Trust obligation and is reported within Other current assets in Kodak’s Consolidated Statement of Financial Position. The Amended EBP Settlement Agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including Bankruptcy Court approval of a covenant not to sue from the U.S. Environmental Protection Agency with respect to liabilities that are addressed in the Amended EBP Settlement Agreement. The deadline for implementation of the Amended EBP Settlement Agreement is May 15, 2014.

### **OTHER POSTEMPLOYMENT BENEFITS**

On November 7, 2012, the Bankruptcy Court entered an order approving a settlement agreement between the Debtors and the Official Committee of Retired Employees appointed by the U.S. Trustee under the chapter 11 proceedings (the “Retiree Committee”). Under the settlement agreement, the Debtors no longer provide retiree medical, dental, life insurance and survivor income benefits to current and future retirees after December 31, 2012 (other than COBRA continuation coverage of medical and/or dental benefits or conversion coverage as required by applicable benefit plans or applicable law), and the Retiree Committee established a trust from which some limited benefits for some retirees may be provided after December 31, 2012. The trust or related account was funded by the following contributions from the Debtors: \$7.5 million in cash paid by the Company in the fourth quarter of 2012, an administrative claim against the Debtors in the amount of \$15 million that was paid on the Effective Date, and a general unsecured claim against the Debtors in the amount of \$635 million that was discharged upon emergence from chapter 11 pursuant to the terms of the Plan.

### **RETIREES’ SETTLEMENT**

The Debtors’ estimated allowed claims for pre-petition obligations for the Kodak Excess Retirement Income Plan (the “KERIP”), the Kodak Unfunded Retirement Income Plan (the “KURIP”), the Kodak Company Global Pension Plan for International Employees, and individual letter agreements with certain current and former employees that provided for supplemental non-qualified pension benefits were reported as Liabilities subject to compromise in the accompanying Consolidated Statement of Financial Position.

On April 30, 2013, Eastman Kodak Retirees Association Ltd. and certain holders of KERIP and KURIP claims (together with the Debtors, the “Settlement Parties”) filed a motion (the “Motion”) requesting that the Bankruptcy Court appoint a committee pursuant to section 1102(a)(2) of the Bankruptcy Code, to represent the interests of the holders of the KERIP and KURIP claims, and asserted that they and



---

## Table of Contents

certain other holders of the KERIP and KURIP claims disagreed with the underlying discount rates and mortality tables used by the Debtors to calculate the KERIP and KURIP estimated allowed claim amounts. Subsequent to the filing of the Motion, the Settlement Parties entered into a stipulation (the “Stipulation”) approved by an order of the Bankruptcy Court, which became effective on July 18, 2013, for a total allowed claim of approximately \$244 million. During August 2013 a provision for expected allowed claims of approximately \$27 million was reflected in Reorganization Items, net in the accompanying Consolidated Statement of Operations to increase the recorded liability to what was ultimately agreed to in the Stipulation.

On the Effective Date, the claim was discharged upon emergence pursuant to the terms of the Plan.

### **NOTE 3: FRESH START ACCOUNTING**

In connection with the Company’s emergence from chapter 11, Kodak applied the provisions of fresh start accounting to its financial statements as (i) the holders of existing voting shares of the Predecessor Company received less than 50% of the voting shares of the emerging entity and (ii) the reorganization value of Kodak’s assets immediately prior to confirmation was less than the post-petition liabilities and allowed claims. Kodak applied fresh start accounting as of September 1, 2013.

Upon the application of fresh start accounting, Kodak allocated the reorganization value to its individual assets based on their estimated fair values. Reorganization value represents the fair value of the Successor Company’s assets before considering liabilities. The excess reorganization value over the fair value of identified tangible and intangible assets is reported as goodwill.

#### ***Reorganization Value***

In support of the Plan, the enterprise value of the Successor Company was estimated to be in the range of \$875 million to \$1.4 billion. As part of determining the reorganization value, Kodak estimated the enterprise value of the Successor Company to be \$1 billion utilizing the guideline public company method and discounted cash flow method.

To estimate fair value utilizing the guideline public company method, Kodak applied valuation multiples, derived from the operating data of publicly-traded benchmark companies, to the same operating data of Kodak. The comparable public company analysis identified a group of comparable companies giving consideration to lines of business and markets served, size and geography. The valuation multiples were derived based on projected financial measures of revenue and earnings before interest, taxes, depreciation and amortization (“EBITDA”) and applied to projected operating data of Kodak. The range of multiples for the comparable companies was between .2x-.9x of revenue and 2.5x-8.0x of EBITDA.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from September 1, 2013 to December 31, 2022 and discounted the estimated future cash flows to present value. The expected cash flows for the period September 1, 2013 to December 31, 2017 were based on the financial projections and assumptions utilized in the disclosure statement. The expected cash flows for the period January 1, 2018 to December 31, 2022 were derived from earnings forecasts and assumptions regarding growth and margin projections, as applicable. A terminal value was included, calculated using the constant growth method, based on the cash flows of the final year of the forecast period.

The discount rate of 29% was estimated based on an after-tax weighted average cost of capital (“WACC”) reflecting the rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium reflecting the risk associated with the overall uncertainty of the financial projections used to estimate future cash flows.

As the valuation approaches produced comparable ranges of enterprise value, Kodak selected equal weighting of the guideline public company method and discounted cash flow method to estimate the enterprise value.

## Table of Contents

The following table reconciles the enterprise value to the estimated fair value of Successor common stock as of the Effective Date:

(in millions, except share and per share value)	
Enterprise value	\$ 1,000
Plus: Cash and cash equivalents	898
Less: Other non-operating liabilities	18
Less: Fair value of debt and capitalized lease obligations	734
Less: Fair value of pension and other postretirement obligations	533
Less: Fair value of warrants	24
Fair value of Successor common stock	<u>\$ 589</u>
Shares outstanding at September 3, 2013	41,753,211
Per share value	<u>\$ 14.11</u>

The fair value of debt and capitalized lease obligations represents \$44 million of short term borrowings, \$14 million of capitalized lease obligations and \$676 million of long-term debt. The fair value of long-term debt was determined based on a market approach utilizing market yields and was estimated to be approximately 97% of par value. The fair value of capitalized lease obligations was determined based on market rents while the fair value of short term debt approximated its carrying value.

The fair value of pension and other post retirement obligations was determined based on a discounted cash flow method of expected cash contributions/benefit payments for the period of September 1, 2013 to December 31, 2099. The expected cash contributions were discounted to present value using a discount rate of 3.5%.

The fair value of the warrants was estimated using a Black-Scholes pricing model with the following assumptions: implied stock price of \$14.11; strike price of \$14.93 for 125% warrants and \$16.12 for 135% warrants; expected volatility of 47% for 125% warrants and 48% for 135% warrants; expected dividend rate of 0.0%; risk free interest rate of 1.67%; expiration date of five years.

The following table reconciles the enterprise value to the estimated reorganization value as of the Effective Date:

(in millions)	
Enterprise value	\$1,000
Plus: Cash and cash equivalents	898
Plus: Fair value of noncontrolling interests	10
Plus: Fair value of non-debt liabilities	2,088
Less: Fair value of pension and other postretirement obligations	533
Reorganization value of Successor assets	<u>\$3,463</u>

The fair value of non-debt liabilities represents total liabilities of the Successor Company on the Effective Date less Short term borrowings and current portion of long-term debt, Long-term debt, net of current portion, \$14 million in capital lease obligations and \$18 million in other non-operating liabilities.

### ***Consolidated Statement of Financial Position***

The adjustments set forth in the following consolidated Statement of Financial Position reflect the effect of the consummation of the transactions contemplated by the Plan (reflected in the column "Reorganization Adjustments") as well as fair value adjustments as a result of the adoption of fresh start accounting (reflected in the column "Fresh Start Adjustments"). The explanatory notes highlight methods used to determine fair values or other amounts of the assets and liabilities as well as significant assumptions or inputs.

## Table of Contents

(in millions)	Predecessor Company (a)	Reorganization Adjustments	Fresh Start Adjustments	Successor Company
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,070	\$ (172)(1)	\$ —	\$ 898
Restricted cash	24	98(2)	—	122
Receivables, net	492	—	—	492
Inventories, net	435	—	67(21)	502
Assets held for sale	109	—	8(22)	117
Other current assets	77	8(3)	(42)(23)	42
		(1)(4)		
Total current assets	2,207	(67)	33	2,173
Property, plant & equipment, net	507	—	220(24)	727
Goodwill	56	—	32(25)	88
Intangible assets, net	43	—	192(26)	235
Deferred income taxes	22	(21)(3)	55(23)	56
Other long-term assets	202	15(5)	(26)(27)	184
		8(6)	(8)(28)	
		(8)(7)	1(29)	
<b>TOTAL ASSETS</b>	<b>\$ 3,037</b>	<b>\$ (73)</b>	<b>\$ 499</b>	<b>\$ 3,463</b>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>				
<b>Current Liabilities</b>				
Accounts payable, trade	\$ 317	\$ 6(8)	\$ —	\$ 339
		3(9)		
		13(10)		
Short-term borrowings and current portion of long-term debt	681	(641)(11)	—	44
		4(12)		
Other current liabilities	600	(17)(13)	(8)(30)	586
		(13)(3)	(14)(29)	
		38(14)		
Liabilities held for sale	45	—	(3)(22)	42
Total current liabilities	1,643	(607)	(25)	1,011
Long-term debt, net of current portion	370	(370)(15)	11(31)	676
		665(16)		
Pension and other postretirement liabilities	411	156(17)	178(29)	745
Other long-term liabilities	318	61(17)	82(23)	408
			(53)(32)	
Liabilities subject to compromise	2,475	(2,475)(17)	—	—
Total liabilities	5,217	(2,570)	193	2,840
<b>Equity (Deficit)</b>				
Common stock (Successor)	—	— (18)	—	—
Additional paid in capital (Successor)	—	540(18)	73(33)	613
Common stock (Predecessor)	978	(978)(19)	—	—
Additional paid in capital (Predecessor)	1,105	(1,105)(19)	—	—
Retained earnings (deficit)	2,446	(1,671)(20)	(775)(34)	—
Accumulated other comprehensive loss	(1,008)	—	1,008(34)	—
	3,521	(3,214)	306	613
Less: Treasury stock (Predecessor)	(5,711)	5,711(19)	—	—
Total Eastman Kodak Company shareholders' (deficit) equity	(2,190)	2,497	306	613
Noncontrolling interests	10	—	—	10
Total equity (deficit)	(2,180)	2,497	306	623
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>\$ 3,037</b>	<b>\$ (73)</b>	<b>\$ 499</b>	<b>\$ 3,463</b>



## Table of Contents

- (a) On the Effective Date, Kodak completed the sale of substantially all of its assets constituting the Personalized Imaging and Document Imaging businesses to KPP Holdco Limited. This transaction has been reflected in the Predecessor Company period. Refer to Note 26, “Discontinued Operations” for additional information.

### Reorganization adjustments

- Reflects the net cash payments recorded as of the Effective Date from implementation of the Plan:

(in millions)	
<b>Sources:</b>	
Net proceeds from Emergence Credit Facilities	\$664
Proceeds from Rights Offerings	<u>406</u>
Total sources	\$1,070
<b>Uses:</b>	
Repayment of Junior DIP Term Loans	\$644
Repayment of Second Lien Notes	375
Claims paid at emergence	94
Funding of escrow accounts	113
Other fees and expenses	<u>16</u>
Total uses	<u>1,242</u>
<b>Net uses</b>	<u>\$ (172)</u>

Other fees and expenses represent \$7 million payment for accrued and unpaid interest related to the repayment of debt and \$9 million payment for emergence and success fees, which is included in Reorganization items, net in the Consolidated Statement of Operations.

- Reflects the funding of \$80 million to the professional fee escrow account for professional fees accrued at emergence and \$18 million related to the EBP Settlement Agreement. Refer to Note 2, “Emergence from Voluntary Reorganization under Chapter 11 Proceedings” for additional information regarding the EBP Settlement Agreement.
- Reflects the expiration of tax attributes, which was fully offset by a corresponding decrease in Kodak’s U.S. valuation allowance, as a result of the Debtors’ emergence from chapter 11 bankruptcy proceedings. Refer to Note 17, “Income Taxes” for additional information.
- Represents the write-off of unamortized debt issuance costs of \$1 million related to the Junior DIP Credit Agreement upon repayment in full of all outstanding term loans on the Effective Date. This amount has been included in Reorganization items, net in the Consolidated Statement of Operations.
- Represents the funding of \$15 million in cash collateralization for letters of credit under the ABL Credit Facility.
- Represents \$8 million of debt issuance costs incurred related to the Emergence Credit Facilities.
- Represents the write-off of \$5 million of deferred debt issuance costs upon repayment in full of all loans outstanding under the 9.75% senior secured notes due 2018 and 10.625% senior secured notes due 2019 and the write-off of \$3 million of deferred equity issuance costs. These amounts have been included in Reorganization items, net in the Consolidated Statement of Operations.
- Represents \$6 million in claims expected to be satisfied in cash that were reclassified from Liabilities subject to compromise.
- Represents \$3 million of accrued expenses related to the Emergence Credit Facilities that have been deferred and recorded as part of Other Current assets.
- Represents \$13 million in success fees accrued upon emergence that have been included in Reorganization items, net in the Consolidated Statement of Operations.
- On the Effective Date, the Company repaid in full all term loans outstanding under the Junior DIP Credit Agreement for an aggregate remaining principal amount of approximately \$644 million offset by \$3 million of unamortized debt discount that was written off upon repayment of the debt and is included in Reorganization items, net in the Consolidated Statement of Operations.



## Table of Contents

12. Represents \$4 million of principal amount recorded as short-term borrowings pursuant to the terms of the Emergence Credit Facility.
13. On the Effective Date, the Company paid \$7 million of accrued and unpaid interest related to the repayment of debt and \$10 million in administrative claims that was included within Other current liabilities.
14. Represents \$29 million in claims expected to be settled in cash and \$9 million of liabilities that have been retained by Kodak in accordance with the Plan that have been reclassified from Liabilities subject to compromise.
15. On the Effective Date, the Company repaid in full all loans outstanding under the 9.75% senior secured notes due 2018 and 10.625% senior secured notes due 2019 for an aggregate principal amount of approximately \$375 million offset by \$5 million of unamortized debt discount that was written off upon repayment of the debt and is included in Reorganization items, net in the Consolidated Statement of Operations.
16. Upon issuance of the Term Loans under the Emergence Credit Facility, the Company received net proceeds of approximately \$669 million, of which \$4 million of the principal amount of the loans are recorded as short-term borrowings pursuant to the terms of the Emergence Credit Facility.
17. Liabilities subject to compromise were settled as follows in accordance with the Plan:

(in millions)	
Liabilities subject to compromise of the Predecessor Company (LSTC)	\$2,475
Cash payments at emergence from LSTC	(84)
Claims expected to be satisfied in cash	(35)
Liabilities reinstated at emergence:	
Pension and other postretirement liabilities	(156)
Environmental obligations	(61)
Other current liabilities	(9)
Total liabilities reinstated at emergence	(226)
Fair value of equity issued to unsecured creditors	(85)
Fair value of warrants issued to unsecured creditors	(24)
Gain on settlement of liabilities subject to compromise	<u>\$2,021</u>

Refer to explanation #18 for the determination of fair value for equity issued to unsecured creditors.

18. Reflects the issuance of 34 million shares of common stock at a per share price of \$11.94 in connection with the Rights Offering, 6 million shares of common stock issued to the holders of general unsecured and retiree committee unsecured claims valued at \$14.11 per share, 1.7 million shares of common stock valued at \$14.11 per share issued to the Backstop Parties in connection with the Backstop Commitment Agreement, 0.1 million shares of common stock issued under Kodak's 2013 Omnibus Incentive Plan on the Effective Date, and issuance of warrants valued at \$24 million.
19. Reflects the cancellation of Predecessor Company equity to retained earnings.
20. Reflects the cumulative impact of the reorganization adjustments discussed above:

(in millions)	
Gain on settlement of liabilities subject to compromise	\$ 2,021
Fair value of shares issued to Backstop Parties and employees	(25)
Write-off of unamortized debt discounts and debt issuance costs	(14)
Success fees accrued at emergence	(13)
Emergence and success fees paid at emergence	(9)
Write-off of deferred equity issuance costs	(3)
Net gain on reorganization adjustments	1,957
Cancellation of Predecessor Company equity	(3,628)
Net impact to Retained earnings (deficit)	<u>\$(1,671)</u>

## Table of Contents

The net gain on reorganization adjustments has been included in Reorganization items, net in the Consolidated Statement of Operations.

### *Fresh Start adjustments*

21. An adjustment of \$67 million was recorded to increase the net book value of inventories to their estimated fair value, which was determined as follows:

- Fair value of finished goods inventory were determined based on the estimated selling price less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort.
- Fair value of work-in-process was determined based on the estimated selling price once completed less total costs to complete the manufacturing effort, costs to sell including disposal and holding period costs, and a reasonable profit on the remaining manufacturing, selling and disposal effort.
- Fair value of raw materials was determined based on current replacement costs.

The following table summarizes the components of inventory as of August 31, 2013, and the fair value at September 1, 2013:

	Successor As of September 1,	Predecessor As of August 31,
(in millions)	2013	2013
Finished goods	\$ 280	\$ 235
Work in process	120	99
Raw materials	102	101
Total	\$ 502	\$ 435

22. Represents fair value adjustment to the assets and liabilities of the Company's Personalized Imaging and Document Imaging businesses in delayed close countries.

23. Represents the net decrease in tax assets and tax liabilities associated with adjustments for fresh start accounting.

24. An adjustment of \$220 million was recorded to increase the net book value of property, plant and equipment to estimated fair value. Fair value was determined as follows:

- The market, sales comparison or trended cost approach was utilized for land, buildings and building improvements. This approach relies upon recent sales, offerings of similar assets or a specific inflationary adjustment to original purchase price to arrive at a probable selling price.
- The cost approach was utilized for machinery and equipment. This approach considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, and functional and economic obsolescence. Physical deterioration is an adjustment made in the cost approach to reflect the real operating age of an asset with regard to wear and tear, decay and deterioration that is not prevented by maintenance. Functional obsolescence is the loss in value or usefulness of an asset caused by inefficiencies or inadequacies of the asset, as compared to a more efficient or less costly replacement asset with newer technology. Economic obsolescence is the loss in value or usefulness of an asset due to factors external to the asset, such as the economics of the industry, reduced demand, increased competition or similar factors.

## Table of Contents

The following table summarizes the components of property, plant and equipment, net as of August 31, 2013, and the fair value at September 1, 2013:

	Successor As of September 1,	Predecessor As of August 31,
(in millions)	2013	2013
Land	\$ 114	\$ 35
Buildings and building improvements	180	189
Machinery and equipment	402	252
Construction in progress	31	31
Total	<u>\$ 727</u>	<u>\$ 507</u>

For property, plant and equipment owned at September 1, 2013, the depreciable lives were revised to reflect the remaining estimated useful lives. Refer to Note 1, "Basis of Presentation and Significant Accounting Policies" for additional information.

## Table of Contents

25. This adjustment eliminated the Predecessor goodwill balance of \$56 million and records Successor goodwill of \$88 million, which represents the reorganizational value of assets in excess of amounts allocated to identified tangible and intangible assets, as follows:

	Successor As of September 1,
(in millions)	2013
Reorganization value of Successor assets	\$ 3,463
Less: Fair value of Successor assets (excluding goodwill)	3,375
Reorganization value of Successor assets in excess of fair value— Successor goodwill	\$ 88

Refer to Note 8, “Goodwill and Other Intangible Assets” for Successor goodwill by reportable segment.

26. The net adjustment of \$192 million reflects the write-off of existing intangibles of \$43 million and an adjustment of \$235 million to record the fair value of intangibles, determined as follows:
- Trade names of \$54 million were valued using the income approach, specifically the relief from royalty method based on the following significant assumptions:
    - Forecasted revenues attributable to the trade names ranging from September 1, 2013 to December 31, 2023, including a terminal year with growth rates ranging from 0% to 3%;
    - Royalty rates ranging from .5% to 1% of expected net sales determined with regard to comparable market transactions and profitability analysis;
    - Discount rates ranging from 27% to 32%, which were based on the after-tax weighted-average cost of capital; and
    - Kodak anticipates using its trade name for an indefinite period.
  - Technology based intangibles of \$131 million were valued using the income approach, specifically the relief from royalty method based on the following significant assumptions:
    - Forecasted revenues attributable to the respective technologies for the period ranging from September 1, 2013 to December 31, 2025;
    - Royalty rates ranging from 1% to 16% determined with regard to comparable market transactions and cash flows of the respective technologies;
    - Discount rates ranging from 29% to 34%, based on the after-tax weighted-average cost of capital; and
    - Economic lives ranging from 4 to 12 years.
  - Customer related intangibles of \$39 million were valued using the income approach, specifically the multi-period excess earnings approach based on the following significant assumptions:
    - Forecasted revenues and profit margins attributable to the current customer base for the period ranging from September 1, 2013 to December 31, 2024;
    - Attrition rates ranging from 2.5% to 20%;
    - Discount rates ranging from 29% to 38%, based on the after-tax weighted-average cost of capital; and
    - Economic lives ranging from 3 to 10 years.
  - In-process research and development of \$9 million was determined using the income approach, specifically the multi-period excess earnings method based on the following significant assumptions:
    - Forecasted revenues attributable to the respective research and development projects for the period of September 1, 2013 to December 31, 2019;
    - Discount rate of 40% based on the after-tax weighted-average cost of capital adjusted for perceived risks inherent in the individual assets; and
    - Economic life of 6 years.
  - In addition, the Company recorded the fair value of other intangibles of \$2 million primarily related to favorable contracts and leasehold improvements that were favorable relative to available market terms.

## Table of Contents

27. Represents the write-off of deferred costs under various licensing transactions now being reflected in intangible assets.
28. Represents the write-off of unamortized debt issuance costs related to the Emergence Credit Facilities.
29. Represents the revaluation of pension and other postretirement obligations. Refer to Note 19, "Retirement plans" and Note 20, "Other postretirement benefits" for additional information.
30. Represents the revaluation of deferred revenues to the fair value of Kodak's related future performance obligations.
31. Represents the write-off of unamortized debt discounts related to the Emergence Credit Facilities based on the fair value of debt.
32. Represents \$38 million decrease in capitalized lease obligations determined based on market rents, \$19 million decrease related to the remeasurement of employee benefit obligations offset by net \$4 million increase in fair value adjustment related to asset retirement obligations and other miscellaneous liabilities.
33. Reflects the increase in fair value of the 34 million shares of common stock issued in connection with the Rights Offering from \$11.94 to \$14.11 per share.
34. Reflects the cumulative impact of fresh start adjustments as discussed above and the elimination of the Predecessor Company's accumulated other comprehensive loss.

(in millions)

Establishment of Successor goodwill	\$ 88
Elimination of Predecessor goodwill	(56)
Establishment of Successor intangibles	235
Elimination of Predecessor intangibles	(43)
Inventory fair value adjustment	67
Property, plant & equipment fair value adjustment	220
Pension and other postretirement obligations fair value adjustment	(178)
Rights offering fair value adjustment	(73)
Long-term debt fair value adjustment	(11)
Other assets and liabilities fair value adjustments	53
Net gain on fresh start adjustments	302
Tax impact on fresh start adjustments	(69)
Elimination of Predecessor accumulated other comprehensive loss	(1,008)
Net impact on Retained earnings (deficit)	<u>\$ (775)</u>

The net gain on fresh start adjustments has been included in Reorganization items, net in the Consolidated Statement of Operations.

## Table of Contents

### NOTE 4: REORGANIZATION ITEMS, NET

A summary of reorganization items, net is presented in the following table:

	<u>Successor</u> Four Months	<u>Predecessor</u>	
	Ended December 31,	Eight Months Ended August 31,	Year Ended December 31,
(in millions)	2013	2013	2012
Professional fees	\$ 19	\$ 114	\$ 178
DIP credit agreement financing costs	—	—	47
Provision for expected allowed claims	—	133	856
Gain on settlement of other postemployment liabilities	—	—	(238)
Net gain on reorganization adjustments	—	(1,957)	—
Net gain on fresh start adjustments	—	(302)	—
Other items, net	(3)	(14)	—
Reorganization items, net	\$ 16	\$ (2,026)	\$ 843
Cash payments for reorganization items	\$ 85	\$ 210	\$ 167

Subsequent to the Effective Date, costs directly attributable to the implementation of the Plan are reported as Reorganization items, net. The cash payments for reorganization items for the eight months ended August 31, 2013 includes \$84 million of claims paid related to liabilities subject to compromise paid on the Effective Date. Refer to Note 3, “Fresh Start Accounting” for additional information on the net gain on reorganization and fresh start adjustments.

### NOTE 5: RECEIVABLES, NET

	<u>Successor</u> As of December 31,	<u>Predecessor</u> As of December 31,
(in millions)	2013	2012
Trade receivables	\$ 473	\$ 510
Miscellaneous receivables	98	101
Total (net of allowances of \$6 and \$30 as of December 31, 2013 and December 31, 2012, respectively)	\$ 571	\$ 611

In connection with the application of fresh start accounting as of September 1, 2013, the carrying value of trade receivables was adjusted to fair value, eliminating the allowance for bad debts as of that date.

Approximately \$39 million and \$77 million of the total trade receivable amounts as of December 31, 2013 and 2012, respectively, will potentially be settled through customer deductions in lieu of cash payments. Such deductions represent rebates owed to customers and are included in Other current liabilities as of December 31, 2013 and Other current liabilities and Liabilities subject to compromise December 31, 2012 in the accompanying Consolidated Statement of Financial Position.

## Table of Contents

### NOTE 6: INVENTORIES, NET

	Successor As of December 31,	Predecessor As of December 31,
(in millions)	2013	2012
Finished goods	\$ 185	\$ 236
Work in process	94	87
Raw materials	79	97
Total	\$ 358	\$ 420

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT, NET

	Successor As of December 31,	Predecessor As of December 31,
(in millions)	2013	2012
Land	\$ 117	\$ 39
Buildings and building improvements	178	1,156
Machinery and equipment	414	3,138
Construction in progress	42	28
	751	4,361
Accumulated depreciation	(67)	(3,754)
Property, plant and equipment, net	\$ 684	\$ 607

In connection with the application of fresh start accounting as of September 1, 2013, Kodak recorded fair value adjustments disclosed in Note 3, "Fresh Start Accounting". Accumulated depreciation was therefore eliminated as of that date.

Depreciation expense was \$67 million, \$91 million, \$182 million, and \$221 million for the four months ended December 31, 2013, eight months ended August 31, 2013 and the years 2012, and 2011 respectively, of which approximately \$0 million, \$4 million, \$13 million, and \$10 million, respectively, represented accelerated depreciation in connection with restructuring actions.

### NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the changes in the carrying value of goodwill by reportable segment:

	Graphics, Entertainment and Commercial Films Segment	Digital Printing and Enterprise Segment	Consolidated Total
(in millions)			
<b>Balance as of December 31, 2011 and 2012 (Predecessor):</b>	\$ 115	\$ 17	\$ 132
Impairment	(77)	—	(77)
Currency translation adjustments	1	—	1
<b>Balance as of August 31, 2013 (Predecessor):</b>	\$ 39	\$ 17	\$ 56
Impact of fresh start accounting	\$ 22	\$ 10	\$ 32
<b>Balance as of December 31, 2013 (Successor):</b>	\$ 61	\$ 27	\$ 88

## Table of Contents

Gross goodwill and accumulated impairment losses were \$1.543 billion and \$1.411 billion, respectively, as of December 31, 2011 and 2012 and \$1.544 billion and \$1.488 billion, respectively, as of August 31, 2013. As part of fresh start accounting, Kodak adjusted the carrying value of goodwill (see Note 3, “Fresh Start Accounting”).

Effective in the first quarter of 2013, the Intellectual Property and Brand Licensing reporting unit was reported in the Graphics, Entertainment and Commercial Films Segment. Goodwill assigned to the Intellectual Property and Brand Licensing reporting unit of approximately \$113 million as of December 31, 2012 was previously reported in the Personalized and Document Imaging Segment. Due to the sale of its digital imaging patents during the first quarter of 2013, Kodak concluded that the carrying value of goodwill for its Intellectual Property and Brand Licensing reporting unit exceeded the implied fair value of goodwill. The fair value of the Intellectual Property and Brand Licensing reporting unit was estimated using an income approach in which the future cash flows, including a terminal value at the end of the projection period, were discounted to present value. Kodak recorded a pre-tax impairment charge of \$77 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations.

Effective in the second quarter of 2013, due to the Personalized and Document Imaging disposal group being reported as assets held for sale, Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The Graphics, Entertainment and Commercial Films Segment has three goodwill reporting units: Graphics, Entertainment Imaging and Commercial Films and Intellectual Property and Brand Licensing. The Digital Printing and Enterprise Segment has four goodwill reporting units: Digital Printing, Packaging and Functional Printing, Enterprise Services and Solutions, and Consumer Inkjet Systems. The remaining goodwill in the Personalized and Document Imaging Segment was reported as a component of assets held for sale as of June 30, 2013 and subsequently written-off as part of the loss on sale of the Personalized and Document Imaging Businesses.

Based upon the results of Kodak’s October 1, 2013 annual impairment test analysis, no impairment of goodwill was indicated.

As part of fresh start accounting, Kodak wrote-off existing intangibles and accumulated amortization and recorded an adjustment of \$235 million to reflect the fair value of intangibles. Refer to Note 3, “Fresh Start Accounting.” Due to Kodak revising its projected 2014 revenue estimates, Kodak concluded that the carrying value of the Kodak trade name, estimated as part of fresh start accounting, exceeded its fair value. In the fourth quarter of 2013 Kodak recorded a pre-tax impairment charge of \$8 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2013 and 2012 were as follows:

(in millions)	Successor As of December 31, 2013			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 131	\$ 6	\$125	8 years
Kodak trade name	46	—	46	Indefinite life
Customer-related	39	2	37	9 years
In-process research and development	9	—	9	Indefinite life
Other	2	—	2	25 years
Total	<u>\$ 227</u>	<u>\$ 8</u>	<u>\$219</u>	

(in millions)	Predecessor As of December 31, 2012			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 51	\$ 47	\$ 4	8 years
Customer-related	222	172	50	10 years
Other	16	9	7	18 years
Total	<u>\$ 289</u>	<u>\$ 228</u>	<u>\$61</u>	10 years



---

## Table of Contents

Amortization expense related to intangible assets was \$8 million, \$10 million, \$26 million and \$39 million for the four months ended December 31, 2013, eight months ended August 31, 2013 and the years ended December 31, 2012 and December 31, 2011, respectively.

Estimated future amortization expense related to intangible assets as of December 31, 2013 was as follows:

(in millions)	
2014	\$ 25
2015	25
2016	25
2017	23
2018	18
2019	11
2020 and thereafter	<u>37</u>
Total	<u>\$164</u>

**NOTE 9: OTHER CURRENT LIABILITIES**

	<u>Successor</u> <u>As of December 31,</u>	<u>Predecessor</u> <u>As of December 31,</u>
(in millions)	<u>2013</u>	<u>2012</u>
Accrued employment-related liabilities	\$ 189	\$ 283
Accrued customer rebates	52	83
Deferred revenue	48	63
Accrued interest	—	107
Accrued restructuring liabilities	34	83
Deferred consideration on disposed businesses	62	—
Other	177	195
Total	<u>\$ 562</u>	<u>\$ 814</u>

The Other component above consists of other miscellaneous current liabilities that, individually, were less than 5% of the total current liabilities component within the Consolidated Statement of Financial Position, and therefore, have been aggregated in accordance with Regulation S-X.

**NOTE 10: OTHER LONG-TERM LIABILITIES**

	<u>Successor</u> <u>As of December 31,</u>	<u>Predecessor</u> <u>As of December 31,</u>
(in millions)	<u>2013</u>	<u>2012</u>
Non-current tax-related liabilities	\$ 85	\$ 36
Environmental liabilities	82	72
Asset retirement obligations	52	63
Other	202	224
Total	<u>\$ 421</u>	<u>\$ 395</u>

The Other component above consists of other miscellaneous long-term liabilities that, individually, were less than 5% of the total liabilities component in the accompanying Consolidated Statement of Financial Position, and therefore, have been aggregated in accordance with Regulation S-X.

## Table of Contents

### NOTE 11: SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Debt and related maturities and interest rates were as follows at December 31, 2013 and 2012:

(in million)	Country	Type	Maturity	Weighted-Average Effective Interest Rate	Successor	Predecessor
					As of December 31, 2013	As of December 31, 2012
					Carrying Value	Carrying Value
<b>Current portion:</b>						
	U.S.	Term note	2014	7.89%	\$ 4	\$ —
		Original Senior DIP Credit Agreement				
	U.S.	Term note	2013	8.63%	—	659
	Germany	Term note	2013	6.16%	—	38
	Brazil	Term note	2013	19.80%	—	2
					4	699
<b>Non-current portion:</b>						
	U.S.	Term note	2019	7.89%	406	—
	U.S.	Term note	2020	11.27%	268	—
	U.S.	Secured term note	2018	10.11%	—	493
	U.S.	Secured term note	2019	10.87%	—	247
					674	740
<b>Liabilities subject to compromise:</b>						
	U.S.	Term note	2013	6.16%	—	20
	U.S.	Term note	2013	7.25%	—	250
	U.S.	Convertible	2017	12.75%	—	400
	U.S.	Term note	2018	9.95%	—	3
	U.S.	Term note	2021	9.20%	—	10
					—	683
					\$ 678	\$ 2,122

On February 1, 2013, Kodak entered into a series of agreements under which it received approximately \$530 million of proceeds, net of withholding taxes, a portion of which was paid by intellectual property licensees and a portion of which was paid by the acquirers of Kodak's digital imaging patent portfolio. Approximately \$419 million of the proceeds were used to prepay the term loan under the Original Senior Debtor-in-Possession ("DIP") Credit Agreement. The Company paid the remaining outstanding term loan balance, in full, upon entering into the Junior DIP Credit Agreement. Kodak recognized a loss on early extinguishment of debt of the term loan of approximately \$6 million in the first quarter of 2013.

On March 22, 2013, the Company and certain subsidiary guarantors entered into a Debtor-in-Possession Loan Agreement (the "Junior DIP Credit Agreement") with the lenders signatory thereto. Pursuant to the terms of the Junior DIP Credit Agreement, the lenders provided the Company with term loan facilities in an aggregate principal amount of approximately \$848 million consisting of approximately \$473 million of new money term loans (the "New Money Loans"), comprised of approximately \$455 million original principal and approximately \$18 million of additional paid-in-kind of fees, and \$375 million of junior term loans (the "Junior Loans"). Upon issuance of the New Money Loans, Kodak received net proceeds of approximately \$450 million (\$455 million original principal less 1% stated discount). The Junior Loans were issued in exchange for the same principal amount of a combination of the 2018 secured term notes and the 2019 secured term notes (collectively the "Second Lien Notes") pursuant to an offer by the Company to holders of the outstanding Second Lien Notes. The maturity date of the loans made under the Junior DIP Credit Agreement was the earliest to occur of (i) September 30, 2013, (ii) the effective date of the Company's plan of reorganization and (iii) the acceleration of such loans.

On the Effective Date, in accordance with provisions in the Plan, the Company made payments totaling \$1,221 million to repay, in full, the Second Lien Notes and the Junior DIP Credit Agreement. The payments for discharge of existing debt also consisted of \$5 million in exit fees. In addition, \$683 million of debt classified as liabilities subject to compromise was discharged pursuant to the Plan.

The carrying value of the 2017 Convertible Senior Notes was increased during the quarter ended June 30, 2012 to reflect the stated principal amount of the notes. When the notes were initially issued, \$107 million of the principal amount of the debt was allocated to reflect the equity component of the notes. The remaining carrying value of the debt was originally being accreted to the \$400 million

## Table of Contents

stated principal amount using the effective interest method. The increase, in the second quarter of 2012, in the carrying value of the debt resulted in a \$90 million provision of expected allowed claims reflected in Reorganization items, net in the accompanying Consolidated Statement of Operations.

Annual maturities of debt outstanding at December 31, 2013, were as follows:

(in millions)	Carrying value	Maturity value
2014	\$ 4	\$ 4
2015	4	4
2016	4	4
2017	4	4
2018	4	4
2019 and thereafter	658	673
Total	<u>\$ 678</u>	<u>\$ 693</u>

## EMERGENCE CREDIT FACILITIES

On the Effective Date, the Company entered into (i) a Senior Secured First Lien Term Credit Agreement (the “First Lien Term Credit Agreement”) with the lenders party thereto (the “First Lien Lenders”), JPMorgan Chase Bank, N.A. as administrative agent, and J.P. Morgan Securities LLC, Barclays Bank PLC, and Merrill Lynch, Pierce, Fenner & Smith Inc. as joint lead arrangers and joint bookrunners, and (ii) a Senior Secured Second Lien Term Credit Agreement (the “Second Lien Term Credit Agreement,” and together with the First Lien Term Credit Agreement, the “Term Credit Agreements”), with the lenders party thereto (the “Second Lien Lenders,” and together with the First Lien Lenders, the “Term Credit Lenders”), Barclays Bank PLC as administrative agent, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Inc. as joint lead arrangers and joint bookrunners. Additionally, the Company and its U.S. subsidiaries (the “Subsidiary Guarantors”) entered into an Asset Based Revolving Credit Agreement (the “ABL Credit Agreement” and together with the Term Credit Agreements, the “Credit Agreements”) with the lenders party thereto (the “ABL Lenders” and together with the First Lien Lenders and the Second Lien Lenders, the “Lenders”) and Bank of America N.A. as administrative agent and collateral agent, Barclays Bank PLC as syndication agent and Merrill Lynch, Pierce, Fenner & Smith Inc., Barclays Bank PLC and J.P. Morgan Securities LLC as joint lead arrangers and joint bookrunners. Pursuant to the terms of the Credit Agreements, the Term Credit Lenders provided the Company with term loan facilities in an aggregate principal amount of \$695 million, consisting of \$420 million of first-lien term loans (the “First Lien Loans”) and \$275 million of second-lien term loans (the “Second Lien Loans”). Net proceeds from the Term Credit Agreements were \$664 million (\$695 million aggregate principal less \$15 million stated discount and \$16 million in debt transaction costs). The ABL Lenders will make available asset-based revolving loans in an amount of up to \$200 million (the “ABL Loans”). The maturity date of the loans made under the Term Credit Agreements is the earlier to occur of (i) September 3, 2019 (in case of First Lien Loans) or September 3, 2020 (in case of Second Lien Loans) and (ii) the acceleration of such loans due to an event of default (as defined in the Term Credit Agreements). The maturity date of the loans made under the ABL Credit Agreement is the earlier to occur of (i) September 3, 2018 and (ii) the date of termination of the commitments in accordance with the terms of the ABL Credit Agreement. The ABL Credit Agreement also provides for the issuance of letters of credit of up to a sublimit of \$150 million. The Company has issued approximately \$122 million of letters of credit under the ABL Credit Agreement as of December 31, 2013. Under the ABL Loan’s borrowing base calculation, the Company had approximately \$49 million available under the revolving credit facility as of December 31, 2013. Availability is subject to the borrowing base calculation, reserves and other limitations.

The First Lien Loans bear interest at the rate of LIBOR plus 6.25% per annum, with a LIBOR floor of 1% or Alternate Base Rate (as defined in the First Lien Term Credit Agreement) plus 5.25%. The Second Lien Loans bear interest at the rate of LIBOR plus 9.5% per annum, with a LIBOR floor of 1.25% or Alternate Base Rate (as defined in the Second Lien Term Credit Agreement) plus 8.5%. The ABL Loans (other than initial borrowings) bear interest at the rate of LIBOR plus 2.75%-3.25% per annum or Base Rate (as defined in the ABL Credit Agreement) plus 1.75%-2.25% per annum, based on Excess Availability (as defined in the ABL Credit Agreement). Each existing and future direct or indirect U.S. subsidiary of the Company (other than immaterial subsidiaries, unrestricted subsidiaries and certain other subsidiaries) have agreed to provide unconditional guarantees of the obligations of the Company under the Credit Agreements. Subject to certain exceptions, obligations under the First Lien Term Credit Agreement and the Second Lien Term Credit Agreement are secured by: (i) a first lien and a second lien, respectively, on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral (as defined below), including a first and a second lien, respectively, on 100% of the stock of material domestic subsidiaries and 65% of the stock of material first-tier foreign subsidiaries (the “Term Collateral”) and (ii) a second lien and a third lien, respectively, on the ABL Collateral (as defined below). Obligations under the ABL Credit Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the “ABL Collateral”) and (ii) a third lien on the Term Collateral.

## Table of Contents

The Company may voluntarily prepay the First Lien Loan subject to a premium payable of 2% of the principal amount being prepaid if the prepayment is made prior to the first anniversary of the Closing Date and if such prepayment is made on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date 1% of the principal amount being prepaid. The Company may not prepay the Second Lien Loan prior to the first anniversary of the Closing Date. After the first anniversary of the Closing Date and prior to the second anniversary date voluntary prepayments or mandatory prepayments of the Second Lien Note require a prepayment premium of 3% of the principal amount prepaid. On and after the second anniversary and prior to the third anniversary of the Closing Date a prepayment premium of 1% of the principal amount prepaid is required with respect to the Second Lien Loan.

As defined in each of the Term Credit Agreements, the Company is required to prepay loans with net proceeds from asset sales, recovery events or issuance of indebtedness, subject to, in the case of net proceeds received from asset sales or recovery events, reinvestment rights by the Company in assets used or usable by the business within certain time limits. On an annual basis, starting with the fiscal year ending on December 31, 2014, the Company will prepay on June 30 of the following fiscal year loans in an amount equal to a percentage of Excess Cash Flow ("ECF") as defined in each of the Term Credit Agreements, provided no such prepayment is required if such prepayment would cause U.S. liquidity (as defined in each of the Term Credit Agreements) to be less than \$100 million. Any mandatory prepayments as described above shall be reduced by any mandatory prepayments of the First Lien Loan.

The Credit Agreements limit, among other things, the Company's and the Subsidiary Guarantors' ability to (i) incur indebtedness, (ii) incur or create liens, (iii) dispose of assets, (iv) make restricted payments (including dividend payments, et al.) and (v) make investments. Under the Term Credit Agreements, the Company is required to maintain minimum U.S. Liquidity (as defined therein) through 2014 and starting December 31, 2014, tested on a quarterly basis, Net Secured Leverage (as defined therein) not to exceed specified levels. Under the ABL Credit Agreement, if Excess Availability is less than 15% of commitments available, the Company would be required to maintain a minimum Fixed Charge Coverage Ratio (as defined therein). Kodak was in compliance with all covenants under the Term Credit Agreements and the ABL Credit Agreement as of December 31, 2013.

Events of default under the Credit Agreements include, among others, failure to pay any loan, interest or other amount due under the applicable credit agreement, breach of specific covenants and a change of control of the Company. Upon an event of default, the applicable lenders may declare the outstanding obligations under the applicable credit agreement to be immediately due and payable and exercise other rights and remedies provided for in such credit agreement.

## NOTE 12: COMMITMENTS AND CONTINGENCIES

### Environmental

Kodak's undiscounted accrued liabilities for future environmental investigation, remediation and monitoring costs are composed of the following items:

	Successor As of December 31,	Predecessor As of December 31,
(in millions)	2013	2012
Eastman Business Park site, Rochester, NY	\$ 49	\$ 49
Other current operating sites	8	9
Sites associated with former operations	13	17
Sites associated with the non-imaging health businesses sold in 1994	12	41
Total	\$ 82	\$ 116

These amounts are reported in Other long-term liabilities as of December 31, 2013 and Other long-term liabilities and Liabilities subject to compromise as of December 31, 2012 in the accompanying Consolidated Statement of Financial Position.

## Table of Contents

Cash expenditures for pollution prevention and waste treatment for Kodak's current facilities were as follows:

	Successor	Predecessor		
	For the Four Months			
(in millions)	Ended December 31,	For the Eight	For the Year Ended	For the Year Ended
	2013	Months Ended	December 31, 2012	December 31, 2011
		August 31, 2013		
Recurring costs for pollution prevention and waste treatment	\$ 5	\$ 16	\$ 28	\$ 33
Capital expenditures for pollution prevention and waste treatment	2	—	1	1
Site remediation costs	—	—	1	2
Total	\$ 7	\$ 16	\$ 30	\$ 36

Environmental expenditures that relate to an existing condition caused by past operations and that do not provide future benefits are expensed as incurred. Costs that are capital in nature and that provide future benefits are capitalized. Liabilities are recorded when environmental assessments are made or the requirement for remedial efforts is probable, and the costs can be reasonably estimated. The timing of accruing for these remediation liabilities is generally no later than the completion of feasibility studies. Kodak has an ongoing monitoring and identification process to assess how the activities, with respect to the known exposures, are progressing against the accrued cost estimates.

Cash expenditures for the aforementioned investigation, remediation and monitoring activities are expected to be incurred over the next thirty years for most of the sites. For these known environmental liabilities, the accrual reflects Kodak's best estimate of the amount it will incur under the agreed-upon or proposed work plans. Kodak's cost estimates were determined using the ASTM Standard E 2137-06, "Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters," and have not been reduced by possible recoveries from third parties. The overall method includes the use of a probabilistic model which forecasts a range of cost estimates for the remediation required at individual sites. The projects are closely monitored and the models are reviewed as significant events occur or at least once per year. Kodak's estimate includes investigations, equipment and operating costs for remediation and long-term monitoring of the sites. Accrued liabilities of Debtor entities related to sites subject to the bankruptcy proceedings were classified as Liabilities subject to compromise as of December 31, 2012. Liabilities subject to compromise were reported at Kodak's current estimate, where an estimate was determinable, of the allowed claim amount.

The Amended EBP Settlement Agreement includes a settlement of certain of the Company's historical environmental liabilities at EBP through the establishment of the \$49 million EBP Trust. Upon implementation of the Amended EBP Settlement Agreement, (i) the EBP Trust will be responsible for investigation and remediation at EBP arising from the Company's historical subsurface environmental liabilities in existence prior to the effective date of the EBP Settlement, (ii) the Company will fund the EBP Trust with a \$49 million payment and transfer of certain equipment and fixtures used for remediation at EBP, and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million. As of the Effective Date, approximately \$31 million was already held in a separate trust to support the environmental liabilities related to EBP, and an escrow account of \$18 million was established for the balance of the trust obligation. The Amended EBP Settlement Agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including Bankruptcy Court approval of a covenant not to sue from the U.S. Environmental Protection Agency ("EPA"). The deadline for implementation of the Amended EBP Settlement Agreement is May 15, 2014.

Prior to the bankruptcy filing, Kodak was designated as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the "Superfund Law"), or under similar state laws, for environmental assessment and cleanup costs as the result of Kodak's alleged arrangements for disposal of hazardous substances at eight Superfund sites. In connection with the Bankruptcy Filing, the Debtors provided withdrawal notifications or entered into settlement negotiations with involved regulatory agencies. Each of these sites has been resolved, with the exception of two sites which are contained in a claim by the USA that is still in the process of resolution.

In addition, the Company provided an indemnity as part of the 1994 sale of Sterling Corporation (now "STWB"), which covered a number of environmental sites including the Lower Passaic River Study Area ("LPRSA") portion of the Diamond Alkali Superfund Site. STWB, now owned by Bayer Corporation, is a potentially responsible party at the site based on alleged releases from facilities formerly owned by subsidiaries of Sterling. On February 29, 2012, the Company notified STWB and Bayer that, under the bankruptcy proceeding, it has elected to discontinue funding and participation in remedial investigations of the LPRSA. STWB and its parent, Bayer, filed proofs of claim against the Debtors in the Chapter 11 Cases. These claims are being discharged pursuant to the Plan.

Estimates of the amount and timing of future costs of environmental remediation requirements are by their nature imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among the potentially responsible parties. Based on information presently available, Kodak does not believe it is reasonably possible that losses for known exposures could exceed current accruals by material amounts,

although costs could be material to a particular quarter or year.



## Table of Contents

### Asset Retirement Obligations

Kodak's asset retirement obligations primarily relate to asbestos contained in buildings that Kodak owns. In many of the countries in which Kodak operates, environmental regulations exist that require Kodak to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. Otherwise, Kodak is not required to remove the asbestos from its buildings. Kodak records a liability equal to the estimated fair value of its obligation to perform asset retirement activities related to the asbestos, computed using an expected present value technique, when sufficient information exists to calculate the fair value. Kodak does not have a liability recorded related to every building that contains asbestos because Kodak cannot estimate the fair value of its obligation for certain buildings due to a lack of sufficient information about the range of time over which the obligation may be settled through demolition, renovation or sale of the building.

The following table provides asset retirement obligation activity:

(in millions)	Successor	Predecessor	
	For the Four Months		
	Ended December 31,	For the Eight Months Ended	For the Year Ended
	2013	August 31, 2013	December 31, 2012
Asset Retirement Obligations at start of period	\$ 51	\$ 63	\$ 61
Liabilities incurred in the current period	—	1	4
Liabilities settled in the current period	—	(5)	(1)
Accretion expense	1	1	3
Revision in estimated cash flows	—	(1)	(4)
Foreign exchange impact	—	(1)	—
Impact of fresh start accounting	—	(7)	—
Asset Retirement Obligations at end of period	<u>\$ 52</u>	<u>\$ 51</u>	<u>\$ 63</u>

### Other Commitments and Contingencies

Kodak has entered into non-cancelable agreements with several companies which provide Kodak with products and services to be used in its normal operations. These agreements are related to raw materials, supplies, production and administrative services, as well as marketing and advertising. The terms of these agreements cover the next one to five years. The minimum payments for obligations under these agreements are approximately \$61 million in 2014, \$11 million in 2015, \$3 million in 2016, \$2 million in 2017, \$2 million in 2018 and \$2 million in 2019 and thereafter.

Rental expense, net of minor sublease income, amounted to \$15 million, \$36 million, \$60 million and \$76 million in the four months ending December 31, 2013, the eight months ending August 31, 2013 and the years ended December 31, 2012, and 2011, respectively. The amounts of non-cancelable lease commitments with terms of more than one year, principally for the rental of real property, reduced by minor sublease income, are \$28 million in 2014, \$20 million in 2015, \$15 million in 2016, \$12 million in 2017, \$8 million in 2018 and \$12 million in 2019 and thereafter.

As of December 31, 2013, the Company had outstanding letters of credit of \$122 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$10 million, surety bonds in the amount of \$22 million, and restricted cash and investments in trust of \$121 million, primarily to ensure the payment of possible casualty and workers' compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, hedging, tax and trade activities. The restricted cash and investments in trust accounts are recorded within Restricted cash, Other current assets and Other long-term assets in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in governmental assessments of indirect and other taxes in various stages of litigation, primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its position. Based on the opinion of legal counsel and current reserves already recorded for those matters deemed probable of loss, management does not believe that the ultimate resolution of these matters will materially impact Kodak's results of operations or financial position. Kodak routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2013, the unreserved portion of these contingencies, inclusive of any related interest and penalties, for which there was at least a reasonable possibility that a loss may be incurred, amounted to approximately \$38 million.

---

## Table of Contents

In connection with assessments in Brazil, local regulations may require Kodak to post security for a portion of the amounts in dispute. As of December 31, 2013, Kodak has posted security composed of \$10 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately \$131 million. Generally, any encumbrances on the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations and proceedings, including commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products. These matters are in various stages of investigation and litigation, and are being vigorously defended. Much of the litigation against the Debtors was stayed as a result of the chapter 11 filing and is being resolved in accordance with the Bankruptcy Code and the orders of the Bankruptcy Court. Kodak does not believe that it is probable that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, although litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

### NOTE 13: GUARANTEES

Kodak guarantees debt and other obligations of certain customers. The debt and other obligations are primarily due to banks and leasing companies in connection with financing of customers' purchases of equipment and product from Kodak. At December 31, 2013, the maximum potential amount of future payments (undiscounted) that Kodak could be required to make under these customer-related guarantees was \$14 million. At December 31, 2013, the carrying amount of any liability related to these customer guarantees was not material.

The customer financing agreements and related guarantees, which mature between 2014 and 2017, typically have a term of 90 days for product and short-term equipment financing arrangements, and up to five years for long-term equipment financing arrangements. These guarantees would require payment from Kodak only in the event of default on payment by the respective customer. In some cases, particularly for guarantees related to equipment financing, Kodak has collateral or recourse provisions to recover and sell the equipment to reduce any losses that might be incurred in connection with the guarantees. However, any proceeds received from the liquidation of these assets would not cover the maximum potential loss under these guarantees.

EKC also guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed, and the outstanding amount for those guarantees, is \$79 million.

### Indemnifications

Kodak issues indemnifications in certain instances when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Further, Kodak indemnifies officers and directors who are, or were, serving at the Company's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Additionally, the fair value of the indemnifications that Kodak issued during the year ended December 31, 2013 was not material to Kodak's financial position, results of operations or cash flows.

## Table of Contents

### Warranty Costs

Kodak has warranty obligations in connection with the sale of its products and equipment. The original warranty period is generally one year or less. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. Kodak estimates its warranty cost at the point of sale for a given product based on historical failure rates and related costs to repair. The change in Kodak's accrued warranty obligations balance, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Accrued warranty obligations as of December 31, 2011 (Predecessor):	\$ 40
Actual warranty experience	(58)
Warranty provisions	<u>47</u>
Accrued warranty obligations as of December 31, 2012 (Predecessor):	\$ 29
Actual warranty experience	(24)
Warranty provisions	<u>13</u>
Accrued warranty obligations as of August 31, 2013 (Predecessor):	<u>\$ 18</u>
Actual warranty experience	\$(10)
Warranty provisions	<u>5</u>
Accrued warranty obligations as of December 31, 2013 (Successor):	<u>\$ 13</u>

Kodak also offers its customers extended warranty arrangements that are generally one year, but may range from three months to three years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Deferred revenue on extended warranties as of December 31, 2011 (Predecessor):	\$ 48
New extended warranty and maintenance arrangements	200
Recognition of extended warranty and maintenance arrangement revenue	<u>(205)</u>
Deferred revenue on extended warranties as of December 31, 2012 (Predecessor):	\$ 43
New extended warranty and maintenance arrangements	139
Recognition of extended warranty and maintenance arrangement revenue	<u>(148)</u>
Deferred revenue on extended warranties as of August 31, 2013 (Predecessor):	<u>\$ 34</u>
Impact of fresh start accounting	\$ (8)
New extended warranty and maintenance arrangements	68
Recognition of extended warranty and maintenance arrangement revenue	<u>(64)</u>
Deferred revenue on extended warranties as of December 31, 2013 (Successor):	<u>\$ 30</u>

Costs incurred under these extended warranty and maintenance arrangements for the four months ended December 31, 2013, eight months ended August 31, 2013 and year ended December 31, 2012 amounted to \$54 million, \$107 million and \$151 million, respectively.

## Table of Contents

### NOTE 14: FINANCIAL INSTRUMENTS

The following table presents the carrying amounts, estimated fair values, and location in the Consolidated Statement of Financial Position for Kodak's financial instruments:

(in millions)			Value Of Items Recorded At Fair Value As of December 31, 2013 (Successor)			
			Total	Level 1	Level 2	Level 3
<b>ASSETS</b>						
<b>Derivatives</b>						
Short-term foreign exchange contracts	Receivables, net		\$ 1	—	\$ 1	—
<b>LIABILITIES</b>						
<b>Derivatives</b>						
Short-term foreign exchange contracts	Other current liabilities		3	—	3	—
			Value Of Items Not Recorded At Fair Value As of December 31, 2013 (Successor)			
			Total	Level 1	Level 2	Level 3
<b>LIABILITIES</b>						
<b>Debt</b>						
Short-term debt	Short-term borrowings and current portion of long-term debt	Carrying value	\$ 4	—	\$ 4	—
Fair value			4	—	4	—
Long-term debt	Long-term debt, net of current portion	Carrying value	674	—	674	—
Fair value			687	—	687	—
			Value Of Items Recorded At Fair Value As of December 31, 2012 (Predecessor)			
			Total	Level 1	Level 2	Level 3
<b>ASSETS</b>						
<b>Marketable securities</b>						
Short-term available-for-sale	Other current assets		\$ 4	\$ 4	\$ —	\$ —
Long-term available-for-sale	Other long-term assets		7	7	—	—
<b>Derivatives</b>						
Short-term foreign exchange contracts	Receivables, net		1	—	1	—
<b>LIABILITIES</b>						
<b>Derivatives</b>						
Short-term foreign exchange contracts	Other current liabilities		1	—	1	—

## Table of Contents

(in millions)			Value Of Items Not Recorded At Fair Value As of December 31, 2012 (Predecessor)			
			Total	Level 1	Level 2	Level 3
<b>ASSETS</b>						
<b>Marketable securities</b>						
Long-term held-to-maturity	Other long-term assets	Carrying value	\$ 23	\$ 23	\$ —	\$ —
		Fair value	23	23	—	—
<b>LIABILITIES</b>						
<b>Debt</b>						
Short-term debt	Short-term borrowings and current portion of long-term debt	Carrying value	699	—	699	—
		Fair value	686	—	686	—
Long-term debt	Long-term debt, net of current portion	Carrying value	740	—	740	—
		Fair value	606	—	606	—
Debt subject to compromise	Liabilities subject to compromise	Carrying value	683	—	683	—
		Fair value	72	—	72	—

Kodak does not utilize financial instruments for trading or other speculative purposes.

### Fair Value

Fair values of Kodak's forward contracts are determined using other observable inputs (Level 2 fair value measurements), and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. Transfers between levels of the fair value hierarchy are recognized based on the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during the four months ended December 31, 2013 or the eight months ended August 31, 2013.

Fair values of long-term borrowings are determined by reference to quoted market prices, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates. The carrying values of cash and cash equivalents, restricted cash, investments in trust and trade receivables (which are not shown in the table above) approximate their fair values.

### Foreign Exchange

Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in Other income (charges), net in the accompanying Consolidated Statement of Operations. The net effects of foreign currency transactions, including changes in the fair value of foreign exchange contracts, are shown below:

(in millions)	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net loss	\$ (5)	\$ (7)	\$ (14)	\$ (15)

### Derivative Financial Instruments

Kodak, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates, commodity prices, and interest rates, which may adversely affect its results of operations and financial position. Kodak manages such exposures, in part, with derivative financial instruments.

## Table of Contents

Foreign currency forward contracts are used to mitigate currency risk related to foreign currency denominated assets and liabilities. Silver forward contracts are used to mitigate Kodak's risk to fluctuating silver prices. Kodak's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs.

Kodak's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. Kodak manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. Kodak has procedures to monitor the credit exposure amounts. The maximum credit exposure at December 31, 2013 was not significant to Kodak.

In the event of a default under the Company's Term Credit Agreements, the ABL Credit Agreement, or a default under any derivative contract or similar obligation of Kodak, subject to certain minimum thresholds, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty. At December 31, 2013, Kodak had open derivative contracts in liability positions with a total fair value of \$3 million.

The location and amounts of gains and losses related to derivatives reported in the Consolidated Statement of Operations are shown in the following tables:

### Derivatives in Cash Flow Hedging Relationships, Commodity Contracts

(in millions)

	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Gain Recognized in OCI on Derivative (Effective Portion)	\$ —	\$ —	\$ 1	\$ 5
(Loss) Gain Reclassified from Accumulated OCI Into Cost of Goods Sold (Effective Portion)	\$ —	\$ —	\$ (6)	\$ 14
Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	\$ —	\$ —	\$ —	\$ —

### Derivatives Not Designated as Hedging Instruments, Foreign Exchange Contracts

(in millions)

Location of Gain or (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative			
	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Other income (charges), net	\$ (14)	\$ 2	\$ —	\$ 11

### Foreign Currency Forward Contracts

Kodak's foreign currency forward contracts used to mitigate currency risk related to existing foreign currency denominated assets and liabilities are not designated as hedges, and are marked to market through net (loss) earnings at the same time that the exposed assets and liabilities are re-measured through net (loss) earnings (both in Other income (charges), net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2013 was approximately \$536 million. The majority of the contracts of this type held by Kodak are denominated in euros.

### Silver Forward Contracts

Kodak may enter into silver forward contracts that are designated as cash flow hedges of commodity price risk related to forecasted purchases of silver. Kodak had no open hedges as of December 31, 2013 or 2012.

---

## **Table of Contents**

In January 2012, Kodak terminated all its existing hedges at a loss of \$5 million. These hedges were designated as secured agreements under the Second Amended and Restated Credit Agreement and needed to be settled prior to the termination of that facility in conjunction with the Company's DIP Credit Agreement. Hedge gains and losses related to these silver forward contracts were reclassified into Cost of sales in the Consolidated Statement of Operations as the related silver containing products were sold to third parties. These gains or losses transferred to Cost of sales are generally offset by increased or decreased costs of silver purchased in the open market. At December 31, 2013, there were no existing gains or losses to be reclassified to Cost of sales within the next twelve months.



## Table of Contents

### NOTE 15: OTHER OPERATING EXPENSE (INCOME) , NET

	Successor Four Months	Predecessor		
	Ended December 31,	Eight Months Ended	Year Ended December 31,	Year Ended December 31,
(in millions)	2013	August 31, 2013	2012	2011
Expense (income) :				
Gain on sale of digital imaging patent portfolio (1)	\$ —	\$ (535)	\$ —	\$ —
Goodwill and intangible impairments (2) (3)	8	77	—	8
Supply arrangement termination payment (5)	—	—	(35)	—
Gains related to the sales of assets and businesses (4) (6) (7)	(6)	(34)	(50)	(69)
Other	—	(3)	—	5
Total	<u>\$ 2</u>	<u>\$ (495)</u>	<u>\$ (85)</u>	<u>\$ (56)</u>

- (1) Refer to Note 2, “Emergence from Voluntary Reorganization under Chapter 11 Proceedings.
- (2) In the fourth quarter of 2013, Kodak recorded an impairment charge of \$8 million related to the Kodak trade name. Refer to Note 8, “Goodwill and Other Intangible Assets.”
- (3) In the first quarter of 2013, Kodak recorded an impairment charge of \$77 million related to the Intellectual Property and Brand Licensing reporting unit. Refer to Note 8, “Goodwill and Other Intangible Assets.”
- (4) In March 2012, Kodak sold a property in Mexico for approximately \$41 million and leased back the property for a one-year term. The pre-tax gain on the property sale of approximately \$34 million was deferred due to Kodak’s continuing involvement in the property for the remainder of the lease term. In March 2013, the deferred gain was recognized as the lease term expired.
- (5) In the fourth quarter of 2012, Kodak received cash proceeds of approximately \$35 million associated with the termination of a supply arrangement.
- (6) In December 2003, Kodak sold a property in France for approximately \$65 million, net of direct selling costs, and then leased back a portion of this property for a nine-year term. The entire gain on the property sale was deferred due to Kodak’s significant continuing involvement in the property. In the fourth quarter of 2012, the lease term expired and Kodak’s continuing involvement in the property ended. As a result, Kodak recognized a gain of approximately \$50 million.
- (7) On March 31, 2011, Kodak sold patents and patent applications related to CMOS image sensors to OmniVision Technologies Inc. for \$65 million. Kodak recognized a gain, net of transaction costs, of \$62 million from this transaction.

## Table of Contents

### NOTE 16: OTHER INCOME (CHARGES), NET

	Successor Four Months	Predecessor		
	Ended December 31,	Eight Months Ended August 31,	Year Ended December 31,	Year Ended December 31,
(in millions)	2013	2013	2012	2011
<b>Income (charges):</b>				
Interest income	\$ 3	\$ 3	\$ 10	\$ 9
Gain on sale of investment	—	—	23	—
Loss on foreign exchange transactions	(5)	(7)	(14)	(15)
Dividend income	—	—	1	—
Other	14	(9)	1	3
<b>Total</b>	<b>\$ 12</b>	<b>\$ (13)</b>	<b>\$ 21</b>	<b>\$ (3)</b>

### NOTE 17: INCOME TAXES

The components of earnings (loss) from continuing operations before income taxes and the related provision (benefit) for U.S. and other income taxes were as follows:

	Successor For the Four Months Ended	Predecessor		
	December 31,	For the Eight Months Ended	For the Year Ended December 31,	For the Year Ended December 31,
(in millions)	2013	August 31, 2013	2012	2011
<b>(Loss) earnings from continuing operations before income taxes:</b>				
U.S.	\$ (119)	\$ 2,243	\$ (1,647)	\$ (641)
Outside the U.S.	45	113	37	(116)
<b>Total</b>	<b>\$ (74)</b>	<b>\$ 2,356</b>	<b>\$ (1,610)</b>	<b>\$ (757)</b>
<b>U.S. income taxes:</b>				
Current provision (benefit)	\$ 3	\$ —	\$ (409)	\$ (378)
Deferred provision (benefit)	3	(3)	13	241
<b>Income taxes outside the U.S.:</b>				
Current provision	8	52	58	28
Deferred (benefit) provision	(8)	105	65	106
<b>State and other income taxes:</b>				
Current provision (benefit)	2	1	—	(22)
Deferred provision	—	—	—	7
<b>Total provision (benefit)</b>	<b>\$ 8</b>	<b>\$ 155</b>	<b>\$ (273)</b>	<b>\$ (18)</b>

The differences between income taxes computed using the U.S. federal income tax rate and the provision (benefit) for income taxes for continuing operations were as follows:

## Table of Contents

	Successor	Predecessor		
	For the Four Months Ended	For the Eight Months Ended	For the Year Ended	For the Year Ended
	December 31, 2013	August 31, 2013	December 31, 2012	December 31, 2011
(in millions)				
Amount computed using the statutory rate	\$ (25)	\$ 825	\$ (564)	\$ (265)
Increase (reduction) in taxes resulting from:				
State and other income taxes, net of federal	2	—	1	1
Unremitted foreign earnings	36	32	35	393
Impact of goodwill and intangible impairments	(3)	(22)	—	—
Operations outside the U.S.	73	(18)	(90)	52
Legislative rate changes	—	1	23	20
Valuation allowance	(100)	39	312	(74)
Tax settlements and adjustments, including interest	1	5	(11)	(149)
Discharge of Debt and Other Reorganization Related Items	24	(722)	—	—
Other, net	—	15	21	4
Provision (benefit) for income taxes	<u>\$ 8</u>	<u>\$ 155</u>	<u>\$ (273)</u>	<u>\$ (18)</u>

Under the Plan, a substantial portion of the Company's pre-petition debt securities, revolving credit facility and other obligations were extinguished. Absent an exception, a debtor recognizes cancellation of indebtedness income ("CODI") upon discharge of its outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The Internal Revenue Code of 1986, as amended ("IRC"), provides that a debtor in a bankruptcy case may exclude CODI from taxable income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. The amount of CODI realized by a taxpayer is the adjusted issue price of any indebtedness discharged less the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness issued and (iii) the fair market value of any other consideration, including equity, issued. As a result of the market value of equity upon emergence from chapter 11 bankruptcy proceedings, the estimated amount of U.S. CODI is approximately \$821 million, which will reduce the value of Kodak's U.S. net operating losses that had a value of \$2,790 million as of December 31, 2012. The actual reduction in tax attributes does not occur until the first day of the Company's tax year subsequent to the date of emergence, or January 1, 2014.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. The Debtors' emergence from chapter 11 bankruptcy proceedings is considered a change in ownership for purposes of IRC Section 382. The limitation under the IRC is based on the value of the corporation as of the emergence date. However, the ownership changes and resulting annual limitation will result in the expiration of an estimated \$667 million of net operating losses, \$577 million of foreign tax credits and \$21 million of research and expenditure credits generated prior to the emergence date. The expiration of these tax attributes was fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which results in no net tax provision.

The KPP Global Settlement provided for the acquisition by the KPP of certain assets, and the assumption by the KPP of certain liabilities of Kodak's Personalized Imaging and Document Imaging businesses. The underfunded position of the U.K. Pension Plan of approximately \$1.5 billion was included in Liabilities held for sale as presented in the Consolidated Statement of Financial Position as of December 31, 2012. Kodak Limited held a deferred tax asset related to the pension liability of \$329 million. As a result of the KPP Global Settlement and the release from the pension liability to the KPP, Kodak Limited has reversed the corresponding deferred tax asset.

During the eight months ended August 31, 2013, Kodak determined that it was more likely than not that a portion of its deferred tax assets outside the U.S. would not be realized due to changes in the business resulting from the KPP Global Settlement and the related sales of the Business. As a result, Kodak recorded a tax provision of \$100 million associated with the establishment of a valuation allowance on those deferred tax assets.

Additionally, during the eight months ended August 31, 2013, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to the change in Kodak's business as a result of restructuring associated with the emergence from bankruptcy and accordingly, recorded a provision of \$46 million associated with the establishment of a valuation allowance on those deferred tax assets.

## Table of Contents

During 2012 and 2011, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced manufacturing volumes negatively impacting profitability in a location outside the U.S. and accordingly, recorded a provision of \$30 million and \$53 million, respectively, associated with the establishment of a valuation allowance on those deferred tax assets.

In March 2011, Kodak filed a Request for Competent Authority Assistance with the United States Internal Revenue Service (“IRS”). The request related to a potential double taxation issue with respect to certain patent licensing royalty payments received by Kodak in 2012 and 2011. In the twelve months ended December 31, 2012, Kodak received notification that the IRS had reached agreement with the Korean National Tax Service (“NTS”) with regards to Kodak’s March 2011 request. As a result of the agreement reached by the IRS and NTS, Kodak was due a partial refund of Korean withholding taxes in the amount of \$123 million. Kodak had previously agreed with the licensees that made the royalty payments that any refunds of the related Korean withholding taxes would be shared equally between Kodak and the licensees. The licensees’ share (\$61 million) of the Korean withholding tax refund has therefore been reported as a licensing revenue reduction in Licensing & royalties in the Consolidated Statement of Operations.

(in millions)	As of December 31,	
	Successor	Predecessor
	2013	2012
<b>Deferred tax assets</b>		
Pension and postretirement obligations	\$ 219	\$ 689
Allowed Claims	—	272
Restructuring programs	6	10
Foreign tax credit	101	577
Inventories	18	26
Investment tax credit	125	153
Employee deferred compensation	60	113
Depreciation	—	57
Research and development costs	276	308
Tax loss carryforwards	372	1,409
Goodwill/Intangibles	—	42
Other deferred revenue	13	—
Other	168	373
<b>Total deferred tax assets</b>	<b>\$ 1,358</b>	<b>\$ 4,029</b>
<b>Deferred tax liabilities</b>		
Depreciation	\$ 17	\$ —
Leasing	23	43
Goodwill/Intangibles	49	—
Other deferred debt	—	11
Unremitted foreign earnings	236	416
Other	25	182
<b>Total deferred tax liabilities</b>	<b>350</b>	<b>652</b>
Net deferred tax assets before valuation allowance	1,008	3,377
Valuation allowance	953	2,838
<b>Net deferred tax assets</b>	<b>\$ 55</b>	<b>\$ 539</b>

## Table of Contents

Deferred tax assets (liabilities) are reported in the following components within the Consolidated Statement of Financial Position:

(in millions)	As of December 31,	
	Successor	Predecessor
	2013	2012
Deferred income taxes (current)	\$ 48	\$ 75
Deferred income taxes (non-current)	54	470
Other current liabilities	(3)	(1)
Other long-term liabilities	(44)	(5)
Net deferred tax assets	<u>\$ 55</u>	<u>\$ 539</u>

As of December 31, 2013, Kodak had available domestic and foreign net operating loss carry-forwards for income tax purposes of approximately \$1,382 million, of which approximately \$367 million have an indefinite carry-forward period. The remaining \$1,015 million expire between the years 2014 and 2033. As of December 31, 2013, Kodak had unused foreign tax credits and investment tax credits of \$101 million and \$125 million, respectively, with various expiration dates through 2028. Utilization of post-emergence net operating losses and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future.

Kodak was previously granted a tax holiday in certain jurisdictions in China, which provided eligibility for a 50% reduction of the income tax rate. During 2013, Kodak has returned to the 25% statutory tax rate in all jurisdictions in China.

During 2011, Kodak concluded that the undistributed earnings of its foreign subsidiaries would no longer be considered permanently reinvested. After assessing the assets of the subsidiaries relative to specific opportunities for reinvestment, as well as the forecasted uses of cash for both its domestic and foreign operations, Kodak concluded that it was prudent to change its indefinite reinvestment assertion to allow greater flexibility in its cash management. Kodak recorded a deferred tax liability (net of related foreign tax credits) of \$213 million and \$374 million on the foreign subsidiaries' undistributed earnings for years ended December 31, 2013 and 2012, respectively. This deferred tax liability was fully offset by Kodak's U.S. valuation allowance. Kodak also recorded a deferred tax liability of \$23 million and \$42 million for the potential foreign withholding taxes on the undistributed earnings for years ended December 31, 2013 and 2012, respectively.

Kodak's valuation allowance as of December 31, 2013 was \$953 million. Of this amount, \$373 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$470 million, and \$580 million related to Kodak's net deferred tax assets in the U.S. of \$538 million, for which Kodak believes it is not more likely than not that the assets will be realized. The net deferred tax assets in excess of the valuation allowance of approximately \$55 million relate primarily to net operating loss carry-forwards, certain tax credits, and pension related tax benefits for which Kodak believes it is more likely than not that the assets will be realized.

Kodak's valuation allowance as of December 31, 2012 was \$2,838 million. Of this amount, \$403 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$1,001 million, and \$2,435 million related to Kodak's net deferred tax assets in the U.S. of \$2,376 million, for which Kodak believes it is not more likely than not that the assets will be realized. The net deferred tax assets in excess of the valuation allowance of approximately \$539 million relate primarily to net operating loss carry-forwards, certain tax credits, and pension related tax benefits for which Kodak believes it is more likely than not that the assets will be realized.

## Table of Contents

### Accounting for Uncertainty in Income Taxes

A reconciliation of the beginning and ending amount of Kodak's liability for income taxes associated with unrecognized tax benefits is as follows:

(in millions)	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	For the Year Ended December 31,	
			2012	2011
<b>Balance as of January 1</b>	\$ 107	\$ 57	\$ 76	\$ 245
<b>Tax positions related to the current year:</b>				
Additions	—	68	4	12
<b>Tax Positions related to prior years:</b>				
Additions	2	1	3	2
Reductions	(3)	(17)	(17)	(183)
Settlements with taxing jurisdictions	—	(2)	(3)	—
Lapses in Statute of limitations	—	—	(6)	—
<b>Balance as of December 31</b>	<u>\$ 106</u>	<u>\$ 107</u>	<u>\$ 57</u>	<u>\$ 76</u>

Kodak's policy regarding interest and/or penalties related to income tax matters is to recognize such items as a component of income tax (benefit) expense. Kodak recognized interest and penalties of approximately \$0 million, \$2 million, \$2 million and \$(60) million, in income tax (benefit) expense for the four months ended December 31, 2013, eight months ended August 31, 2013 and for the years ended December 31, 2012 and 2011, respectively. Additionally, Kodak had approximately \$18 million and \$16 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2013 and 2012, respectively.

If the unrecognized tax benefits were recognized, they would favorably affect the effective income tax rate in the period recognized. Kodak has classified certain income tax liabilities as current or noncurrent based on management's estimate of when these liabilities will be settled. The current liabilities are recorded in Other current liabilities in the Consolidated Statement of Financial Position. Noncurrent income tax liabilities are recorded in Other long-term liabilities in the Consolidated Statement of Financial Position.

It is reasonably possible that the liability associated with Kodak's unrecognized tax benefits will increase or decrease within the next twelve months. These changes may be the result of settling ongoing audits or the expiration of statutes of limitations. Such changes to the unrecognized tax benefits could range from \$0 to \$15 million based on current estimates. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although management believes that adequate provision has been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, thus having a positive impact on earnings.

During 2013, Kodak paid \$2 million associated with the resolution of \$17 million of various state and local tax claims that were agreed upon through the bankruptcy process. In addition, Kodak established a \$64 million liability for unrecognized tax benefits associated with the Company's adoption of the Plan of Reorganization.

During 2012, Kodak agreed to terms with a tax authority outside of the U.S. and settled audits for calendar years 2002 through 2007. For these years, Kodak originally recorded liabilities for uncertain tax positions ("UTPs") totaling \$12 million (plus interest of approximately \$4 million). The settlement resulted in a reduction in Accrued income and other taxes and the recognition of a \$16 million tax benefit.

During 2011, Kodak agreed to terms with the IRS and settled the federal audits for calendar years 2001 through 2005. For these years, Kodak originally recorded federal and related state liabilities for UTPs totaling \$115 million (plus interest of approximately \$25 million). The settlement resulted in a reduction in Accrued income and other taxes of \$296 million, the recognition of a \$50 million tax benefit, and a reduction in net deferred tax assets of \$246 million.

During 2011, Kodak agreed to terms with a tax authority outside of the U.S. and settled audits for calendar years 2001 and 2002. For these years, Kodak originally recorded liabilities for UTPs totaling \$56 million (plus interest of approximately \$43 million). The settlement resulted in a reduction in Accrued income and other taxes and the recognition of a \$94 million tax benefit.

Kodak files numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Kodak has substantially concluded all U.S. federal and state income tax matters for years through 2011. Substantially all material foreign income tax matters have been concluded for years through 2008. Kodak's tax matters for the years 2007 through 2012 remain subject to examination by the respective foreign tax jurisdiction authorities.

## Table of Contents

### Net Operating Loss Rights Agreement

On August 1, 2011, Kodak entered into a Net Operating Loss (“NOL”) Rights Agreement (“NOL Rights Agreement”) designed to preserve stockholder value and tax assets. The Company’s ability to use its tax attributes to offset tax on U.S. taxable income would be substantially limited if there were an “ownership change” as defined under Section 382 of the U.S. Internal Revenue Code. In general, an ownership change would occur if “5-percent shareholders,” as defined under Section 382, collectively increase their ownership in the Company by more than 50 percentage points over a rolling three-year period.

Upon emergence from bankruptcy Kodak’s NOL Rights Agreement was terminated under the effects of the implementation of the plan of reorganization.

### NOTE 18: RESTRUCTURING COSTS AND OTHER

Kodak recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. Charges for restructuring initiatives are recorded in the period in which Kodak commits to a formalized restructuring plan, or executes the specific actions contemplated by the plan and all criteria for liability recognition under the applicable accounting guidance have been met.

#### Restructuring Reserve Activity

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring programs during the three years ended December 31, 2013 were as follows:

			Long-lived Asset		
(in millions)	Severance Reserve	Exit Costs Reserve	Impairments and Inventory Write-downs	Accelerated Depreciation	Total
Balance as of December 31, 2010					
(Predecessor):	\$ 22	\$ 20	\$ —	\$ —	\$ 42
2011 charges—continuing operations					
(1)	92	15	3	10	120
2011 charges—discontinued operations					
(1)	13	—	—	—	13
2011 utilization/cash payments	(58)	(13)	(3)	(10)	(84)
2011 other adjustments & reclasses (2)	(31)	—	—	—	(31)
Balance as of December 31, 2011					
(Predecessor):	\$ 38	\$ 22	\$ —	\$ —	\$ 60
2012 charges—continuing operations					
(3)	\$ 158	\$ 35	\$ 26	\$ 13	\$ 232
2012 charges—discontinued operations					
(3)	29	2	8	—	39
2012 utilization/cash payments	(86)	(13)	(34)	(13)	(146)
2012 other adjustments & reclasses (4)	(101)	(1)	—	—	(102)
Balance as of December 31, 2012					
(Predecessor):	\$ 38	\$ 45	\$ —	\$ —	\$ 83
Eight months charges—continuing operations	\$ 38	\$ 3	\$ 4	\$ 4	\$ 49
Eight months charges—discontinued operations	3	—	—	—	3
Eight months utilization/cash payments	(48)	(32)	(4)	(4)	(88)
Eight months other adjustments & reclasses (5)	(3)	(9)	—	—	(12)
Balance as of August 31, 2013					
(Predecessor):	\$ 28	\$ 7	\$ —	\$ —	\$ 35
Four months charges—continuing operations	\$ 13	\$ 3	\$ 1	\$ —	\$ 17
Four months charges—discontinued operations	—	—	—	—	—
Four months utilization/cash payments	(15)	(3)	(1)	—	(19)
Four months other adjustments & reclasses (6)	—	1	—	—	1
Balance as of December 31, 2013					

(Successor):	\$	<u>26</u>	\$	<u>8</u>	\$	<u>—</u>	\$	<u>—</u>	\$	<u>34</u>
--------------	----	-----------	----	----------	----	----------	----	----------	----	-----------

- (1) Severance reserve activity includes termination benefits charges of \$101 million, and net curtailment and settlement losses related to these actions of \$4 million.
- (2) Includes \$32 million of severance related charges for pension plan curtailments, settlements, and special termination benefits, which are reflected in Pension and other postretirement liabilities and Other long-term assets in the Consolidated Statement of Financial Position, offset by \$1 million of foreign currency translation adjustments.



---

## Table of Contents

- (3) Severance reserve activity includes termination benefit charges of \$186 million, and net curtailment and settlement losses related to these actions of \$1 million.
- (4) Includes \$100 million of severance related charges for pension plan curtailments, settlements, and special termination benefits, which are reflected in Pension and other postretirement liabilities and Other long-term assets in the Consolidated Statement of Financial Position, and \$2 million for amounts reclassified as Liabilities subject to compromise.
- (5) The \$(12) million includes \$(5) million for amounts reclassified as Liabilities subject to compromise, \$(4) million of severance-related charges for pension plan curtailments, which are reflected in Pension and other postretirement liabilities in Consolidated Statement of Financial Position, and \$(3) million of reserve adjustments due to the application of fresh start accounting, which were recorded as Reorganization items, net in the Consolidated Statement of Operations.
- (6) The \$1 million represents foreign currency translation adjustments.

### 2011 Activity

The \$133 million of charges for the year 2011 includes \$10 million of charges for accelerated depreciation and \$2 million for inventory write-downs, which were reported in Cost of sales in the accompanying Consolidated Statement of Operations, and \$13 million which was reported in discontinued operations. The remaining costs incurred of \$108 million, including \$92 million of severance costs, \$15 million of exit costs, and \$1 million of long-lived asset impairments, were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The 2011 severance costs related to the elimination of approximately 1,225 positions, including approximately 575 manufacturing/service, 550 administrative and 100 research and development positions. The geographic composition of these positions includes approximately 725 in the United States and Canada, and 500 throughout the rest of the world.

The charges of \$133 million recorded in 2011 included \$23 million applicable to the Graphics, Entertainment and Commercial Films Segment, \$6 million applicable to the Digital Printing and Enterprise Segment and \$91 million that was applicable to manufacturing/service, research and development, and administrative functions, which are shared across all segments. The remaining \$13 million was applicable to discontinued operations.

As a result of these initiatives, severance payments were paid during periods through 2012 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, were paid over periods throughout 2012 and beyond.

### 2012 Activity

The \$271 million of charges for the year 2012 includes \$13 million of charges for accelerated depreciation and \$4 million for inventory write-downs, which were reported in Cost of sales in the accompanying Consolidated Statement of Operations, and \$39 million which was reported as discontinued operations. The remaining costs incurred of \$215 million, including \$158 million of severance costs, \$35 million of exit costs, and \$22 million of long-lived asset impairments, were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The 2012 severance costs related to the elimination of approximately 3,225 positions, including approximately 1,775 manufacturing/service, 1,050 administrative and 400 research and development positions. The geographic composition of these positions includes approximately 1,925 in the United States and Canada, and 1,300 throughout the rest of the world.

The charges of \$271 million recorded in 2012 included \$20 million applicable to the Graphics, Entertainment and Commercial Films Segment, \$93 million applicable to the Digital Printing and Enterprise Segment and \$119 million that was applicable to manufacturing/service, research and development, and administrative functions, which are shared across all segments. The remaining \$39 million was applicable to discontinued operations.

---

## Table of Contents

As a result of these initiatives, severance payments were paid during periods through 2013 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will continue beyond 2013.

### 2013 Activity

Restructuring actions taken in 2013 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability. Actions included manufacturing capacity reductions in the U.S. and the U.K., the continued wind down of the consumer inkjet printer business, a workforce reduction in France, and various targeted reductions in service, sales, and other administrative functions.

As a result of these actions, for the four months ended December 31, 2013 Kodak recorded \$17 million of charges reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. For the eight months ended August 31, 2013, Kodak recorded \$52 million of charges, including \$4 million for accelerated depreciation and \$2 million for inventory write-downs which were reported in Cost of sales, \$43 million reported as Restructuring costs and other and \$3 million which were reported as Discontinued operations in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The 2013 severance costs related to the elimination of approximately 825 positions, including approximately 500 manufacturing/service, 300 administrative and 25 research and development positions. The geographic composition of these positions included approximately 375 in the U.S. and Canada, and 450 throughout the rest of the world.

The charges of \$17 million recorded for the four months ended December 31, 2013 included \$1 million applicable to the Digital Printing and Enterprise Segment, \$8 million applicable to the Graphics, Entertainment and Commercial Films Segment, and \$8 million that was applicable to manufacturing, research and development, and administrative functions. The charges of \$52 million recorded for the eight months ended August 31, 2013 included \$5 million applicable to the Digital Printing and Enterprise Segment, \$22 million applicable to the Graphics, Entertainment and Commercial Films Segment, and \$22 million that was applicable to manufacturing, research and development, and administrative functions and \$3 million applicable to discontinued operations.

As a result of these initiatives, severance payments will be paid during periods through 2014 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will be paid over periods throughout 2014 and beyond.

### NOTE 19: RETIREMENT PLANS

Substantially all U.S. employees are covered by a noncontributory defined benefit plan, the Kodak Retirement Income Plan ("KRIP"), which is funded by the Company contributions to an irrevocable trust fund. The funding policy for KRIP is to contribute amounts sufficient to meet minimum funding requirements as determined by employee benefit and tax laws plus any additional amounts the Company determines to be appropriate. Assets in the trust fund are held for the sole benefit of participating employees and retirees. They are composed of corporate equity and debt securities, U.S. government securities, partnership investments, interests in pooled funds, commodities, real estate, and various types of interest rate, foreign currency, debt, and equity market financial instruments.

For U.S. employees hired prior to March 1999 KRIP's benefits are generally based on a formula recognizing length of service and final average earnings. KRIP includes a separate cash balance formula for all U.S. employees hired after February 1999 (the "Cash Balance Plan"). All U.S. employees hired prior to that date were granted the option to choose the traditional KRIP plan or the Cash Balance Plan. Written elections were made by employees in 1999, and were effective January 1, 2000. The Cash Balance Plan credits employees' hypothetical accounts with an amount equal to 4% of their pay, plus interest based on the 30-year Treasury bond rate. In addition, for employees participating in the Cash Balance Plan and the Company's defined contribution plan, the Savings and Investment Plan ("SIP"), the Company matches dollar-for-dollar on the first 1% contributed to SIP and \$.50 for each dollar on the next 4% contributed. The Company's contributions to SIP were \$6 million and \$8 million for 2013 and 2012, respectively.

The Company also sponsored unfunded non-qualified defined benefit plans for certain U.S. employees, primarily executives. The pre-petition obligations associated with these plans were discharged upon emergence pursuant to the terms of the Plan (see Retirees' Settlement under Note 2, "Emergence from Voluntary Reorganization under Chapter 11 Proceedings"). The plans were discontinued upon emergence.

---

## Table of Contents

Many subsidiaries and branches operating outside the U.S. have defined benefit retirement plans covering substantially all employees. Contributions by Kodak for these plans are typically deposited under government or other fiduciary-type arrangements. Retirement benefits are generally based on contractual agreements that provide for benefit formulas using years of service and/or compensation prior to retirement. The actuarial assumptions used for these plans reflect the diverse economic environments within the various countries in which Kodak operates.

The measurement date used to determine the pension obligation for all funded and unfunded U.S. and Non-U.S. defined benefit plans is December 31.

## Table of Contents

Information regarding the major funded and unfunded U.S. and Non-U.S. defined benefit plans follows:

(in millions)	Successor		Predecessor			
	Four Months Ended		Eight Months Ended		Year-Ended	
	December 31, 2013		August 31, 2013		December 31, 2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
<b>Change in Benefit Obligation</b>						
Projected benefit obligation at beginning of period	\$ 4,970	\$ 1,073	\$ 5,575	\$ 4,264	\$5,259	\$ 3,652
Transfers	—	—	(206)	—	—	—
Service cost	7	2	20	6	48	10
Interest cost	68	11	120	95	206	156
Participant contributions	—	—	—	1	—	2
Plan amendments	—	(6)	—	—	—	—
Benefit payments	(124)	(29)	(249)	(139)	(422)	(226)
Actuarial (gain) loss	(28)	6	(270)	(103)	385	560
Curtailments	—	—	(20)	(7)	—	(34)
Settlements	(532)	(3)	—	(2,892)	—	(8)
Special termination benefits	—	—	—	—	99	—
Currency adjustments	—	20	—	(152)	—	152
Projected benefit obligation at end of period	<u>\$ 4,361</u>	<u>\$ 1,074</u>	<u>\$ 4,970</u>	<u>\$ 1,073</u>	<u>\$5,575</u>	<u>\$ 4,264</u>
<b>Change in Plan Assets</b>						
Fair value of plan assets at beginning of period	\$ 4,647	\$ 891	\$ 4,848	\$ 2,479	\$4,763	\$ 2,436
Actual gain on plan assets	192	29	47	79	500	157
Employer contributions	1	5	1	22	7	29
Participant contributions	—	—	—	1	—	2
Settlements	(532)	(2)	—	(1,465)	—	(8)
Benefit payments	(124)	(29)	(249)	(139)	(422)	(226)
Currency adjustments	—	13	—	(86)	—	89
Fair value of plan assets at end of period	<u>\$ 4,184</u>	<u>\$ 907</u>	<u>\$ 4,647</u>	<u>\$ 891</u>	<u>\$4,848</u>	<u>\$ 2,479</u>
Under Funded Status at end of period	<u>\$ (177)</u>	<u>\$ (167)</u>	<u>\$ (323)</u>	<u>\$ (182)</u>	<u>\$ (727)</u>	<u>\$ (1,785)</u>
Accumulated benefit obligation at end of period	<u>\$ 4,309</u>	<u>\$ 1,054</u>			<u>\$5,497</u>	<u>\$ 4,233</u>

The transfers of \$206 million in the eight months ended August 31, 2013 represent pre-petition obligations related to the U.S. non-qualified pension plans which were discharged pursuant to the terms of the Plan. The settlement amounts above of \$532 million for the U.S. in the Successor period are a result of lump sum payments from KRIP. The settlement amounts for the Non-U.S. in the eight months ended August 31, 2013 are primarily a result of the Global Settlement.

## Table of Contents

Amounts recognized in the Consolidated Statement of Financial Position for all major funded and unfunded U.S. and Non-U.S. defined benefit plans are as follows:

(in millions)	As of December 31,			
	Successor		Predecessor	
	2013		2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$ —	\$ 4	\$ —	\$ 2
Other current liabilities	—	(1)	—	—
Pension and other postretirement liabilities	(177)	(170)	—	(272)
Liabilities held for sale	—	—	—	(1,515)
Liabilities subject to compromise	—	—	(727)	—
Net amount recognized	<u>\$(177)</u>	<u>\$ (167)</u>	<u>\$(727)</u>	<u>\$(1,785)</u>

Information with respect to the major funded and unfunded U.S. and Non-U.S. defined benefit plans with an accumulated benefit obligation in excess of plan assets is as follows:

(in millions)	As of December 31,			
	Successor		Predecessor	
	2013		2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$4,361	\$ 1,043	\$5,575	\$ 4,229
Accumulated benefit obligation	4,309	1,024	5,497	4,198
Fair value of plan assets	4,184	873	4,848	2,441

Amounts recognized in accumulated other comprehensive income (loss) for all major funded and unfunded U.S. and Non-U.S. defined benefit plans consist of:

(in millions)	As of December 31,			
	Successor		Predecessor	
	2013		2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit (cost)	\$—	\$ 6	\$ (5)	\$ (25)
Net actuarial gain (loss)	86	8	(2,237)	(2,202)
Total	<u>\$ 86</u>	<u>\$ 14</u>	<u>\$(2,242)</u>	<u>\$(2,227)</u>

## Table of Contents

Other changes in plan assets and benefit obligations recognized in Other comprehensive income (expense) are as follows:

(in millions)	Successor		Predecessor			
	Four Months Ended		Eight Months Ended		Year-Ended	
	December 31, 2013		August 31, 2013		December 31, 2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established gain (loss)	\$ 97	\$ 8	\$ 81	\$ 75	\$ (275)	\$ (567)
Newly established prior service credit	—	6	—	—	—	—
Amortization of:						
Prior service cost	—	—	1	1	1	3
Net actuarial loss	—	—	124	56	173	66
Prior service cost (credit) recognized due to curtailment	—	—	—	13	—	(1)
Net curtailment gain not recognized in expense	—	—	20	7	—	34
Net (gain) loss recognized in expense due to settlements	(11)	—	—	1,542	—	3
Total Income (loss) recognized in Other comprehensive income before fresh start accounting	<u>\$ 86</u>	<u>\$ 14</u>	<u>\$ 226</u>	<u>\$ 1,694</u>	<u>\$ (101)</u>	<u>\$ (462)</u>
Effect of application of fresh start accounting			<u>\$ 2,016</u>	<u>\$ 533</u>		

The Company does not expect to recognize any amounts recorded in accumulated other comprehensive loss as components of net periodic benefit cost over the next year.

## Table of Contents

Pension (income) expense for all defined benefit plans included:

(in millions)	Successor		Predecessor					
	Four Months Ended		Eight Months Ended		Year Ended December 31,			
	December 31, 2013		August 31, 2013		2012		2011	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
<b>Major defined benefit plans:</b>								
Service cost	\$ 7	\$ 2	\$ 20	\$ 6	\$ 48	\$ 10	\$ 50	\$ 16
Interest cost	68	11	120	95	206	156	254	180
Expected return on plan assets	(123)	(15)	(236)	(107)	(389)	(164)	(435)	(209)
Amortization of:								
Prior service cost	—	—	1	1	1	3	1	4
Actuarial loss	—	—	124	56	173	66	69	52
Pension (income) expense before special termination benefits, curtailments and settlements	(48)	(2)	29	51	39	71	(61)	43
Special termination benefits	—	—	—	—	99	—	28	1
Curtailment (gains) losses	—	—	—	13	—	(1)	—	4
Settlement (gains) losses	(11)	(1)	—	114	—	3	—	10
Net pension (income) expense for major defined benefit plans	(59)	(3)	29	178	138	73	(33)	58
Other plans including unfunded plans	—	—	—	7	—	11	—	12
Net pension (income) expense	<u>\$ (59)</u>	<u>\$ (3)</u>	<u>\$ 29</u>	<u>\$ 185</u>	<u>\$ 138</u>	<u>\$ 84</u>	<u>\$ (33)</u>	<u>\$ 70</u>

The pension (income) expense before special termination benefits, curtailments, and settlements reported above for the eight months ended August 31, 2013 (Predecessor) includes \$38 million which was reported as Discontinued operations. The Pension expense before special termination benefits, curtailments, and settlements reported above for the years ended December 31, 2012 and December 31, 2011 includes \$53 million and \$30 million, respectively, which was reported as Discontinued operations.

The special termination benefits of \$99 million and \$29 million for the years ended December 31, 2012 and 2011, respectively, were incurred as a result of Kodak's restructuring actions and, therefore, have been included in Restructuring costs and other in the Consolidated Statement of Operations for those respective periods.

For 2011, \$3 million of the curtailment losses and \$1 million of the settlement losses were incurred as a result of Kodak's restructuring actions and, therefore, have been included in Restructuring costs and other in the Consolidated Statement of Operations for 2011. For 2012, \$1 million of the settlement losses were incurred as a result of Kodak's restructuring actions and, therefore, have been included in Restructuring costs and other in the Consolidated Statement of Operations for 2012.

For the eight months ended August 31, 2013, \$5 million of curtailment losses were incurred as a result of Kodak's restructuring actions, and have been included in Restructuring costs and other in the Consolidated Statement of Operations. The remaining curtailment losses of \$8 million have been included in Discontinued operations in the Consolidated Statement of Operations. The \$114 million of settlement losses were incurred as a result of the Global Settlement, and have been included in Discontinued operations in the Consolidated Statement of Operations.

The weighted-average assumptions used to determine the benefit obligation amounts for all major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	Successor		Predecessor			
	December 31, 2013		August 31, 2013		December 31, 2012	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.50%	3.19%	4.25%	3.14%	3.50%	3.55%
Salary increase rate	3.37%	2.65%	3.39%	2.69%	3.40%	2.84%

## Table of Contents

The weighted-average assumptions used to determine net pension (income) expense for all the major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	Successor		Predecessor					
	Four Months Ended		Eight Months Ended		Year Ended December 31,			
	December 31, 2013		August 31, 2013		2012		2011	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.25%	3.14%	4.25%	3.14%	4.25%	4.41%	5.24%	4.95%
Salary increase rate	3.39%	2.69%	3.39%	2.69%	3.45%	2.98%	3.99%	3.89%
Expected long-term rate of return on plan assets	8.20%	5.35%	8.12%	6.54%	8.52%	7.02%	8.43%	7.64%

## Plan Asset Investment Strategy

The investment strategy underlying the asset allocation for the pension assets is to achieve an optimal return on assets with an acceptable level of risk while providing for the long-term liabilities, and maintaining sufficient liquidity to pay current benefits and other cash obligations of the plans. This is primarily achieved by investing in a broad portfolio constructed of various asset classes including equity and equity-like investments, debt and debt-like investments, real estate, private equity and other assets and instruments. Long duration bonds and Treasury bond futures are used to partially match the long-term nature of plan liabilities. Other investment objectives include maintaining broad diversification between and within asset classes and fund managers, and managing asset volatility relative to plan liabilities.

Every three years, or when market conditions have changed materially, each of Kodak's major pension plans will undertake an asset allocation or asset and liability modeling study. The asset allocation and expected return on the plans' assets are individually set to provide for benefits and other cash obligations within each country's legal investment constraints.

Actual allocations may vary from the target asset allocations due to market value fluctuations, the length of time it takes to implement changes in strategy, and the timing of cash contributions and cash requirements of the plans. The asset allocations are monitored, and are rebalanced in accordance with the policy set forth for each plan.

The total plan assets attributable to the major U.S. defined benefit plans at December 31, 2013 relate to KRIP. The expected long-term rate of return on plan assets assumption ("EROA") is based on a combination of formal asset and liability studies that include forward-looking return expectations given the current asset allocation. A review of the EROA as of December 31, 2013, based upon the current asset allocation and forward-looking expected returns for the various asset classes in which KRIP invests, resulted in an EROA of 7.8%.

As with KRIP, the EROA assumptions for certain of Kodak's other pension plans were reassessed as of December 31, 2013. The annual expected return on plan assets for the major non-U.S. pension plans range from 2.4% to 7.2% based on the plans' respective asset allocations as of December 31, 2013.

## Plan Asset Risk Management

Kodak evaluates its defined benefit plans' asset portfolios for the existence of significant concentrations of risk. Types of concentrations that are evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of December 31, 2013 and 2012, there were no significant concentrations (defined as greater than 10 percent of plan assets) of risk in Kodak's defined benefit plan assets.



## Table of Contents

The Company's weighted-average asset allocations for its major U.S. defined benefit pension plans by asset category, are as follows:

Asset Category	As of December 31,		2013 Target
	Successor 2013	Predecessor 2012	
Equity securities	16%	25%	22-32%
Debt securities	30%	38%	34-44%
Real estate	5%	4%	0-10%
Cash and cash equivalents	14%	2%	0-6%
Global balanced asset allocation funds	13%	11%	9-15%
Other	22%	20%	14-20%
Total	<u>100%</u>	<u>100%</u>	

The Company's weighted-average asset allocations for its major Non-U.S. defined benefit pension plans by asset category, are as follows:

Asset Category	As of December 31,		2013 Target
	Successor 2013	Predecessor 2012	
Equity securities	18%	13%	15-25%
Debt securities	30%	40%	25-35%
Real estate	1%	2%	0-4%
Cash and cash equivalents	3%	2%	0-6%
Global balanced asset allocation funds	6%	3%	4-10%
Other	42%	40%	35-45%
Total	<u>100%</u>	<u>100%</u>	

## Fair Value Measurements

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2013 and 2012 are presented in the tables below for Kodak's major defined benefit plans. Kodak's plan assets were accounted for at fair value and are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Kodak's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value of assets and their placement within the fair value hierarchy levels.

## Table of Contents

### Major U.S. Plans December 31, 2013

	U.S.			
	Quoted Prices			Total
	in Active Markets for Identical Assets (Level 1)	Significant Observable  Inputs (Level 2)	Significant Unobservable  Inputs (Level 3)	
(in millions)				
Cash and cash equivalents	\$ —	\$ 587	\$ —	\$ 587
Equity Securities	—	481	183	664
Debt Securities:				
Government Bonds	—	224	205	429
Inflation-Linked Bonds	—	39	105	144
Investment Grade Bonds	—	234	—	234
Global High Yield & Emerging Market Debt	—	263	178	441
Real Estate	—	—	200	200
Global Balanced Asset Allocation Funds	—	540	—	540
Other:				
Private Equity	—	—	951	951
Derivatives with unrealized gains	16	—	—	16
Derivatives with unrealized losses	(22)	—	—	(22)
	<u>\$ (6)</u>	<u>\$ 2,368</u>	<u>\$ 1,822</u>	<u>\$4,184</u>

## Table of Contents

### Major U.S. Plans December 31, 2012

	U.S.			
	Quoted Prices			
	in Active Markets for Identical Assets (Level 1)	Significant Observable  Inputs (Level 2)	Significant Unobservable  Inputs (Level 3)	Total
(in millions)				
Cash and cash equivalents	\$ —	\$ 83	\$ —	\$ 83
Equity Securities	221	804	163	1,188
Debt Securities:				
Government Bonds	—	538	201	739
Inflation-Linked Bonds	—	111	104	215
Investment Grade Bonds	—	386	—	386
Global High Yield & Emerging Market Debt	—	324	201	525
Real Estate	—	—	198	198
Global Balanced Asset Allocation Funds	—	530	—	530
Other:				
Private Equity	—	—	1,002	1,002
Insurance Contracts	—	1	—	1
Derivatives with unrealized gains	7	—	—	7
Derivatives with unrealized losses	(26)	—	—	(26)
	<u>\$ 202</u>	<u>\$ 2,777</u>	<u>\$ 1,869</u>	<u>\$4,848</u>

For Kodak's major U.S. defined benefit pension plans, equity investments are invested broadly in U.S. equity, developed international equity, and emerging markets. Fixed income investments are comprised primarily of long duration U.S. Treasuries and global government bonds, U.S. below investment-grade corporate bonds, as well as U.S. and emerging market companies' debt securities diversified by sector, geography, and through a wide range of market capitalizations. Real estate investments include investments in office, industrial, retail and apartment properties. Private equity investments are primarily comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital, leveraged buyout and special situation funds. Natural resource investments in oil and gas partnerships and timber funds are also included in this category.

## Table of Contents

### Major Non-U.S. Plans December 31, 2013

	Non - U.S.			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(in millions)				
Cash and cash equivalents	\$ —	\$ 25	\$ —	\$ 25
Equity Securities	—	151	15	166
Debt Securities:				
Government Bonds	—	121	32	153
Inflation-Linked Bonds	—	30	—	30
Investment Grade Bonds	—	62	—	62
Global High Yield & Emerging Market Debt	—	24	—	24
Real Estate	—	6	5	11
Global Balanced Asset Allocation Funds	—	53	—	53
Other:				
Absolute Return	—	36	—	36
Private Equity	—	2	54	56
Insurance Contracts	—	294	—	294
Derivatives with unrealized gains	1	—	—	1
Derivatives with unrealized losses	(4)	—	—	(4)
	<u>\$ (3)</u>	<u>\$ 804</u>	<u>\$ 106</u>	<u>\$907</u>

## Table of Contents

### Major Non-U.S. Plans December 31, 2012

	Non - U.S.			
	Quoted Prices			Total
	in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(in millions)				
Cash and cash equivalents	\$ —	\$ 57	\$ —	\$ 57
Equity Securities	43	276	13	332
Debt Securities:				
Government Bonds	—	145	7	152
Inflation-Linked Bonds	—	275	251	526
Investment Grade Bonds	—	74	—	74
Global High Yield & Emerging Market Debt	—	229	—	229
Real Estate	—	5	44	49
Global Balanced Asset Allocation Funds	—	71	—	71
Other:				
Absolute Return	—	324	—	324
Private Equity	—	2	322	324
Insurance Contracts	—	338	—	338
Derivatives with unrealized gains	4	—	—	4
Derivatives with unrealized losses	(1)	—	—	(1)
	<u>\$ 46</u>	<u>\$ 1,796</u>	<u>\$ 637</u>	<u>\$2,479</u>

For Kodak's major non-U.S. defined benefit pension plans, equity investments are invested broadly in local equity, developed international and emerging markets. Fixed income investments are comprised primarily of long duration government and corporate bonds with some emerging market debt. Real estate investments include investments in primarily office, industrial, and retail properties. Private equity investments are comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital and leveraged buyout funds. Absolute return investments are comprised of a diversified portfolio of hedge funds using equity, debt, commodity, and currency strategies held separate from the derivative-linked hedge funds described later in this footnote.

Cash and cash equivalents are valued utilizing cost approach valuation techniques. Equity and debt securities are valued using a market approach based on the closing price on the last business day of the year (if the securities are traded on an active market), or based on the proportionate share of the estimated fair value of the underlying assets (net asset value). Other investments are valued using a combination of market, income, and cost approaches, based on the nature of the investment. Absolute return investments are primarily valued based on net asset value derived from observable market inputs. Real estate investments are valued primarily based on independent appraisals and discounted cash flow models, taking into consideration discount rates and local market conditions. Private equity investments are valued primarily based on independent appraisals, discounted cash flow models, cost, and comparable market transactions, which include inputs such as discount rates and pricing data from the most recent equity financing. Insurance contracts are primarily valued based on contract values, which approximate fair value.

Some of the plans' assets, primarily absolute return, real estate, and private equity, do not have readily determinable market values due to the nature of these investments. For these investments, fund manager or general partner estimates were used where available. The estimates for the absolute return assets are derived from observable inputs, based on the fair value of the underlying positions, which have readily available market prices. For investments with lagged pricing, Kodak used the available net asset values, and also considered expected return, subsequent cash flows and material events.

## Table of Contents

For all of Kodak's major defined benefit pension plans, investment managers are selected that are expected to provide best-in-class asset management for their particular asset class, and expected returns greater than those expected from existing salable assets, especially if this would maintain the aggregate volatility desired for each plan's portfolio. Investment managers are retained for the purpose of managing specific investment strategies within contractual investment guidelines. Certain investment managers are authorized to invest in derivatives such as futures, swaps, and currency forward contracts. Investments in futures and swaps are used to obtain targeted exposure to a particular asset, index or bond duration and only require a portion of the cash to gain exposure to the notional value of the underlying investment. The remaining cash is available to be deployed and in some cases is invested in a diversified portfolio of various uncorrelated hedge fund strategies that provide added returns at a lower level of risk. Of the investments shown in the major U.S. plans table above, 10%, 10%, and 3% of the total assets as of December 31, 2013 reported in equity securities, government bonds, and inflation-linked bonds, respectively and 11%, 15% and 4% of the total assets as of December 31, 2012 reported in equity securities, government bonds, and inflation-linked bonds, respectively are reflective of the exposures gained from the use of derivatives, and are invested in a diversified portfolio of hedge funds using equity, debt, commodity, and currency strategies.

Of the investments shown in the major Non-U.S. plans table above, 1%, and 10% of the total assets as of December 31, 2013 reported in equity securities and government bonds, respectively, and 3%, 4% and 20% of the total assets as of December 31, 2012 reported in equity securities, government bonds, and inflation-linked bonds, respectively, are reflective of the exposures gained from the use of derivatives, and are invested in a diversified portfolio of hedge funds using equity, debt, commodity, and currency strategies.

Foreign currency contracts and swaps are used to partially hedge foreign currency risk. Additionally, Kodak's major defined benefit pension plans invest in government bond futures or local government bonds to partially hedge the liability risk of the plans.

The following is a reconciliation of the beginning and ending balances of level 3 assets of Kodak's major U.S. defined benefit pension plans:

(in millions)

Successor U.S.					
	Balance at September 1, 2013	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	Balance at December 31, 2013
Equity Securities	\$ 176	\$ 9	\$ (2)	\$ —	\$ 183
Government Bonds	204	5	(4)	—	205
Inflation-Linked Bonds	111	(4)	(2)	—	105
Global High Yield & Emerging Market Debt	140	38	—	—	178
Real Estate	204	6	(10)	—	200
Private Equity	959	52	(60)	—	951
Total	<u>\$ 1,794</u>	<u>\$ 106</u>	<u>\$ (78)</u>	<u>\$ —</u>	<u>\$ 1,822</u>
Predecessor U.S.					
	Balance at January 1, 2013	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	Balance at August 31, 2013
Equity Securities	\$ 163	\$ 16	\$ 5	\$ (8)	\$ 176
Government Bonds	201	17	(15)	1	204
Inflation-Linked Bonds	104	12	(5)	—	111
Global High Yield & Emerging Market Debt	201	27	(5)	(83)	140
Real Estate	198	21	(15)	—	204
Private Equity	1,002	39	(82)	—	959
Total	<u>\$ 1,869</u>	<u>\$ 132</u>	<u>\$ (117)</u>	<u>\$ (90)</u>	<u>\$ 1,794</u>

## Table of Contents

	Predecessor				Balance at December 31, 2012
	Balance at January 1, 2012	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	
Equity Securities	\$ 136	\$ 16	\$ 11	\$ —	\$ 163
Government Bonds	237	27	(63)	—	201
Inflation-Linked Bonds	260	21	(177)	—	104
Global High Yield & Emerging Market Debt	—	24	177	—	201
Absolute Return	135	10	20	(165)	—
Real Estate	213	(9)	(6)	—	198
Private Equity	971	126	(95)	—	1,002
Total	<u>\$ 1,952</u>	<u>\$ 215</u>	<u>\$ (133)</u>	<u>\$ (165)</u>	<u>\$ 1,869</u>

The following is a reconciliation of the beginning and ending balances of level 3 assets of Kodak's major Non-U.S. defined benefit pension plans (in millions):

	Successor				Balance at December 31, 2013
	Balance at September 1, 2013	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	
Equity Securities	\$ 15	\$ 1	\$ (1)	\$ —	\$ 15
Government Bonds	30	2	—	—	32
Inflation-Linked Bonds	—	—	—	—	—
Real Estate	7	—	(2)	—	5
Private Equity	55	1	(2)	—	54
Total	<u>\$ 107</u>	<u>\$ 4</u>	<u>\$ (5)</u>	<u>\$ —</u>	<u>\$ 106</u>

	Predecessor				Balance at August 31, 2013
	Balance at January 1, 2013	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	
Equity Securities	\$ 13	\$ 2	\$ —	\$ —	\$ 15
Government Bonds	7	4	19	—	30
Inflation-Linked Bonds	251	21	(272)	—	—
Real Estate	44	(5)	(32)	—	7
Private Equity	322	(26)	(241)	—	55
Total	<u>\$ 637</u>	<u>\$ (4)</u>	<u>\$ (526)</u>	<u>\$ —</u>	<u>\$ 107</u>

	Predecessor				Balance at December 31, 2012
	Balance at January 1, 2012	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	
Equity Securities	\$ 6	\$ 1	\$ 6	\$ —	\$ 13
Government Bonds	6	1	—	—	7
Inflation-Linked Bonds	251	21	13	(34)	251
Real Estate	55	2	(13)	—	44
Private Equity	312	28	(18)	—	322
Total	<u>\$ 630</u>	<u>\$ 53</u>	<u>\$ (12)</u>	<u>\$ (34)</u>	<u>\$ 637</u>

Kodak expects to contribute approximately \$0 million and \$18 million in 2014 for the major U.S. and Non-U.S. defined benefit pension plans, respectively.

## Table of Contents

The following pension benefit payments, which reflect expected future service, are expected to be paid:

(in millions)	U.S.	Non-U.S.
2014	\$ 370	\$ 77
2015	360	72
2016	349	68
2017	339	64
2018	330	61
2019-2023	1,538	295

### NOTE 20: OTHER POSTRETIREMENT BENEFITS

The Company provided U.S. medical, dental, life insurance, and survivor income benefits to eligible retirees, long-term disability recipients and their spouses, dependents and survivors. Generally, to be eligible for these benefits, former employees leaving the Company prior to January 1, 1996 were required to be 55 years of age with ten years of service or their age plus years of service must have equaled or exceeded 75. For those leaving the Company after December 31, 1995, former employees must be 55 years of age with ten years of service or have been eligible as of December 31, 1995. These benefits are paid from the general assets of the Company as they are incurred.

The Company's subsidiary in Canada offers similar postretirement benefits.

On November 7, 2012, the Bankruptcy Court entered an order approving a settlement agreement between the Debtors and the Retiree Committee appointed by the U.S. Trustee which eliminated or reduced certain retiree benefits under the U.S. plan. The Company also eliminated all postretirement benefits for active employees in the U.S.

The measurement date used to determine the net benefit obligation for Kodak's other postretirement benefit plans is December 31.

Changes in Kodak's benefit obligation and funded status for the U.S. and Canada other postretirement benefit plans were as follows:

(in millions)	Successor	Predecessor	
	2013	2013	2012
Net benefit obligation at beginning of period	\$ 82	\$ 137	\$ 1,294
Service cost	—	—	1
Interest cost	1	3	44
Plan participants' contributions	4	9	17
Plan amendments	—	—	(460)
Actuarial (gain) loss	(2)	(50)	117
Settlements	—	—	(738)
Benefit payments	(6)	(12)	(134)
Other	—	—	(6)
Currency adjustments	(1)	(5)	2
Net benefit obligation at end of period	\$ 78	\$ 82	\$ 137
Underfunded status at end of period	\$ (78)	\$ (82)	\$ (137)

Amounts recognized in the Consolidated Statement of Financial Position for the Company's U.S. and Canada plans consist of:

(in millions)	Successor	Predecessor
	As of December 31, 2013	As of December 31, 2012
Other current liabilities	\$ (8)	\$ (23)
Pension and other postretirement liabilities	(70)	(114)
	\$ (78)	\$ (137)



## Table of Contents

Pre-tax amounts recognized in accumulated other comprehensive loss for the Company's U.S. and Canada plans consist of:

(in millions)	Successor	Predecessor
	As of December 31, 2013	2012
Prior service credit	\$ —	\$ 1,118
Net actuarial gain (loss)	2	(73)
Total recorded in Accumulated other comprehensive income	<u>\$ 2</u>	<u>\$ 1,045</u>

Changes in benefit obligations recognized in Other comprehensive income (loss) consist of:

(in millions)	Successor	Predecessor	
	2013	2013	2012
Newly established gain (loss)	\$ 2	\$ 50	\$(117)
Newly established prior service credit	—	—	460
Amortization of:			
Prior service credit	—	(75)	(83)
Net actuarial loss	—	3	26
Prior service credit recognized due to curtailment	—	—	(9)
Net loss recognized in expense due to settlement	—	—	510
Total income (loss) recognized in Other comprehensive income (loss) before fresh start accounting	<u>\$ 2</u>	<u>\$ (22)</u>	<u>\$ 787</u>
Effect of application of fresh start accounting		<u>\$(1,023)</u>	

Other postretirement benefit cost for the Company's U.S. and Canada plans included:

(in millions)	Successor	Predecessor		
	For the Four Months Ended December 31, 2013	For the Eight Months Ended August 31, 2013	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
Components of net postretirement benefit cost:				
Service cost	\$ —	\$ —	\$ 1	\$ 1
Interest cost	1	3	44	64
Amortization of:				
Prior service credit	—	(75)	(83)	(77)
Actuarial loss	—	3	26	32
Other postretirement benefit cost (income) before curtailments and settlements	\$ 1	\$ (69)	\$ (12)	\$ 20
Curtailment gains	—	—	(9)	—
Settlement gains	—	—	(228)	—
Other postretirement benefit cost (income) from continuing operations	<u>\$ 1</u>	<u>\$ (69)</u>	<u>\$ (249)</u>	<u>\$ 20</u>

The Company does not expect to recognize any amounts recorded in accumulated other comprehensive loss as components of net periodic benefit cost over the next year.

## Table of Contents

The weighted-average assumptions used to determine the net benefit obligations were as follows:

	<u>Successor</u> <u>December 31,</u> <u>2013</u>	<u>Predecessor</u> <u>August 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Discount rate	4.24%	4.02%	2.97%
Salary increase rate	2.50%	2.50%	2.50%

The weighted-average assumptions used to determine the net postretirement benefit cost were as follows:

	<u>Successor</u> <u>For the Four</u> <u>Months Ended</u> <u>December 31, 2013</u>	<u>Predecessor</u> <u>For the Eight</u> <u>Months Ended</u> <u>August 31, 2013</u>	<u>For the Year</u> <u>Ended December</u> <u>31, 2012</u>	<u>For the Year</u> <u>Ended December</u> <u>31, 2011</u>
(in millions)				
Discount rate	4.02%	2.97%	4.25%	5.03%
Salary increase rate	2.50%	2.50%	3.09%	4.05%

The weighted-average assumed healthcare cost trend rates used to compute the other postretirement amounts were as follows:

	<u>Successor</u> <u>2013</u>	<u>Predecessor</u> <u>2012</u>
Healthcare cost trend	6.61%	7.08%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2019

A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

(in millions)	<u>1% increase</u>	<u>1% decrease</u>
Effect on total service and interest cost	\$ —	\$ —
Effect on postretirement benefit obligation	6	(5)

Kodak expects to make \$8 million of benefit payments for its U.S. and Canada unfunded other postretirement benefit plans in 2014.

The following other postretirement benefits, which reflect expected future service, are expected to be paid.

(in millions)	
2014	\$ 8
2015	7
2016	7
2017	6
2018	5
2019-2023	22

## NOTE 21: EARNINGS PER SHARE

All outstanding shares of common stock of the Predecessor Company were cancelled as of the Effective Date. The Successor Company issued a total of 41.8 million shares of new common stock on the Effective Date.

Basic earnings per share computations are based on the weighted-average number of shares of common stock outstanding during the period. Weighted-average basic and diluted shares outstanding were 41.7 million, 272.7 million, 271.8 million and 269.1 million for the four months ended December 31, 2013, eight months ended August 31, 2013, and years ended December 31, 2012 and December 31, 2011, respectively.

As a result of the net loss from continuing operations presented for the four months ended December 31, 2013, Kodak calculated diluted earnings per share using weighted-average basic shares outstanding for that period, as utilizing diluted shares would be anti-dilutive to loss per share. If the Successor Company had reported earnings from continuing operations for the four months ended December 31, 2013, 0.2 million shares of Kodak's common stock from unvested share-based awards were dilutive and would have been included in the computation of diluted earnings per share. Potential shares of Kodak's common stock related to the assumed conversion of approximately 1.7 million outstanding warrants to purchase common shares would have been included in the computation of diluted earnings per share, as these securities were dilutive.

## Table of Contents

The Predecessor Company reported earnings from continuing operations for eight months ended August 31, 2013. However, no additional shares of Kodak's common stock from unvested share-based awards were included in the computation of diluted earnings per share as they were all anti-dilutive.

If Kodak had reported earnings from continuing operations for the years ended December 31, 2012 and 2011, the following potential shares of Kodak's common stock would have been dilutive in the computation of diluted earnings per share:

(in millions of shares)	Predecessor	
	2012	2011
Unvested share-based awards	0.0	0.4

The computation of diluted earnings per share for the eight months ended August 31, 2013 and the years ended December 31, 2012 and 2011 also excluded the assumed conversion of outstanding employee stock options and detachable warrants to purchase common shares, because the effects would have been anti-dilutive. The following table sets forth the total amount of outstanding employee stock options and detachable warrants to purchase common shares as of the end of each reporting period:

(in millions of shares)	Predecessor		
	August 31, 2013	December 31, 2012	2011
Employee stock options	7.0	7.9	13.6
Detachable warrants to purchase common shares	40.0	40.0	40.0
Total	47.0	47.9	53.6

Diluted earnings per share calculations for the eight months ended August 31, 2013 and the years ended December 31, 2012 and 2011 could also reflect shares related to the assumed conversion of approximately \$400 million of convertible senior notes due 2017, if dilutive. Kodak's diluted (loss) earnings per share excludes the effect of these convertible securities, as they were anti-dilutive for all periods presented.

## NOTE 22: STOCK-BASED COMPENSATION

### *2013 Omnibus Incentive Plan*

As part of the Plan, the Bankruptcy Court approved the Company's 2013 Omnibus Incentive Plan (the "2013 Plan") which replaces all prior stock-based employee benefit plans (including the 2005 Omnibus Long-Term Compensation Plan and the 2000 Omnibus Long-Term Compensation Plan).

The 2013 Plan is administered by the Executive Compensation Committee of the Board of Directors, and the Board of Directors also has the authority and responsibility granted to the Executive Compensation Committee with respect to the 2013 Plan. Awards under the 2013 Plan may be cash-based or stock-based. Officers, directors and employees of the Company and its consolidated subsidiaries are eligible to receive awards under the 2013 Plan. Unless sooner terminated by the Executive Compensation Committee, no awards may be granted under the 2013 Plan after the tenth anniversary of the Effective Date.

The maximum number of shares of common stock that may be issued under the 2013 Plan is approximately 4.8 million. In addition, under the 2013 Plan, the maximum number of shares available for the grant of incentive stock options is 2.0 million shares. The maximum number of shares as to which stock options or stock appreciation rights may be granted to any one person under the 2013 Plan in any calendar year is 2.0 million shares. The maximum number of the performance-based compensation awards that may be granted to any one employee under the 2013 Plan in any calendar year is 1.0 million shares or, in the event such award is paid in cash, \$2.5 million. The maximum number of awards that may be granted to any non-employee director under the 2013 Plan in any calendar year may not exceed a number of awards with a grant date fair value of \$900,000, computed as of the grant date.

---

## Table of Contents

For awards that vest based solely on service conditions, Kodak recognizes compensation expense on a straight-line basis over the requisite service period. For awards with vesting that is contingent upon the achievement of performance conditions, Kodak recognizes compensation expense on a straight-line basis over the performance period for each separately vesting tranche of the award. Kodak reduces the compensation expense by an estimated forfeiture rate which is based on actual experience. Kodak assesses the likelihood that performance-based shares will be earned based on the probability of meeting the performance criteria. For those performance-based awards that are deemed probable of achievement, expense is recorded, and for those awards that are deemed not probable of achievement, no expense is recorded. Kodak assesses the probability of achievement each quarter.

Kodak did not issue any stock options during the four months ended December 31, 2013. Kodak recognized compensation expense related to unvested stock and performance awards of \$1 million for the four months ended December 31, 2013.

As of December 31, 2013 there was \$5 million of total unrecognized compensation cost related to unvested awards. The cost is expected to be recognized over a weighted-average period of 1.4 years.

### Predecessor

Prior to the Effective Date, Kodak had shares or share-based awards outstanding under two share-based employee compensation plans consisting of the 2005 Omnibus Long-Term Compensation Plan (the “2005 Plan”), and the 2000 Omnibus Long-Term Compensation Plan (the “2000 Plan”). In conjunction with the Plan (see Note 2, “Emergence from Voluntary Reorganization under Chapter 11 Proceedings”), all shares, options, restricted shares and other share-based awards that were outstanding on the Effective Date were canceled.

Kodak recognized stock-based compensation expense in the amount of \$3 million, \$7 million and \$20 million for the eight months ended August 31, 2013, and the years ended December 31, 2012 and 2011, respectively. There were no proceeds from the issuance of common stock through stock option plans for the eight months ended August 31, 2013 (Predecessor) or the years ended December 31, 2012 (Predecessor) or 2011 (Predecessor).

Of the expense amounts noted above, compensation expense related to stock options during the eight months ended August 31, 2013, and the years ended December 31, 2012 and 2011 was \$1 million, \$2 million and \$3 million, respectively. Compensation expense related to unvested stock and performance awards during the eight months ended August 31, 2013, and years ended December 31, 2012 and 2011 was \$2 million, \$5 million and \$17 million, respectively.

The 2005 Plan and the 2000 Plan were administered by the Restructuring and Executive Compensation Committee of the Board of Directors. Stock options were generally non-qualified and were at exercise prices not less than 100% of the per share fair market value on the date of grant. Stock-based compensation awards granted under Kodak’s stock incentive plans were generally subject to a three-year vesting period from the date of grant.

Under the 2005 Plan, 11 million shares of the Company’s common stock could be granted to employees between January 1, 2005 and December 31, 2014. This share reserve could be increased by: shares that are forfeited pursuant to awards made under the 2000 Plan and 2005 Plan; shares retained for payment of tax withholding; shares delivered for payment or satisfaction of tax withholding; shares reacquired on the open market using cash proceeds from option exercises; and awards that otherwise do not result in the issuance of shares. The 2005 Plan was substantially similar to and was intended to replace the 2000 Plan, which expired on January 18, 2005. Options granted under the 2005 Plan generally expired seven years from the date of grant, but could be forfeited or canceled earlier if the optionee’s employment terminated prior to the end of the contractual term. The 2005 Plan provided for, but was not limited to, grants of unvested stock, performance awards, and Stock Appreciation Rights (“SARs”), either in tandem with options or freestanding. SARs allowed optionees to receive payment equal to the increase in the market price of the Company’s stock from the grant date to the exercise date. Compensation expense recognized for the eight months ended August 31, 2013 and the years ended December 31, 2012 and 2011 on those freestanding SARs was not material.

Under the 2000 Plan, 22 million shares of the Company’s common stock were eligible for grant to a variety of employees between January 1, 2000 and December 31, 2004. The 2000 Plan was substantially similar to, and was intended to replace, the 1995 Omnibus Long-Term Compensation Plan, which expired on December 31, 1999. The options generally expire ten years from the date of grant, but could expire sooner if the optionee’s employment terminated. The 2000 Plan provided for, but was not limited to, grants of unvested stock, performance awards, and SARs, either in tandem with options or freestanding. Compensation expense recognized for the eight months ended August 31, 2013 and the years ended December 31, 2012 and 2011 on those freestanding SARs was not material.

## Table of Contents

Further information relating to stock options is as follows:

(Amounts in thousands, except per share amounts)	Shares Under Option	Range of Price Per Share	Weighted-Average Exercise Price Per Share
Outstanding on December 31, 2010	18,030	\$2.64 - \$48.34	\$ 25.22
Granted	2,179	\$2.82 - \$5.22	\$ 3.41
Exercised	—	N/A	N/A
Terminated, Expired, Surrendered	6,599	\$3.40 - \$65.91	\$ 31.07
Outstanding on December 31, 2011	13,610	\$2.64 - \$38.04	\$ 18.89
Granted	—	N/A	N/A
Exercised	—	N/A	N/A
Terminated, Expired, Surrendered	5,670	\$3.40 - \$38.04	\$ 27.97
Outstanding on December 31, 2012	7,940	\$2.64 - \$36.66	\$ 12.40
Canceled	7,940	\$2.64 - \$36.66	\$ 12.40
Outstanding on September 3, 2013	—	—	—
Exercisable on December 31, 2011	10,568	\$2.64 - \$38.04	\$ 23.25
Exercisable on December 31, 2012	6,456	\$2.64 - \$36.66	\$ 14.38

There were no option exercises during 2011, 2012 or 2013.

The fair value of each option award was estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities were based on historical volatility of the Company's stock, management's estimate of implied volatility of the Company's stock, and other factors. The expected term of options granted was derived from the vesting period of the award, as well as historical exercise behavior, and represents the period of time that options granted are expected to be outstanding. The risk-free rate was calculated using the U.S. Treasury yield curve, and is based on the expected term of the option. Kodak used historical data to estimate forfeitures.

The Black-Scholes option pricing model was used with the following weighted-average assumptions for options issued in each year:

	For the Year Ended 2011
Weighted-average risk-free interest rate	2.48%
Risk-free interest rates	2.2% - 2.5%
Weighted-average expected option lives	6 years
Expected option lives	6 years
Weighted-average volatility	59%
Expected volatilities	59% - 60%
Weighted-average expected dividend yield	0.0%
Expected dividend yields	0.0%

No options were granted in 2012 or 2013.

The weighted-average fair value per option granted in 2011 was \$1.92.

**NOTE 23: SHAREHOLDERS' EQUITY**

In connection with the Company's reorganization and emergence from bankruptcy, all shares of the Predecessor Company's common stock were canceled. The Successor Company has 560 million shares of authorized stock, consisting of: (i) 500 million shares of common stock, par value \$0.01 per share and (ii) 60 million shares of preferred stock, no par value, issuable in one or more series. As of December 31, 2013 there are 41.6 million shares of common stock and no shares of preferred stock issued and outstanding.

On the Effective Date, the Company issued, to the holders of general unsecured claims and the retiree settlement unsecured claim, net-share settled warrants to purchase: (i) 2.1 million shares of common stock at an exercise price of \$14.93 and (ii) 2.1 million shares of common stock at an exercise price of \$16.12. The warrants are classified as equity instruments and reported within Additional paid in capital in the Consolidated Statement of Financial Position at their fair value as of the Effective Date (\$24 million). As of December 31, 2013, there were warrants outstanding to purchase 4 million shares of common stock.

During the four months ending December 31, 2013 the Company repurchased 0.2 million shares of common stock for approximately \$3 million to satisfy tax withholding obligations in connection with the issuance of stock to employees under the Plan.

## Table of Contents

### NOTE 24: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in Accumulated other comprehensive income (loss), net of tax, was as follows:

	Successor Four Months Ended December 31, 2013				
	Unrealized Gains	Unrealized Gains (Losses)	Pension and Other		
	(Losses) Related to Available for Sale Securities	from Hedging Activity	Currency Translation Adjustments	Postretirement Benefit Plan Obligation Changes	Total
(in millions)					
Beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —
Other comprehensive income before reclassification	—	—	1	98	99
Amounts reclassified from accumulated other comprehensive income	—	—	—	—	—
Ending balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 98</u>	<u>\$ 99</u>
	Predecessor Eight Months Ended August 31, 2013				
	Unrealized Gains	Unrealized Gains (Losses)	Pension and Other		
	(Losses) Related to Available for Sale Securities	from Hedging Activity	Currency Translation Adjustments	Postretirement Benefit Plan Obligation Changes	Total
(in millions)					
Beginning balance	\$ 1	\$ (2)	\$ 318	\$ (2,933)	\$ (2,616)
Other comprehensive income before reclassification	—	—	4	379	383
Amounts reclassified from accumulated other comprehensive income	—	—	—	1,225	1,225
Elimination of Predecessor Company accumulated other comprehensive income	(1)	2	(322)	1,329	1,008
Ending balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

## Table of Contents

The following amounts were reclassified out of Accumulated other comprehensive income:

	Successor Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013	Affected Line Item in
(in millions)	Amount Reclassified from Accumulated Other Comprehensive Income	Amount Reclassified from Accumulated Other Comprehensive Income	the Consolidated Statement of Operations
Details about Accumulated other comprehensive income components			
Pension and other postretirement benefit plan obligation changes:			
Amortization of prior-service credit	\$ —	\$ (75)(a)	
Amortization of actuarial losses	—	185(a)	
Recognition of losses due to settlements	—	1,563(a)	
	\$ —	\$ 1,673	Total before tax
	—	(448)	Tax provision
Reclassifications for the period	\$ —	\$ 1,225	Net of tax

(a) See Note 19, “Retirement Plans,” and Note 20, “Other Postretirement Benefits,” regarding the pensions and other postretirement plan obligation changes.

## NOTE 25: SEGMENT INFORMATION

### Current Segment Reporting Structure

Effective in the third quarter of 2012, Kodak had three reportable segments: the Graphics, Entertainment and Commercial Films Segment, the Digital Printing and Enterprise Segment, and the Personalized and Document Imaging Segment. Effective in the first quarter of 2013, the Intellectual Property and Brand Licensing strategic product group is reported in the Graphics, Entertainment and Commercial Films Segment. The Intellectual Property and Brand Licensing strategic product group was previously reported in the Personalized and Document Imaging Segment. Effective in the second quarter of 2013, due to the Personalized and Document Imaging Segment (excluding the Consumer Film business, for which Kodak has entered into an ongoing supply arrangement) being reported as discontinued operations, Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The balance of Kodak’s continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other. Prior period segment results have been revised to conform to the current period segment reporting structure. A description of the segments follows.

**Graphics, Entertainment and Commercial Films:** The Graphics, Entertainment and Commercial Films Segment provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines, packaging, motion picture entertainment, printed electronics, and the aerial and industrial film markets. The Graphics, Entertainment and Commercial Films Segment encompass Graphics, Entertainment Imaging & Commercial Films and Kodak’s intellectual property and brand licensing activities. Products and services offerings include digital plates, CTP output devices, digital controllers, unified workflow solutions and entertainment imaging and commercial films. On February 1, 2013, Kodak sold certain digital imaging patents.

**Digital Printing and Enterprise:** The Digital Printing and Enterprise Segment serves a variety of customers in the creative, in-plant, data center, consumer printing, commercial printing, packaging, newspaper and digital service bureau market segments with a range of software, media and hardware products that provide customers with a variety of solutions. The Digital Printing and Enterprise Segment encompasses Digital Printing, including PROSPER equipment and STREAM technology, Packaging and Functional Printing which includes the FLEXCEL NX and FLEXCEL direct platforms, Enterprise Services & Solutions, and Consumer Inkjet Systems. On September 28, 2012, Kodak announced a plan, starting in 2013, to focus its Consumer Inkjet business solely on the sale of ink to its installed printer base.

**All Other:** All Other is composed of Kodak’s consumer film business and a utilities variable interest entity. Effective August 31, 2013 the Company sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED-Rochester, LLC (“RED”), a variable interest entity of which Kodak is the primary beneficiary.



## Table of Contents

### Change in Segment Measure of Profit and Loss

During the second quarter of 2013, the Predecessor Company changed its segment measure of profit and loss to exclude amortization of prior service credits related to the U.S. Postretirement Benefit Plan. Prior to this change, Kodak excluded certain other components of pension and other postretirement benefit obligation (“OPEB”) costs from the segment measure of profitability. As a result of this change, the operating segment results now exclude the interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan, and special termination benefit, curtailment and settlement components of pension and OPEB expense. The service cost component for all plans will continue to be reported as a part of operating segment results, as will the amortization of prior service cost component for all plans other than for the U.S. Postretirement Benefit Plan. Prior period segment results have been revised to reflect this change.

Upon adoption of fresh start accounting, the Successor Company eliminated prior service credits related to the U.S. Postretirement Benefit Plan. Therefore the four months ended December 31, 2013 does not include any amortization related to prior service credits related to the U.S. Postretirement Benefit Plan.

Segment financial information is shown below.

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended August 31,	Year Ended December 31,	Year Ended December 31,
	December 31, 2013	2013	2012	2011
(in millions)				
<b>Net sales from continuing operations:</b>				
Graphics, Entertainment & Commercial				
Films	\$ 519	\$ 987	\$ 1,680	\$ 2,341
Digital Printing and Enterprise	284	519	939	1,099
All Other	2	36	100	145
Consolidated total	<u>\$ 805</u>	<u>\$ 1,542</u>	<u>\$ 2,719</u>	<u>\$ 3,585</u>

## Table of Contents

(in millions)	Successor	Predecessor		
	Four Months Ended December	Eight Months Ended August	Year Ended December 31,	Year Ended December 31,
	31, 2013	31, 2013	2012	2011
<b>Segment (loss) earnings and Consolidated (loss) earnings from continuing operations before income taxes:</b>				
Graphics, Entertainment and Commercial Films	\$ (37)	\$ 5	\$ (210)	\$ (8)
Digital Printing and Enterprise	(59)	(37)	(280)	(613)
Total of reportable segments	\$ (96)	\$ (32)	\$ (490)	\$ (621)
All Other	(3)	—	(3)	8
Restructuring costs and other	17	49	232	120
Corporate components of pension and OPEB income (expense) (1)	67	43	(2)	61
Other operating (expense) income, net	(2)	495	86	56
Legal contingencies, settlements and other	(3)	—	1	—
Loss on early extinguishment of debt, net	—	8	7	—
Interest expense	22	106	139	138
Other income (charges), net	12	(13)	21	(3)
Reorganization items, net	16	(2,026)	843	—
Consolidated (loss) earnings from continuing operations before income taxes	<u>\$ (74)</u>	<u>\$ 2,356</u>	<u>\$ (1,610)</u>	<u>\$ (757)</u>

- (1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

(in millions)	Successor	Predecessor	
	December 31, 2013	December 31, 2012	December 31, 2011
<b>Segment total assets:</b>			
Graphics, Entertainment and Commercial Films	\$ 1,322	\$ 1,350	\$ 1,451
Digital Printing and Enterprise	681	524	549
Total of reportable segments	2,003	1,874	2,000
All Other	156	189	607
Cash and cash equivalents	844	1,135	861
Deferred income tax assets	102	545	509
Assets held for sale	95	578	699
Consolidated total assets	<u>\$ 3,200</u>	<u>\$ 4,321</u>	<u>\$ 4,676</u>

## Table of Contents

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended August 31,	Year Ended	Year Ended
(in millions)	December 31, 2013	2013	December 31, 2012	December 31, 2011
<b>Intangible asset amortization expense from continuing operations:</b>				
Graphics, Entertainment and Commercial Films	\$ 3	\$ 7	\$ 21	\$ 33
Digital Printing and Enterprise	5	3	5	6
Consolidated total	<u>\$ 8</u>	<u>\$ 10</u>	<u>\$ 26</u>	<u>\$ 39</u>

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended August 31,	Year Ended	Year Ended
(in millions)	December 31, 2013	2013	December 31, 2012	December 31, 2011
<b>Depreciation expense from continuing operations:</b>				
Graphics, Entertainment and Commercial Films	\$ 46	\$ 61	\$ 100	\$ 106
Digital Printing and Enterprise	13	20	41	49
Sub-total	59	81	141	155
Other	8	6	29	56
Restructuring-related depreciation	—	4	12	10
Consolidated total	<u>\$ 67</u>	<u>\$ 91</u>	<u>\$ 182</u>	<u>\$ 221</u>

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended August 31,	Year Ended	Year Ended
(in millions)	December 31, 2013	2013	December 31, 2012	December 31, 2011
<b>Capital additions from continuing operations:</b>				
Graphics, Entertainment and Commercial Films	\$ 13	\$ 10	\$ 14	\$ 35
Digital Printing and Enterprise	8	6	18	47
Sub-total	21	16	32	82
Other	—	2	1	9
Consolidated total	<u>\$ 21</u>	<u>\$ 18</u>	<u>\$ 33</u>	<u>\$ 91</u>

	Successor	Predecessor		
	Four Months Ended	Eight Months Ended August 31,	Year Ended	Year Ended
(in millions)	December 31, 2013	2013	December 31, 2012	December 31, 2011
<b>Net sales to external customers attributed to (1):</b>				
The United States	\$ 236	\$ 515	\$ 852	\$ 1,162
Europe, Middle East and Africa	\$ 287	\$ 548	\$ 966	\$ 1,225
Asia Pacific	207	330	660	808
Canada and Latin America	75	149	241	390
Non U.S. countries total	\$ 569	\$ 1,027	\$ 1,867	\$ 2,423
Consolidated total	<u>\$ 805</u>	<u>\$ 1,542</u>	<u>\$ 2,719</u>	<u>\$ 3,585</u>

- (1) Sales are reported in the geographic area in which they originate. The Company's operations in Japan generated more than 10% of net sales in the year ended December 31, 2012, totaling \$274 million. No other non-U.S. country generated more than 10% of net sales in the four months ended December 31, 2013, the eight months ended August 31, 2013 or the years ended December 31, 2012 and 2011.

## Table of Contents

	Successor	Predecessor	
	December 31,	December 31,	December 31,
(in millions)	2013	2012	2011
<b>Property, plant and equipment, net located in:</b>			
The United States	\$ 378	\$ 395	\$ 519
Europe, Middle East and Africa	\$ 91	\$ 85	\$ 112
Asia Pacific	83	96	134
Canada and Latin America	132	31	31
Non U.S. countries total (1)	\$ 306	\$ 212	\$ 277
Consolidated total	\$ 684	\$ 607	\$ 796

- (1) Of the total non U.S. property, plant and equipment in 2013, \$113 million are located in Brazil and in 2011; \$94 million are located in China. No other non U.S. country had greater than 10% of property, plant and equipment in 2013, 2012 or 2011.

### NOTE 26: DISCONTINUED OPERATIONS

On the Effective Date, as a part of the Global Settlement and pursuant to the Amended SAPA, Kodak consummated the sale of certain assets of the Business to the KPP Purchasing Parties for net cash consideration, in addition to the assumption by the KPP Purchasing Parties of certain liabilities of the Business, of \$325 million. Up to \$35 million in aggregate of the purchase price is subject to repayment to KPP if the Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. Certain assets and liabilities of the Business in certain jurisdictions were not transferred at the initial closing, which took place on the Effective Date, but are being transferred at a series of deferred closings in accordance with the Amended SAPA. Kodak is operating the Business related to the deferred closing jurisdictions, subject to certain covenants, until the applicable deferred closing occurs, and delivers to (or receives from) a KPP subsidiary at each deferred closing a true-up payment reflecting the actual economic benefit (or detriment) to the Business in the applicable deferred closing jurisdiction(s) from the time of the initial closing through the time of the applicable deferred closing. Up to the time of the deferred closing, the results of the operations of the Business are being reported as Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations and the assets and liabilities of the Business are being categorized as Assets held for sale or Liabilities held for sale in the Consolidated Statement of Financial Position, as appropriate.

Kodak recognized a pre-tax loss on the sale of the Business of approximately \$163 million during the third quarter 2013 predecessor period. The pre-tax loss excluded recognition of \$64 million of non-refundable consideration related to the delayed closings, which non-refundable consideration was received on the Effective Date, and \$35 million of contingent consideration, subject to repayment to KPP which was also received by Kodak on the Effective Date. The pre-tax loss includes the recognition of approximately \$1.5 billion of unamortized pension losses previously reported in accumulated other comprehensive income.

On March 17, 2014 the KPP Purchasing Parties agreed to pay Kodak \$20 million of incremental consideration (\$13 million in March of 2014 and the remainder within one year of March 2014) in lieu of working capital adjustments contemplated by the Amended SAPA.

## Table of Contents

The following table summarizes the major classes of assets and liabilities related to the disposition of the Business which have been segregated and included in assets held for sale and liabilities held for sale in the Consolidated Statement of Financial Position:

	<u>Successor</u> As of December	<u>Predecessor</u> As of December 31,
(in millions)	<u>31, 2013</u>	<u>2012</u>
Receivables, net	\$ 16	\$ 180
Inventories, net	62	123
Property, plant and equipment, net	10	86
Goodwill	—	146
Other assets	7	43
Current assets held for sale	<u>\$ 95</u>	<u>\$ 578</u>
Trade payables	\$ 24	\$ 77
Miscellaneous payables and accruals	14	159
Pension liabilities	—	1,525
Other liabilities	—	12
Liabilities subject to compromise	—	8
Current liabilities held for sale	<u>\$ 38</u>	<u>\$ 1,781</u>

Discontinued operations of Kodak include the Business (excluding the consumer film business, for which Kodak has entered into an ongoing supply arrangement with one or more KPP Purchasing Parties), digital capture and devices business (exited in the third quarter of 2012), Kodak Gallery (exited in the third quarter of 2012), and other miscellaneous businesses.

The significant components of revenues and earnings (loss) from discontinued operations, net of income taxes are as follows:

	<u>Successor</u> Four Months	<u>Predecessor</u>		
	<u>Ended</u> <u>December 31,</u>	<u>Eight Months</u> <u>Ended August</u>	<u>Year Ended</u> <u>December 31,</u>	<u>Year Ended</u> <u>December 31,</u>
(in millions)	<u>2013</u>	<u>31, 2013</u>	<u>2012</u>	<u>2011</u>
Revenues from Personalized and Document Imaging	\$ 77	\$ 738	\$ 1,350	\$ 1,508
Revenues from Digital Capture and Devices operations	—	6	36	659
Revenues from Kodak Gallery operations	—	—	29	85
Revenues from other discontinued operations	1	17	50	185
Total revenues from discontinued operations	<u>\$ 78</u>	<u>\$ 761</u>	<u>\$ 1,465</u>	<u>\$ 2,437</u>
Pre-tax earnings (loss) from Personalized and Document Imaging	\$ 5	\$ (217)	\$ 51	\$ 53
Pre-tax earnings (loss) from Digital Capture and Devices operations	1	2	(78)	(54)
Pre-tax earnings (loss) from Kodak Gallery operations	—	1	4	(31)
Pre-tax (loss) earnings from other discontinued operations	—	(17)	(7)	30
(Provision) benefit for income taxes related to discontinued operations	(2)	96	(12)	(23)
Earnings (loss) from discontinued operations, net of income taxes	<u>\$ 4</u>	<u>\$ (135)</u>	<u>\$ (42)</u>	<u>\$ (25)</u>

Kodak was required to use a portion of the proceeds from the divestiture of the Business to repay \$200 million of the Junior DIP Credit Agreement. Interest expense on the debt that was required to be repaid as a result of the sale of the Personalized Imaging and Document Imaging businesses has therefore been allocated to discontinued operations (\$0 and \$14 million for the four months ended December 31, 2013 and the eight months ended August 31, 2013, respectively, and \$19 million and \$17 million for the years ended December 31, 2012, and December 31, 2011, respectively).

## Table of Contents

Depreciation and amortization of long-lived assets of the Personalized Imaging and Document Imaging businesses included in discontinued operations ceased as of July 1, 2013.

Direct operating expenses of the discontinued operations are included in the results of discontinued operations. Indirect expenses that were historically allocated to the discontinued operations have been included in the results of continuing operations. Prior period results have been reclassified to conform to the current period presentation.

### NOTE 27: QUARTERLY SALES AND EARNINGS DATA – UNAUDITED

	Successor		Predecessor		
	4th Qtr.	September 1, 2013 through September 30, 2013	July 1, 2013 through August 31, 2013	2nd Qtr.	1st Qtr.
(in millions, except per share data)					
<b>2013</b>					
Net sales from continuing operations	\$ 607	\$ 198	\$ 365	\$ 583	\$ 594
Gross profit from continuing operations	96	22	85	133	150
(Loss) earnings from continuing operations	(51)(5)	(31)(4)	2,085(3)	(208)(2)	324(1)
(Loss) earnings from discontinued operations (10)	(6)	10	(78)	(16)	(41)
Net (loss) earnings attributable to Eastman Kodak Company	(63)	(18)	2,007	(224)	283
Basic and diluted net (loss) earnings per share attributable to Eastman Kodak Company					
Continuing operations	\$ (1.37)	\$ (0.67)	\$ 7.65	\$ (0.76)	\$ 1.19
Discontinued operations	(0.14)	0.24	(0.29)	(0.06)	(0.15)
Total	<u>\$ (1.51)</u>	<u>\$ (0.43)</u>	<u>\$ 7.36</u>	<u>\$ (0.82)</u>	<u>\$ 1.04</u>

	Predecessor			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>2012</b>				
Net sales from continuing operations	\$ 739	\$ 660	\$ 699	\$ 621
Gross profit from continuing operations	103	75	101	14
(Loss) earnings from continuing operations	(420)(9)	(322)(8)	(297)(7)	(298)(6)
(Loss) earnings from discontinued operations (10)	18	10	(2)	(68)
Net (loss) earnings attributable to Eastman Kodak Company	(402)	(312)	(299)	(366)
Basic and diluted net (loss) earnings per share attributable to Eastman Kodak Company				
Continuing operations	\$ (1.54)	\$ (1.19)	\$ (1.09)	\$ (1.10)
Discontinued operations	0.07	0.04	(0.01)	(0.25)
Total	<u>\$ (1.47)</u>	<u>\$ (1.15)</u>	<u>\$ (1.10)</u>	<u>\$ (1.35)</u>

- (1) Includes pre-tax licensing revenue of \$535 million which increased net earnings from continuing operations by \$530 million; restructuring charges of \$13 million (\$2 million included in Cost of sales and \$11 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$13 million; corporate components of pension and OPEB costs of \$12 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$14 million; a pre-tax impairment charge of \$77 million (included in Other operating expenses (income), net), which decreased net earnings from continuing operations by \$55 million; gain on sales of assets of \$34 million which increased net earnings from continuing operations by \$28 million and \$119 million of Reorganization items, net.
- (2) Includes pre-tax restructuring charges of \$33 million (\$4 million included in Cost of sales and \$29 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$31 million; corporate components of pension and OPEB costs of \$14 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$14 million; and \$72 million of Reorganization items, net.

---

## Table of Contents

- (3) Includes pre-tax corporate components of pension and OPEB costs of \$16 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$16 million; and \$2,217 million of income from Reorganization items, net.
- (4) Includes pre-tax corporate components of pension and OPEB costs of \$13 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$13 million; and \$5 million of Reorganization items, net.
- (5) Includes pre-tax restructuring charges of \$13 million included in Restructuring costs and other which decreased net earnings by \$12 million, pre-tax impairment charges of \$8 million included in Other operating (expense) income which decreased net earnings by \$8 million, corporate components of pension and OPEB costs of \$54 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$54 million, gain on sales of assets of \$6 million which increased net earnings from continuing operations by \$5 million and \$10 million of Reorganization items, net.
- (6) Includes pre-tax restructuring charges of \$81 million (\$1 million included in Cost of sales and \$80 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$77 million and \$88 million of Reorganization items, net.
- (7) Includes pre-tax restructuring charges of \$6 million (\$2 million included in Cost of sales and \$4 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$6 million; corporate components of pension and OPEB costs of \$5 million (included in Cost of sales, SG&A, and R&D) which decreased net earnings from continuing operations by \$3 million and \$160 million of Reorganization items, net.
- (8) Includes pre-tax restructuring charges of \$120 million (\$9 million included in Cost of sales and \$111 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$113 million; corporate components of pension and OPEB costs of \$6 million (included in Cost of sales, SG&A, and R&D) which decreased net earnings from continuing operations by \$3 million and \$56 million of Reorganization items, net.
- (9) Includes pre-tax restructuring charges of \$25 million (\$5 million included in Cost of sales and \$20 million included in Restructuring costs and other), which decreased net earnings from continuing operations by \$30 million; corporate components of pension and OPEB costs of \$8 million (included in Cost of sales, SG&A, and R&D), which increased net earnings from continuing operations by \$9 million, \$35 million associated with the termination of a supply agreement which increased net earnings from continuing operations by \$35 million, gain on sale of assets of \$50 million which increased net earnings from continuing operations by \$33 million and \$539 million of Reorganization items, net.
- (10) Refer to Note 26, "Discontinued Operations," in the Notes to Financial Statements for a discussion regarding discontinued operations.

Corporate components of pension and OPEB include interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

## Changes in Estimates Recorded During the Fourth Quarter Ended December 31, 2012

During the fourth quarter ended December 31, 2012, Kodak recorded an increase of expense of approximately \$35 million, net of tax, related to changes in estimates with respect to certain of its employee benefit and compensation accruals. These changes in estimates negatively impacted results for the quarter by \$.13 per share.

---

## Table of Contents

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

Kodak maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Kodak's reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including Kodak's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Kodak's management, with participation of Kodak's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Kodak's disclosure controls and procedures as of the end of the fiscal year covered by this Annual Report on Form 10-K. Kodak's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, Kodak's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

#### Management's Report on Internal Control Over Financial Reporting

The management of Kodak is responsible for establishing and maintaining adequate internal control over financial reporting. Kodak's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Kodak's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Kodak; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of Kodak are being made only in accordance with authorizations of management and directors of Kodak; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Kodak's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment or breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Kodak's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework." Based on management's assessment using the COSO criteria, management has concluded that Kodak's internal control over financial reporting was effective as of December 31, 2013. The effectiveness of Kodak's internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, Kodak's independent registered public accounting firm, as stated in their report which appears on page 50 of this Annual Report on Form 10-K.



## Table of Contents

### Changes in Internal Control over Financial Reporting

In connection with the evaluation of disclosure controls and procedures described above, there was no change identified in Kodak's internal control over financial reporting that occurred during Kodak's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kodak's internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 regarding directors is incorporated by reference from the information under the caption "Board Structure and Corporate Governance—Board of Directors" in the Company's Notice of 2014 Annual Meeting and Proxy Statement (the "Proxy Statement"), which will be filed within 120 days after December 31, 2013. The information required by Item 10 regarding audit committee financial expert disclosure is incorporated by reference from the information under the caption "Board Structure and Corporate Governance—Audit and Finance Committee" in the Proxy Statement. The information required by Item 10 regarding executive officers is contained in Part I under the caption "Executive Officers of the Registrant" on page 17. The information required by Item 10 regarding the Company's written code of ethics is incorporated by reference from the information under the captions "Board Structure and Corporate Governance—Corporate Governance Overview" and "Board Structure and Corporate Governance—Business Conduct Guide and Directors' Code of Conduct" in the Proxy Statement. The information required by Item 10 regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference from the information under the caption "Security Ownership of Certain Beneficial Owners and Management and Stockholder Matters—Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the information under the following captions in the Proxy Statement: "Board Structure and Corporate Governance" and "Executive Compensation—Compensation Discussion and Analysis."

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by Item 12 is incorporated by reference from the information under the captions "Security Ownership of Certain Beneficial Owners and Management and Stockholder Matters" in the Proxy Statement. "Securities Outstanding under Shareholder and Non-Shareholder Approved Plans" is shown below:

#### SECURITIES OUTSTANDING UNDER SHAREHOLDER APPROVED PLANS

As required by Item 201(d) of Regulation S-K, the Company has granted restricted stock units of 373,460, under equity compensation plans that have been approved by security holders and that have not been approved by security holders as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans not approved by security holders (1)	373,460	N/A	4,365,977

- (1) The Company's equity compensation plan not approved by security holders is the 2013 Omnibus Long-Term Compensation Plan which was approved by the Bankruptcy Court pursuant to the Plan of Reorganization, the material terms of which were summarized in the Company's Report on Form 8-K filed on September 10, 2013, and a copy of which was filed with the Report on Form 10-Q for the period ending September 30, 2013 and is incorporated herein by reference.

**Table of Contents**

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by Item 13 is incorporated by reference from the information under the captions “Executive Compensation—Employment and Retention Arrangements” and “Board Structure and Corporate Governance—Board Independence” in the Proxy Statement.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by Item 14 regarding principal auditor fees and services is incorporated by reference from the information under the caption “Committee Reports—Report of the Audit Committee” and “Principal Accounting Fees and Services” in the Proxy Statement.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

	Page
(a) 1. Consolidated financial statements:	
Report of independent registered public accounting firm	50
Consolidated statement of operations	51
Consolidated statement of comprehensive (loss) income	52
Consolidated statement of financial position	53
Consolidated statement of equity (deficit)	54-56
Consolidated statement of cash flows	57-58
Notes to financial statements	59-130
2. Financial statement schedule:	
II—Valuation and qualifying accounts	135
All other schedules have been omitted because they are not applicable or the information required is shown in the financial statements or notes thereto.	
3. Additional data required to be furnished:	
Exhibits required as part of this report are listed in the index appearing on pages 137 through 141.	

---

## Table of Contents

### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### EASTMAN KODAK COMPANY

(Registrant)

By: /s/ Jeffrey J. Clarke  
Jeffrey J. Clarke  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title
By: <u>/s/ Jeffrey J. Clarke</u> Jeffrey J. Clarke	Chief Executive Officer and Director (Principal Executive Officer)
By: <u>/s/ Rebecca A. Roof</u> Rebecca A. Roof	Interim Chief Financial Officer
By: <u>/s/ Eric H. Samuels</u> Eric H. Samuels	Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
By: <u>/s/ Mark S. Burgess</u> Mark S. Burgess	Director
By: <u>/s/ James V. Continenza</u> James V. Continenza	Chairman
By: <u>/s/ Matthew A. Doheny</u> Matthew A. Doheny	Director
By: <u>/s/ John A. Janitz</u> John A. Janitz	Director
By: <u>/s/ George Karfunkel</u> George Karfunkel	Director
By: <u>/s/ Jason New</u> Jason New	Director
By: <u>/s/ William G. Parrett</u> William G. Parrett	Director
By: <u>/s/ Derek S. Smith</u> Derek S. Smith	Director

Date: March 19, 2014

**Eastman Kodak Company**  
**Valuation and Qualifying Accounts**

(in millions)	Balance at Beginning Of Period	Charges to Earnings and Equity	Amounts Written Off	Balance at End of Period
<b>Four Months ended December 31, 2013 (Successor)</b>				
<b>Deducted in the Statement of Financial Position:</b>				
From Current Receivables:				
Reserve for doubtful accounts	\$ —	\$ 6	\$ —	\$ 6
Reserve for loss on returns and allowances	3	2	2	3
Total	<u>\$ 3</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 9</u>

In connection with the application of fresh start accounting on September 1, 2013, the carrying value of trade receivables was adjusted to fair value, eliminating the reserve for doubtful accounts.

From Deferred Tax Assets:				
Valuation allowance	<u>\$ 1,273</u>	<u>\$ 157</u>	<u>\$ 477</u>	<u>\$ 953</u>

**Eight Months ended August 31, 2013 (Predecessor)**

**Deducted in the Statement of Financial Position:**

From Current Receivables:				
Reserve for doubtful accounts	\$ 30	\$ —	\$ 8	\$ 22
Reserve for loss on returns and allowances	5	3	5	3
Total	<u>\$ 35</u>	<u>\$ 3</u>	<u>\$ 13</u>	<u>\$ 25</u>

From Deferred Tax Assets:				
Valuation allowance	<u>\$ 2,838</u>	<u>\$ 180</u>	<u>\$ 1,745</u>	<u>\$ 1,273</u>

**Year ended December 31, 2012 (Predecessor)**

**Deducted in the Statement of Financial Position:**

From Current Receivables:				
Reserve for doubtful accounts	\$ 27	\$ 12	\$ 9	\$ 30
Reserve for loss on returns and allowances	11	10	16	5
Total	<u>\$ 38</u>	<u>\$ 22</u>	<u>\$ 25</u>	<u>\$ 35</u>

From Deferred Tax Assets:				
Valuation allowance	<u>\$ 2,560</u>	<u>\$ 807</u>	<u>\$ 529</u>	<u>\$ 2,838</u>

**Year ended December 31, 2011 (Predecessor)**

**Deducted in the Statement of Financial Position:**

From Current Receivables:				
Reserve for doubtful accounts	\$ 44	\$ 7	\$ 24	\$ 27
Reserve for loss on returns and allowances	12	21	22	11
Total	<u>\$ 56</u>	<u>\$ 28</u>	<u>\$ 46</u>	<u>\$ 38</u>

From Deferred Tax Assets:				
Valuation allowance	<u>\$ 2,335</u>	<u>\$ 505</u>	<u>\$ 280</u>	<u>\$ 2,560</u>

---

## Table of Contents

### Eastman Kodak Company Index to Exhibits

<u>Exhibit Number</u>	
(2.1)	Confirmation Order from the United States Bankruptcy Court for the Southern District of New York Confirming the First Amended Joint Chapter 11 Plan of Reorganization, dated August 23, 2013. (Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K as filed on August 29, 2013).
(2.2)	First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates. (Incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K as filed on August 29, 2013).
(2.3)	Amended and Restated Stock and Asset Purchase Agreement between Eastman Kodak Company, Qualex, Inc., Kodak (Near East), Inc., KPP Trustees Limited, as Trustee for the Kodak Pension Plan of the United Kingdom, and, solely for purposes of Section 11.4, KPP Holdco Limited, dated August 30, 2013. (Incorporated by reference to Exhibit 2.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
(3.1)	Second Amended and Restated Certificate of Incorporation. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013).
(3.2)	Second Amended and Restated By-Laws. (Incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013).
(4.1)	Registration Rights Agreement between Eastman Kodak Company and certain stockholders listed on Schedule 1 thereto, dated September 3, 2013. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A as filed on September 3, 2013).
(4.2)	Warrant Agreement between Eastman Kodak Company and ComputerShare Trust Company, N.A. and ComputerShare Inc. as Warrant Agent, dated September 3, 2013. (Incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form 8-A as filed on September 3, 2013).
*(10.1)	Eastman Kodak Company 2013 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013).
*(10.2)	Eastman Kodak 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
*(10.3)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement, filed herewith.

---

## Table of Contents

- #(10.4) Credit Agreement dated September 3, 2013 among Eastman Kodak Company as Borrower, the guarantors named therein as Grantors, the lenders named therein as Lenders, Bank of America, N.A. as Administrative and Collateral Agent, Barclays Bank PLC as Syndication Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC and J.P. Morgan Securities LLC as Joint Lead Arrangers and Joint Bookrunners.
- (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.5) Security Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to Bank of America, N.A. as Agent.
- (Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- (10.6) Intercreditor Agreement dated September 3, 2013 among Bank of America, N.A. as Representative with respect to the ABL Credit Agreement, JPMorgan Chase Bank, N.A. as Representative with respect to the Senior Term Loan Agreement, Barclays Bank PLC, as Representative with respect to the Junior Term Loan Agreement, Eastman Kodak Company and the other grantors party thereto.
- (Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.7) Senior Secured First Lien Term Credit Agreement dated September 3, 2013 among Eastman Kodak Company, as the Borrower, the lenders party hereto, JPMorgan Chase Bank, N.A. as Administrative Agent, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners.
- (Incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.8) Guarantee and Collateral Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to JPMorgan Chase Bank, N.A. as Administrative Agent.
- (Incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.9) Senior Secured Second Lien Term Credit Agreement dated September 3, 2013, among Eastman Kodak Company, as the Borrower and the lenders party thereto, Barclays Bank PLC, as Administrative Agent and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners.
- (Incorporated by reference to Exhibit 10.8 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.10) Guarantee and Collateral Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to Barclays Bank PLC as Administrative Agent.
- (Incorporated by reference to Exhibit 10.9 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- (10.11) Amended and Restated Settlement Agreement (Eastman Business Park) between Eastman Kodak Company, the New York State Department of Environmental Conservation, and the New York State Urban Development Corporation d/b/a Empire State Development, dated August 6, 2013.
- (Incorporated by reference to Exhibit 10.10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*#(10.12) Management Agreement with Douglas J. Edwards, dated September 3, 2013.
- (Incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).

---

## Table of Contents

- \*(10.13) Management Agreement with Antonio M. Perez, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*#(10.14) Management Agreement with Laura G. Quatela, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*#(10.15) Management Agreement with Patrick M. Sheller, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.14 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*(10.16) Management Agreement with Brad Kruchten, dated September 3, 2013, filed herewith.
- (10.17) Settlement Agreement between Eastman Kodak Company, Kodak Limited, Kodak International Finance Limited, Kodak Polychrome Graphics Finance UK Limited, and the KPP Trustees Limited, as trustee for the Kodak Pension Plan of the United Kingdom, dated April 26, 2013.  
(Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- (10.17) Backstop Commitment Agreement among Eastman Kodak Company and the Backstop Parties party thereto, dated June 18, 2013.  
(Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- \*(10.18) Eastman Kodak Company Executive Compensation for Excellence and Leadership Plan, dated January 1, 2013.  
(Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- \*(10.19) Form of Eastman Kodak Company Administrative Guide for the 2013 Performance Period under the Executive Compensation for Excellence and Leadership Plan.  
(Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- \*(10.20) Philip J. Faraci Letter Agreement dated November 3, 2004.  
(Incorporated by reference to Exhibit 10 A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 as filed on March 2, 2006).
- \*(10.21) Amendment dated February 28, 2007 to Philip J. Faraci Letter Agreement dated November 3, 2004.  
(Incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K as filed on March 1, 2007).
- \*(10.22) Second Amendment dated December 9, 2008 to Philip J. Faraci Letter Agreement dated November 3, 2004.  
(Incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 as filed on February 27, 2009).
- \*(10.23) Eastman Kodak Company Deferred Compensation Plan for Directors dated December 26, 2013, filed herewith.
- (10.24) Patent Sale Agreement between Eastman Kodak Company and Intellectual Ventures Fund 83 LLC dated December 18, 2012.  
(Incorporated by reference to Exhibit 10.30 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 as filed on March 11, 2013).

---

## Table of Contents

- (10.25) Amendment Agreement, dated March 13, 2013.  
(Incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- (10.26) Amended and Restated Debtor-in-Possession Credit Agreement, dated March 22, 2013.  
(Incorporated by reference to Exhibit 4.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- #(10.27) Amended and Restated Security Agreement, dated March 22, 2013.  
(Incorporated by reference to Exhibit 4.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- #(10.28) Junior Debtor-in-Possession Loan Agreement, dated March 22, 2013.  
(Incorporated by reference to Exhibit 4.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- #(10.29) Junior Debtor-in-Possession Security Agreement, dated March 22, 2013.  
(Incorporated by reference to Exhibit 4.6 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- (10.30) Intercreditor Agreement, dated March 22, 2013.  
(Incorporated by reference to Exhibit 4.7 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 as filed on April 29, 2013).
- (10.31) Debtor-in-Possession Credit Agreement dated January 20, 2012.  
(Incorporated by reference to Exhibit 4.22 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 as filed on February 29, 2012).
- (10.32) Amendment No. 1 to Debtor-in-Possession Credit Agreement dated January 25, 2012.  
(Incorporated by reference to Exhibit 4.23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 as filed on February 29, 2012).
- (10.33) Amendment No. 2 to Debtor-in-Possession Credit Agreement, Amendment No. 1 to U.S. Security Agreement, and Amendment No. 1 to Canadian Security Agreement.  
(Incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K as filed on March 6, 2012).
- (10.34) Amendment No. 3 to the Debtor-in-Possession Credit Agreement dated as of April 26, 2012.  
(Incorporated by reference to Exhibit 4.13 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 as filed on August 3, 2012).
- (10.35) Amendment No. 5 to Debtor-in-Possession Credit Agreement, dated as of February 6, 2013, among Eastman Kodak Company and Kodak Canada Inc., as Borrowers, certain subsidiaries of the Company as Guarantors, certain lenders and Citicorp North America, Inc. as Agent and Co-Collateral Agent and Wells Fargo Capital Finance, LLC as Co-Collateral Agent.  
(Incorporated by reference to Exhibit 4.13 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
- (12) Statement regarding Computation of Ratio of Earnings to Fixed Charges, filed herewith.
- (21) Subsidiaries of Eastman Kodak Company, filed herewith.



---

## Table of Contents

(23)	Consent of Independent Registered Public Accounting Firm, filed herewith.
(31.1)	Certification signed by Jeffrey J. Clarke, filed herewith.
(31.2)	Certification signed by Rebecca A. Roof, filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Jeffrey J. Clarke, filed herewith.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Rebecca A. Roof, filed herewith.
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase.
(101.INS)	XBRL Instance Document.
(101.LAB)	XBRL Taxonomy Extension Label Linkbase.
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase.
(101.SCH)	XBRL Taxonomy Extension Scheme Linkbase.
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase.

\* - Management contract or compensatory plan or arrangement.

# - Eastman Kodak Company was granted confidential treatment for certain information contained in this exhibit. Such information was filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment under 17 C.F.R. §§ 200.80 (b)(4) and 240.24b-2.

CONFIDENTIAL

**EASTMAN KODAK COMPANY  
2013 OMNIBUS INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Award Agreement (this “Award Agreement”) evidences an award of restricted stock units (“RSUs”) by the Company under the Eastman Kodak Company 2013 Omnibus Incentive Plan (the “Plan”). Capitalized terms not defined in the Award Agreement have the meanings given to them in the Plan.

**Name of Grantee:** [ Director Name ] (the “Grantee”)

**Grant Date:** December 31, 2013

**Number of RSUs:** [ Insert RSU Amount ]

In the event of a corporate event or transaction involving the Company, the number of RSUs subject to this Award shall be adjusted pursuant to Article 14 of the Plan.

**Vesting Schedule**

<u>Vesting Date</u>	<u>Percentage Vesting</u>
January 1, 2015	33 <sup>1</sup> / <sub>3</sub> %
January 1, 2016	33 <sup>1</sup> / <sub>3</sub> %
January 1, 2017	33 <sup>1</sup> / <sub>3</sub> %

The RSUs will only vest if the Grantee continuously serves on the Board from the Grant Date through the applicable Vesting Date, and except as otherwise provided by this Award Agreement, any unvested RSUs will be forfeited upon any termination of service.

**Death; Approved Reason**

In the event of the death of the Grantee or the termination of the Grantee’s service for an Approved Reason, any unvested RSUs as of the date of such death or termination shall become immediately vested and the Vesting Date for purposes of the Delivery Date (below) shall be the date of the Grantee’s death or termination for an Approved Reason.

For purposes of this Award Agreement, “Approved Reason” means a reason for terminating Board membership with the Company which, in the opinion of the Committee, is in the best interests of the Company.

**Grantee Rights**

The Grantee shall not have the right to exercise any of the rights or privileges of a shareholder with respect to the shares of Common Stock underlying the RSUs, whether or not vested, until such shares are actually issued to the Grantee.

---

**Dividend Equivalent Rights**

This Award shall include dividend equivalent rights pursuant to Article 10 of the Plan. In the event of the payment of any cash dividend on the Company's Common Stock with a record date occurring after the Grant Date but before a Vesting Date, the number of unvested RSUs subject to this Award will be credited with additional RSUs subject to the terms of this Award Agreement and to the applicable vesting requirements of the RSUs on which such dividend equivalent rights are paid. The number of RSUs that shall be credited shall be computed by multiplying the dollar value of the dividend paid upon a single share of Common Stock by the number of RSUs on the record date for such dividend and dividing the product thereof by the Fair Market Value of the Common Stock on the payment date for such dividend.

In the event of the payment of any stock dividend on the Company's Common Stock with a record date occurring after the Grant Date but before a Vesting Date, the number of RSUs subject to this Award will be adjusted pursuant to the terms of the Plan, with any additional RSUs from such an adjustment subject to the terms of this Award Agreement and to the applicable vesting requirements of the RSUs on which such adjustment is made.

For the avoidance of doubt, if the Grantee makes a timely election to defer payment of the RSUs pursuant to a Company plan that allows for such deferral, the adjustment, if any, for a cash dividend paid on the Company's Common Stock with a record date occurring after a Vesting Date shall be made pursuant to the terms of the applicable Company plan under which the payment of the RSUs was deferred.

**Delivery Date**

Within 30 days after the applicable Vesting Date, but in no event later than March 15 of the calendar year immediately following the calendar year in which the RSUs are no longer subject to a substantial risk of forfeiture for Section 409A purposes, the Company shall issue to the Grantee one Share (or, at the election of the Company, cash equal to the Fair Market Value thereof) for each RSU that vests on such date.

Notwithstanding the foregoing, if the Grantee make a timely election to defer payment of the RSUs pursuant to a Company plan that allows for such deferral, then on the date that payment of the RSUs would otherwise have been made to the Grantee, the Company shall instead credit the shares that otherwise would have been paid to the Grantee on such date to a bookkeeping account maintained under the applicable Company plan and payment shall from the Company plan will be made in accordance with its terms.

**Transferability**

The RSUs will not in any manner be subject to alteration, anticipation, sale, transfer, assignment, pledge or encumbrance.

---

**Continued Service**

The Grantee's receipt of this Award does not give the Grantee a right to remain in the service of the Company or as a member of the Board.

**Grantee's Rights Unsecured**

The RSUs under this Award Agreement shall be unfunded, and the right of the Grantee to receive payment under this Award Agreement shall be an unsecured claim against the general assets of the Company.

**Section 409A**

The RSUs described in this Award Agreement are intended to be exempt from Section 409A under the short-term deferral exception thereto, and this Award Agreement shall be interpreted and administered consistent with such intention, and in accordance with Eastman Kodak Company's Policy Regarding Section 409A Compliance. The Company may unilaterally amend this Award Agreement for purposes of compliance if, in its sole discretion, the Company determines that such amendment would not have a material adverse effect with respect to the Grantee's rights under this Award Agreement.

Notwithstanding the foregoing, no person connected with the Plan or this Award Agreement in any capacity, including, but not limited to, Kodak and its directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to the RSUs or any shares of Common Stock issued pursuant thereto, or that such tax treatment will apply to or be available to the Grantee.

**All Other Terms :**

The RSUs are subject to all other terms set forth in the Plan.

**Plan Incorporation and  
Conflicting Terms**

The Plan is incorporated herein by reference, and, by accepting this Award, the Grantee agrees to be subject to the terms and conditions of the Plan. The Award Agreement and the Plan constitute the entire agreement and understanding of the parties with respect to the RSUs. In the event of any conflict between this Award Agreement and the Plan, the terms of the Plan shall control unless the context indicates otherwise.



July 30, 2013

Brad Kruchten

Re: Employment Agreement

Dear Brad:

This is your employment agreement (this “*Agreement*”) with Eastman Kodak Company, a New Jersey corporation (the “*Company*”).

### **1. Terms Schedule**

Some of the terms of your employment are in the attached schedule (your “Schedule”), which is part of this Agreement.

### **2. Scheduled Term**

Subject to your continued employment with the Company upon the occurrence of the “*Effective Date*” (as defined under the Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code filed by the Company (the “*Plan of Reorganization*”)), the term of this Agreement will begin on the Effective Date and end as stated in your Schedule (your “*Scheduled Term*”).

### **3. Your Position, Performance and Other Activities**

(a) *Position* . You will be employed in the position stated in your Schedule.

(b) *Authority, Responsibilities, and Reporting* . Your authority, responsibilities and reporting relationships will correspond to your position and will include any particular authority, responsibilities and reporting relationships that the Company’s Board of Directors (the “*Board*”) or any officer of the Company to whom you report may assign to you from time to time.

(c) *Performance* . You are expected to devote your best efforts and all of your business time to the affairs of the Company. You may, however, engage in any charitable, civic and community activities, provided, however, such activities do not materially interfere with your duties and responsibilities.

---

#### **4. Your Compensation**

(a) *Salary*. You will receive an annual base salary (your “*Salary*”). Commencing on the Effective Date, your Salary will be the amount set forth in your Schedule. Your Salary will be paid in accordance with the Company’s normal payroll practices.

(b) *Annual Incentive*. You will be eligible to participate in the Company’s short-term variable pay plan for its management level employees, known as Executive Compensation for Excellence and Leadership (“*EXCEL*”) (your “*Annual Incentive*”). Your annual target award under EXCEL will be determined in accordance with your Schedule. Any actual award in a given annual performance period will depend upon performance against corporate goals selected by management and approved by the appropriate committee of the Board and will be paid in the discretion of such committee and management. The terms of the EXCEL plan itself govern and control all interpretations of the plan.

(c) *Long-Term Incentive Awards*. You will be eligible to participate in the Company’s Long-Term Incentive (LTI) program under the Eastman Kodak Company 2013 Omnibus Incentive Plan (the “*Omnibus Plan*”). The amount and form of the award (the “*Long-Term Equity Award*”) to be granted to you will be determined by the Company in accordance with the terms of the Omnibus Plan and your Schedule. The specific terms, conditions and restrictions on any Long-Term Equity Award will be contained in the Administrative Guide and Award Notice delivered to you within twenty (20) business days of the grant date.

(d) *Emergence Award*. On or shortly after the Effective Date, you will be granted the emergence equity award stated in your Schedule, which will be subject to the terms and conditions set forth in the Omnibus Plan and the applicable award agreement.

#### **5. Your Benefits**

(a) *Employee Benefit Plans*. During your employment, you will be entitled to participate in the Company’s employee benefit plans, including plans that provide retirement and welfare benefits.

(b) *Vacation*. You will be entitled to paid annual vacation on the same basis as immediately prior to the Effective Date.

(c) *Additional Benefits*. During your employment, you will be provided any additional benefits stated in your Schedule.

#### **6. Termination of Your Employment; End of Scheduled Term**

(a) *No Reason Required*. Neither you nor the Company is under any obligation to continue your employment beyond the Scheduled Term. In addition, you or the Company may terminate your employment early at any time for any reason, or for no reason, subject to compliance with Section 6(c).

(b) *Related Definitions* .

(1) “ *Cause* ” means any of the following: (A) your continued failure, for a period of at least 30 calendar days following a written warning, to perform your duties in a manner deemed satisfactory by your supervisor, in the exercise of his or her sole discretion; (B) your failure to follow a lawful written directive of the Chief Executive Officer, your supervisor or the Board; (C) your willful violation of any material rule, regulation, or policy that may be established from time to time for the conduct of the Company’s business; (D) your unlawful possession, use or sale of narcotics or other controlled substances, or performing job duties while illegally used controlled substances are present in your system; (E) any act or omission or commission by you in the scope of your employment (a) which results in the assessment of a civil or criminal penalty against you or the Company, or (b) which in the reasonable judgment of your supervisor could result in a material violation of any foreign or U.S. federal, state or local law or regulation having the force of law; (F) your conviction of or plea of guilty or no contest to any crime involving moral turpitude; (G) any misrepresentation of a material fact to, or concealment of a material fact from, your supervisor or any other person in the Company to whom you have a reporting relationship in any capacity; or (H) your breach of the Company’s Business Conduct Guide or the Eastman Kodak Company Employee’s Agreement.

(2) “ *Disability* ” means disability under the terms of the Company’s Long-Term Disability Plan.

(3) “ *Good Reason* ” means any of the following: (A) a material diminution in your total target cash compensation, comprised of your Salary and target Annual Incentive; (B) a material diminution in your authority or responsibilities as provided in Section 3(b); (C) the transfer of your primary work site to a new primary work site that increases your one-way commute to work by more than 35 miles; (D) any material breach of this Agreement by the Company; or (E) any purported termination by the Company of your employment other than as expressly permitted by this Agreement.

(c) *Advance Notice Generally Required* .

(1) To terminate your employment before the end of the Scheduled Term, either you or the Company must provide a Termination Notice to the other. A “ *Termination Notice* ” is a written notice that states the specific provision of this Agreement on which termination is based, including, if applicable, the specific clause of the definition of Cause or Good Reason and a reasonably detailed description of the facts that permit termination under that clause; *provided* , that the failure to include any fact in a Termination Notice that contributes to a showing of Cause or Good Reason does not preclude either party from asserting that fact in enforcing its rights under this Agreement.

If you do not give a Termination Notice within 90 days after you have knowledge that an event constituting Good Reason has occurred, the event will no longer constitute Good Reason. In addition, you must give the Company 30 days to cure the first event constituting Good Reason.

(2) You and the Company agree to provide at least 30 days’ advance Termination Notice of any termination, unless your employment is terminated by the Company for Cause or because of your Disability or death. If you die or become Disabled after you provide a valid Termination Notice with Good Reason or the Company provides Termination Notice without Cause, your termination will be treated as a termination with Good Reason or without Cause, effective as of the date of your Disability or death.

Following receipt of such notice, the Company may, at its sole discretion, choose to either (1) waive that notice period (thereby immediately terminating your employment) or (2) place you on paid leave, at your then-current salary for any or all of the notice period.

(d) *With Good Reason or Without Cause* . If, during the Scheduled Term, the Company terminates your employment without Cause or you terminate your employment with Good Reason:

(1) The Company will pay the following as of the end of your employment: (A) accrued but unpaid Salary up to the last day of your employment, (B) your Salary for any accrued but unused vacation, and (C) any accrued expense reimbursements and other cash entitlements (including for accrued expense reimbursement for which supporting documentation is submitted within 30 days after termination of your employment) (together, your “Accrued Compensation”). In addition, the Company will timely pay you any amounts and provide you any benefits that are required, or to which you are entitled, under any plan, contract or arrangement of the Company as of the end of your employment (together, the “Other Benefits”).

(2) The Company will pay you severance (“Severance Payments”) in an amount equal to (A) the sum of your Salary and your annual target Annual Incentive for the fiscal year in which the Termination Notice is given (or if such target Annual Incentive has not yet been established for such fiscal year, the target Annual Incentive for the fiscal year prior to the year in which the Termination Notice is given) multiplied by (B) the severance multiplier provided on your Schedule (your “Severance Multiplier”).

(3) Your Annual Incentive will be governed by the terms of the EXCEL plan and any applicable Administrative Guide or Award Notice.

(4) Your Emergence Award and Long-Term Equity Awards will continue to vest and remain exercisable according to the terms of the applicable award, in each case without regard to any continued employment condition. The benefits in this Section 6(d)(4) are referred to as “*Continued Vesting*”.

(e) For Cause or without Good Reason. If the Company terminates your employment for Cause or you terminate your employment without Good Reason, the Company will pay your Accrued Compensation and your Other Benefits; however, in connection with any termination of your employment by you without Good Reason, you will remain eligible for continued vesting and/or payment of your Emergence Award and any other equity-based compensation awarded by the Company or any affiliate, in accordance with the terms of such awards.

(f) *For Your Disability or Death* . If, during the Scheduled Term, your employment terminates as a result of your Disability or death, the Company will pay your Accrued Compensation and will provide Continued Vesting and your Other Benefits.



(g) *Benefits Bearing* . In no event shall any of the severance payments or benefits provided under this Section 6 be “benefits bearing.”

(h) *Clawback* . In the event you breach any of the terms of the Eastman Kodak Company Employees’ Agreement, this Agreement or the release described in Section 6(i) below, in addition to and not in lieu of any other remedies that the Company may pursue against you, no further severance payments will be made to you pursuant to this Section 6 and you agree to immediately repay to the Company all moneys previously paid to you pursuant to this Section 6.

(i) *Timing* . The benefits provided in this Section 6 will begin at the end of your employment, and any cash payments owed to you under this Section 6 will be paid in one lump sum 65 days following your date of termination except for Severance Payments, which will be made consistently with the Company’s normal payroll cycles and begin as soon as administratively practicable after your separation from service subject to Section 6(j). Notwithstanding the foregoing, any Severance Payments and any Continued Vesting will only be provided if, at the time of your termination, you provide a release of any and all claims you may have with respect to the Company (other than the benefits provided in Section 5 and the other rights under this Agreement that continue following your employment) in a form provided by the Company such that you have taken all action necessary for such release to become effective and irrevocable no later than 65 days following your date of termination. The Termination Allowance Plan (“TAP”) provides broad-based severance benefits to eligible Company employees. In accordance with the terms of TAP, you acknowledge that the amount of TAP benefits for which you may become eligible is calculated by reducing the benefit determined under the TAP formula by the Severance Payments under this Agreement. Since the Severance Payments (a minimum of one year’s base salary) exceed the maximum benefit payable under TAP (six month’s base salary), you agree that if you become eligible for Severance Payments under this Agreement you will not be entitled to TAP benefits. Should a court nevertheless award you TAP benefits in such circumstances, you agree that the amount of Severance Payments will be reduced by such award and be immediately repaid to the Company.

(j) *Section 409A* . This Agreement is intended to comply with or be exempt from the requirements of Section 409A of the Code (“Section 409A”) with respect to amounts, if any, subject thereto and shall be interpreted, construed and performed consistent with such intent. To the extent you would otherwise be entitled to any payment that under this Agreement, or any plan or arrangement of the Company or its affiliates, constitutes “deferred compensation” subject to Section 409A, and that if paid during the six months beginning on the date of termination of your employment would be subject to the Section 409A additional tax because you are a “specified employee” (within the meaning of Section 409A and as determined by the Company), the payment, together with any earnings on it, will be paid to you on the earlier of the six-month anniversary of your date of termination or your death. Similarly, to the extent you would otherwise be entitled to any benefit (other than a payment) during the six months beginning on termination of your employment that would be subject to the Section 409A additional tax, the benefit will be delayed and will begin being provided (together, if applicable, with an adjustment to compensate you for the delay) on the earlier of the six-month anniversary of your date of termination or your death or change in control (within the meaning of Section 409A). In addition, any payment or benefit due upon a termination of your employment that represents “deferred compensation” subject to Section 409A shall be paid or provided to you only upon a “separation from service” as defined in Treas. Reg. § 1.409A-1(h). Each payment under this Agreement shall be deemed to be a separate payment for purposes of

Section 409A, amounts payable under Sections 6(d)(1) and 6(d)(2) shall be deemed not to be “deferred compensation” subject to Section 409A to the extent provided in the exceptions in Treas. Reg. Sections 1.409A-1(b)(4) (“short-term deferrals”) and (b)(9) (“separation pay plans,” including the exception under subparagraph (iii)) and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6.

Notwithstanding anything to the contrary in this Agreement or elsewhere, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treas. Reg. Section 1.409A-1(b)(9)(v)(A) or (C) shall be paid or provided to you only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of your second taxable year following your taxable year in which the “separation from service” occurs; and *provided further* that such expenses are reimbursed no later than the last day of your third taxable year following the taxable year in which your “separation from service” occurs. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any life-time or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

(k) *End of Scheduled Term* . If your employment with the Company continues at the end of your Scheduled Term, the provisions of Section 3 through this Section 6 will cease to apply and you will continue as an at-will employee of the Company. The remaining provisions of this Agreement will continue in accordance with their terms.

## **7. On-going Restrictions on Your Activities**

(a) *Employee’s Agreement* . You acknowledge and agree that your Eastman Kodak Company Employee’s Agreement is and will remain in full force and effect, including, without limitation, the provisions therein regarding nondisclosure of confidential information, non-competition with the Company during, and for up to eighteen (18) months following any termination of, your employment and non-solicitation of Company employees, customers and suppliers during, and for up to twelve (12) months following any termination of, your employment.

(b) *Your Importance to the Company and the Effect of this Section 7* . You acknowledge that:

(1) In the course of your involvement in the Company’s activities, you will have access to confidential information and the Company’s client base and will profit from the goodwill associated with the Company. On the other hand, in view of your access to confidential information and your importance to the Company, if you compete with the Company for some time after your employment, the Company will likely suffer significant harm. In return for the benefits you will receive from the Company and to induce the Company to enter into this Agreement, and in light of the potential harm you could cause the Company, you agree to the provisions of this Section 7. The Company would not have entered into this Agreement if you did not agree to this Section 7.

(2) This Section 7 may limit your ability to earn a livelihood. You acknowledge, however, that complying with this Section 7 will not result in severe economic hardship for you or your family.

(c) *Transition Assistance* . During the 90 days after Termination Notice has been given, you will take all actions the Company may reasonably request to maintain for the Company the business, goodwill and business relationships with any Clients.

(d) *Notice to New Employers* . Before you accept employment with any other person or entity while your Employee's Agreement is in effect, you will provide the prospective employer with written notice of the provisions of the Employee's Agreement and will deliver a copy of the notice to the Company.

## **8. Effect on Other Agreements**

(a) *Prior Employment Agreements and Severance Rights* . This Agreement will supersede any earlier employment agreement and any earlier severance, change in control or similar rights you may have with any member of the Company.

(b) *Release of Executive Protection Plan Claims* . The Eastman Kodak Company Executive Protection Plan (the "ExPP") was not assumed pursuant to the Plan of Reorganization. The consideration offered herein is accepted by you as being in full accord, satisfaction, compromise and settlement of any and all claims that you may have against the Company that exist on or prior to the Effective Date arising out of or concerning amounts that are or may have been due and owing to you pursuant to the ExPP, and you expressly agree that you are not entitled to and will not receive any payments, benefits or other compensation or recovery of any kind from the Company with respect to the ExPP.

(c) *Effect on Other Agreements; Entire Agreement* . This Agreement is the entire agreement between you and the Company with respect to the relationship contemplated by this Agreement and supersedes any earlier agreement, written or oral, with respect to the subject matter of this Agreement. In entering into this Agreement, no party has relied on or made any representation, warranty, inducement, promise or understanding that is not in this Agreement.

## **9. Successors**

(a) *Assignment by You* . You may not assign this Agreement without the Company's consent. Also, except as required by law, your right to receive payments or benefits under this Agreement may not be subject to execution, attachment, levy or similar process. Any attempt to effect any of the preceding in violation of this Section 9(a), whether voluntary or involuntary, will be void.

(b) *Assumption by Any Surviving Company*. Before the effectiveness of any merger, consolidation, statutory share exchange or similar transaction (including an exchange offer combined with a merger or consolidation) involving the Company (a " *Reorganization* ") or any sale, lease or other disposition (including by way of a series of transactions or by way of merger, consolidation, stock sale or similar transaction involving one or more subsidiaries) of all or substantially all of the Company's consolidated assets (a " *Sale* "), the Company will cause (1) the Surviving Company to unconditionally assume this Agreement in writing and (2) a copy of the assumption to be provided to you. After the

Reorganization or Sale, the Surviving Company will be treated for all purposes as the Company under this Agreement. The “*Surviving Company*” means (i) in a Reorganization, the entity resulting from the Reorganization or (ii) in a Sale, the entity that has acquired all or substantially all of the assets of the Company.

## 10. General Provisions

(a) *Administrator* . All compensation and benefits provided under this Agreement will be administered by the Chief Human Resources Officer for the Company (the “*Administrator*”). The Administrator will have total and exclusive responsibility to control, operate, manage and administer such compensation and benefits in accordance with their terms and all the authority that may be necessary or helpful to enable him to discharge his responsibilities with respect to them. Without limiting the generality of the preceding sentence, the Administrator will have the exclusive right to: interpret this Agreement, decide all questions concerning eligibility for and the amount of compensation and benefits payable, construe any ambiguous provision, correct any default, supply any omission, reconcile any inconsistency, and decide all questions arising in the administration, interpretation and application of this Agreement. The Administrator will have full discretionary authority in all matters related to the discharge of his responsibilities and the exercise of his authority, including, without limitation, his construction of the terms of this Agreement and his determination of eligibility for compensation and benefits. It is the intent of the parties hereto, that the decisions of the Administrator and his actions with respect to this Agreement will be final and binding upon all persons having or claiming to have any right or interest in or under this Agreement and that no such decision or actions shall be modified upon judicial review unless such decision or action is proven to be arbitrary or capricious.

(b) *Withholding* . You and the Company will treat all payments to you under this Agreement as compensation for services. Accordingly, the Company may withhold from any payment any taxes that are required to be withheld under any law, rule or regulation.

(c) *Confidentiality* . You agree to keep the existence of this letter confidential except that you may review it with your financial advisor, attorney or spouse/partner and with the Administrator.

(d) *Severability* . If any provision of this Agreement is found by any court of competent jurisdiction (or legally empowered agency) to be illegal, invalid or unenforceable for any reason, then (1) the provision will be amended automatically to the minimum extent necessary to cure the illegality or invalidity and permit enforcement and (2) the remainder of this Agreement will not be affected. In particular, if any provision of Section 7 is so found to violate law or be unenforceable because it applies for longer than a maximum permitted period or to greater than a maximum permitted area, it will be automatically amended to apply for the maximum permitted period and maximum permitted area.

(e) *No Set-Off* . Your and the Company’s respective obligations under this Agreement will not be affected by any set-off, counterclaim, recoupment or other right you or any member of the Company may have against each other or anyone else (except as this Agreement specifically states). You do not need to seek other employment or take any other action to mitigate any amounts owed to you under this Agreement, and those amounts will not be reduced if you do obtain other employment.

(f) *Notices* . All notices, requests, demands and other communications under this Agreement must be in writing and will be deemed given (1) on the business day sent, when delivered by hand or facsimile transmission (with confirmation) during normal business hours, (2) on the business day after the business day sent, if delivered by a nationally recognized overnight courier or (3) on the third business day after the business day sent if delivered by registered or certified mail, return receipt requested, in each case to the following address or number (or to such other addresses or numbers as may be specified by notice that conforms to this Section 10(g)):

If to you, to the address stated in your Schedule.

If to the Company or any other member of the Company, to:

Eastman Kodak Company  
343 State Street  
Rochester, New York 14650  
Attention: General Counsel  
Facsimile: 585-724-9448

(g) *Amendments and Waivers* . Any provision of this Agreement may be amended or waived but only if the amendment or waiver is in writing and signed, in the case of an amendment, by you and the Company or, in the case of a waiver, by the party that would have benefited from the provision waived. Except as this Agreement otherwise provides, no failure or delay by you or the Company to exercise any right or remedy under this Agreement will operate as a waiver, and no partial exercise of any right or remedy will preclude any further exercise.

(h) *Jurisdiction; Choice of Forum; Costs* . You and the Company irrevocably submit to the exclusive jurisdiction of any state or federal court located in the County of New York over any controversy or claim arising out of or relating to or concerning this Agreement or any aspect of your employment with the Company (together, an “*Employment Matter*”). Both you and the Company (1) acknowledge that the forum stated in this Section 10(i) has a reasonable relation to this Agreement and to the relationship between you and the Company and that the submission to the forum will apply even if the forum chooses to apply non-forum law, (2) waive, to the extent permitted by law, any objection to personal jurisdiction or to the laying of venue of any action or proceeding covered by this Section 10(i) in the forum stated in this Section, (3) agree not to commence any such action or proceeding in any forum other than the forum stated in this Section 10(i) and (4) agree that, to the extent permitted by law, a final and non-appealable judgment in any such action or proceeding in any such court will be conclusive and binding on you and the Company. However, nothing in this Agreement precludes you or the Company from bringing any action or proceeding in any court for the purpose of enforcing the provisions of this Section 10(i). To the extent permitted by law, the Company will pay or reimburse any reasonable expenses, including reasonable attorney’s fees, you incur as a result of any Employment Matter.

(i) *Governing Law. This Agreement will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that state.*

---

(j) *Counterparts* . This Agreement may be executed in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement.

Very truly yours,

Eastman Kodak Company

By: /s/ Patrick M. Sheller

Patrick M. Sheller  
General Counsel, Secretary,  
Chief Administrative Officer  
And Senior VP, EKC

Accepted and agreed:

\_\_\_\_\_  
Brad Kruchten

Date:

**EASTMAN KODAK COMPANY**  
**DEFERRED COMPENSATION PLAN FOR DIRECTORS**

**Preamble**

The name of this Plan is the Eastman Kodak Company Deferred Compensation Plan for Directors. Its purpose is to provide certain members of the Board of Directors of Eastman Kodak Company with an opportunity to defer compensation earned as a Director.

**Article 1. Definitions.**

**1.1 Administrator**

“Administrator” means the Controller of Kodak.

**1.2 Beneficiary**

“Beneficiary” means the person or persons (including, but not limited to, a trust) designated as such in accordance with Section 7.5.

**1.3 Board**

“Board” means the Board of Directors of Kodak.

**1.4 Change in Control**

“Change in Control” means an event that both (a) satisfies the definition given such term in the Eastman Kodak Company 2013 Omnibus Incentive Plan, as amended or restated from time to time, and (b) qualifies as a “change in the ownership” or “change in effective control,” or a “change in the ownership of a substantial portion of the assets” of Kodak within the meaning of Sections 1.409A-3(a)(5) and 1.409A-3(i)(5) of the Treasury regulations.

**1.5 Code**

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

**1.6 Common Stock**

“Common Stock” means the common stock of Kodak.

### **1.7 Enrollment Period**

“Enrollment Period” means the period designated by the Administrator each year; provided however, that except for the Enrollment Period for calendar year 2013, the Enrollment Period for a given calendar year shall always commence and end in the year immediately prior to such calendar year. For calendar year 2013, the Enrollment Period shall begin on December 26, 2013 and end on December 30, 2013.

### **1.8 Kodak**

“Kodak” means Eastman Kodak Company.

### **1.9 Market Value**

“Market Value” means the mean between the high and low at which the Common Stock trades as quoted in the New York Stock Exchange Composite Transactions as published in The Wall Street Journal for the day for which the determination is to be made or, if such day is not a trading day, the immediately preceding trading day.

### **1.10 Plan**

“Plan” means this Eastman Kodak Company Deferred Compensation Plan For Directors, as adopted by the Board and as amended from time to time.

### **1.11 Participant**

“Participant” means (i) any member of the Board who is not an employee of Kodak; or (ii) any former member of the Board who has a balance in a Stock Account under the Plan.

### **1.12 Separation From Service**

“Separation From Service” means a “separation from service” within the meaning of Section 409A (taking into account Section 1.409A-1(h) of the Treasury regulations), administered in accordance with Eastman Kodak Company’s Policy Regarding Section 409A Compliance, it being intended that for this purpose, “separation from service” will be determined based on services performed for Kodak and all entities which are part of the same “controlled group” or group of trades or business under “common control” as Kodak within the meaning of Sections 414(b) or (c) of the Code (meaning, for the avoidance of doubt, that the Plan shall apply the 80 percent common control standard stated in such Sections of the Code and the Treasury regulations thereunder). Furthermore, a Director who is or becomes an employee but who has a Stock Account under this Plan shall be treated as separating from service for purposes of this Plan if the Director would be deemed to have separated from service as a director if his or her services as an employee were disregarded, in accordance with Section 1.409A-1(h)(5) of the Treasury regulations.



### **1.13 Stock Account**

“Stock Account” means the account established by Kodak for each Participant, which is measured by reference to a number of shares of Common Stock. The maintenance of individual Stock Account is for bookkeeping purposes only.

### **1.14 Stock Deferrable Amount**

“Stock Deferrable Amount” means the number of the shares of Common Stock that would otherwise be paid to the Participant absent the Participant’s election to defer.

## **Article 2. Term**

The Plan became effective December 26, 2013.

## **Article 3. Participation**

Only Participants shall be eligible to participate in the Plan.

## **Article 4. Deferral of Compensation**

For any given calendar year, a Participant may make a deferral election, in accordance with the requirements of Article 5, to defer receipt of all or any portion of his or her Stock Deferrable Amount to be earned during such year into his or her Stock Account. Any Stock Deferrable Amount that is so deferred shall be credited to the Participant’s Stock Account in accordance with Article 6.

## **Article 5. Deferral Elections**

### **5.1 In General**

A Participant may make a deferral election to defer compensation by executing and returning to the Administrator in accordance with this Article 5 a deferred compensation form provided by Kodak.

### **5.2 Timing**

A Participant who wishes to defer compensation under the Plan must irrevocably elect to do so during an Enrollment Period. Except for the 2013 Enrollment Period, such election shall be effective for the calendar year immediately

following the Enrollment Period during which such election was made. An election to defer compensation shall continue to apply for all succeeding calendar years, unless the Participant revokes his or her election or files a new election during the Enrollment Period for such a succeeding calendar year. Any such revocation or election, as the case may be, shall be effective on the first day of such succeeding calendar year. For calendar year 2013, a Participant's election to defer compensation shall be irrevocable as of December 30, 2013, and shall apply to compensation earned by the Participant after the date that the election becomes irrevocable.

### **5.3 Irrevocability**

Deferral elections made under this Plan with respect to any calendar year will be final and, after the close of the Enrollment Period for such calendar year, may not be revoked or amended in any manner until the Enrollment Period for a succeeding calendar year. Any such revocation or amendment, as the case may be, shall be effective on the first day of such succeeding calendar year.

### **5.4 Elections**

A deferred compensation form filed by a Participant during an Enrollment Period shall indicate the amount of the Stock Deferrable Amount to be deferred. Stock Deferrable Amounts that are deferred by a Participant will be credited to the Participant's Stock Account.

## **Article 6. Stock Account Investment & Crediting**

### **6.1 Stock Account**

Amounts in a Participant's Stock Account are hypothetically invested in units of Common Stock. Amounts contributed to a Stock Account are recorded as units of Common Stock, with one unit equating to a single share of Common Stock. The use of units is merely a bookkeeping convenience; the units are not actual shares of Common Stock. Kodak will not reserve or otherwise set aside any Common Stock for or to any Stock Account.

### **6.2 Time Stock Account is Credited**

Amounts to be deferred shall be credited to a Participant's Stock Account on the date such amounts would otherwise be payable. The Stock Account of the Participant will, for so long as the election remains in effect, be credited with that number of units of Common Stock equal to the number of shares of Common Stock that would otherwise be paid to the Participant but for his or her election to defer.

### **6.3 Dividend Equivalents in the Stock Account**

Effective as of the payment date for each cash dividend on the Common Stock, additional units of Common Stock shall be credited to the Stock Account of each Participant who has a balance in his or her Stock Account on the record date for such dividend. The number of units that shall be credited to the Stock Account of such a Participant shall be computed by multiplying the dollar value of the dividend paid upon a single share of Common Stock by the number of units of Common Stock held in the Participant's Stock Account on the record date for such dividend and dividing the product thereof by the Market Value of the Common Stock on the payment date for such dividend.

### **6.4 Stock Dividends in the Stock Account**

Effective as of the payment date for each stock dividend (as defined in Section 305 of the Code) on the Common Stock, additional units of Common Stock shall be credited to the Stock Account of each Participant who has a balance in his or her Stock Account on the record date for such dividend. The number of units that shall be credited to the Stock Account of such a Participant shall equal the number of shares of Common Stock which the Participant would have received as stock dividends had he or she been the owner on the record date for such stock dividend of the number of shares of Common Stock equal to the number of units credited to his or her Stock Account on such record date. To the extent the Participant would have also received cash, in lieu of fractional shares of Common Stock, had he or she been the record owner of such shares for such stock dividend, then his or her Stock Account shall also be credited with that number of units, or fractions thereof, equal to such cash amount divided by the Market Value of the Common Stock on the payment date for such dividend.

### **6.5 Recapitalization in the Stock Account**

If Kodak undergoes a reorganization as defined in Section 368(a) of the Code, the Administrator shall, in his or her sole and absolute discretion, take whatever action he or she deems necessary, advisable or appropriate with respect to the Stock Account in order to reflect such transaction, including, but not limited to, adjusting the number of units credited to a Participant's Stock Account. Any action taken shall comply with Section 409A.

### **6.6 Distributions from the Stock Account**

Amounts in respect of units of Common Stock shall be distributed in shares of Common Stock under the plan or arrangement under which the underlying shares were originally payable (or any successor plan thereto).

## **Article 7. Payment of Deferred Compensation**

### **7.1 Background**

No withdrawal may be made from a Participant's Stock Account except as provided in this Article 7 and Article 8.

### **7.2 Manner of Payment**

Payment of a Participant's Stock Account shall be made in accordance with the distribution election filed by the Participant at the time of such Participant's initial election to participate in the Plan. The distribution election shall comply with the following rules:

- A. The Participant may elect payment in a single sum payment or in annual installments; provided, however, that payment in the event of death shall be made pursuant to Section 7.5 and payment in the event of a Change in Control shall be made pursuant to Section 8.2. The maximum number of annual installments is ten.
- B. Once filed, a distribution election is irrevocable and shall apply to all future contributions to the Plan except as stated in paragraph C below.
- C. If a Participant experiences a Separation From Service and then rejoins the Board, payments of amounts accrued prior to the initial Separation From Service shall continue unaffected. However, the Participant may file a new distribution election at the time of his initial deferral election following reelection to the Board, which shall govern payments of amounts contributed.

### **7.3 Timing**

Payment of a Participant's Stock Account which shall be made (or commence to be made) in the year following the year of such Participant's Separation From Service. Payments shall be made in the appointed year, as soon as administratively possible following the fifth business day in March of such year, provided, however, that payment in the event of death will be made in accordance with Section 7.5 and payment in the event of a Change in Control shall be made pursuant to Section 8.2.

### **7.4 Number of Shares**

The number of shares of Common Stock for each payment shall be equal to the number of shares credited to the Participant's Stock Account as of the date immediately preceding the date that payment is made, divided by the number of installments remaining to be paid.

## **7.5 Payment of Deferred Compensation After Death**

Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both primary and contingent) to whom payment under this Plan shall be made in the event of his or her death prior to complete distribution to the Participant of the benefits due him or her under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Administrator during the Participant's lifetime on a form provided by the Administrator. The filing of a new Beneficiary designation form with the Administrator will cancel all Beneficiary designation(s) previously filed.

If a Participant dies prior to complete payment of his or her Stock Account, the balance of the Participant's Stock Account immediately preceding the date that payment is made, shall be paid in a single, lump-sum payment to: (a) the beneficiary or contingent beneficiary designated by the Participant in accordance with this Section 7.5; or, in the absence of a valid designation of a beneficiary or contingent beneficiary, (b) the Participant's estate within 30 days after appointment of a legal representative of the deceased Participant. In any event, payment will be made no later than the end of the taxable year of death (or, if later, the fifteenth day of the third month following the date of death).

## **Article 8. Change in Control**

### **8.1 Background**

Upon a Change In Control: (i) the terms of this Article 8 shall immediately become operative, without further action or consent by any person or entity, (ii) all terms, conditions, restrictions, and limitations in effect on any deferred compensation shall immediately lapse as of the date of such event; and (iii) no other terms, conditions, restrictions, and/or limitations shall be imposed upon any deferred compensation on or after such date, and in no circumstance shall any Stock Account be forfeited on or after such date.

### **8.2 Payment of Deferred Compensation After Change in Control**

Upon a Change in Control, each Participant, whether or not he or she is still a member of the Board, shall be paid in a single, lump-sum the number of shares remaining in his or her Stock Account as of the date of the Change in Control. Such payment shall be made as soon as practicable, but in any event no later than 90 days after the Change in Control.

## **Article 9. Administration**

### **9.1 Responsibility**

The Administrator shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

### **9.2 Authority of the Administrator**

The Administrator shall have all the authority that may be necessary or helpful to enable him or her to discharge his or her responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Administrator shall have the exclusive right: to interpret the Plan, to decide all questions concerning the amount of benefits payable under the Plan, to construe any ambiguous provision of the Plan, to correct any default, to supply any omission, to reconcile any inconsistency, and to decide any and all questions arising in the administration, interpretation, and application of the Plan.

### **9.3 Discretionary Authority**

The Administrator shall have full discretionary authority in all matters related to the discharge of his or her responsibilities and the exercise of his or her authority under the Plan including, without limitation, the construction of the terms of the Plan and the determination of benefits under the Plan. It is the intent of the Plan that the decisions of the Administrator and his or her actions with respect to the Plan shall be final and binding upon all persons having or claiming to have any right or interest in or under the Plan and that no such decision or action shall be modified upon judicial review unless such decision or action is proven to be arbitrary or capricious.

### **9.4 Delegation of Authority**

The Administrator may delegate some or all of his or her authority under the Plan to any person or persons provided that any such delegation is in writing.

## **Article 10. Miscellaneous**

### **10.1 Participant's Rights Unsecured**

The amounts payable under the Plan shall be unfunded, and the right of any Participant or his or her estate to receive any payment under the Plan shall be an unsecured claim against the general assets of Kodak. No Participant shall have the right to exercise any of the rights or privileges of a shareholder with respect to the units credited to his or her Stock Account.

## **10.2 Non-Assignability**

The right of a Participant to the payment of deferred compensation as provided in this Plan shall not be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution), assignment, pledge, or encumbrance.

## **10.3 Statement of Stock Account**

Statements will be sent no less frequently than annually to each Participant or his or her beneficiary or estate showing the value of the Participant's Stock Account.

## **10.4 Amendment**

The Plan may at any time or from time to time be amended, modified, suspended or terminated by resolution of the Board. However, no amendment, modification, or termination shall, without the consent of a Participant, adversely affect such Participant's accruals in his or her Stock Account. No amendment, modification, suspension or termination will accelerate distributions unless such acceleration is approved by Kodak and permitted under Section 409A.

## **10.5 Governing Law**

The Plan shall be construed, governed and enforced in accordance with the law of New York State, except as such laws are preempted by applicable federal law.

## **10.6 Section 409A**

This Plan and the benefits provided hereunder are intended to satisfy the requirements of Section 409A of the Code, and the Treasury regulations and applicable guidance thereunder (collectively, "Section 409A",) and the terms and conditions of this Plan shall be interpreted and construed accordingly, together with Eastman Kodak Company's Policy Regarding Section 409A Compliance.

## **10.7 No Guarantee of Tax Consequences**

No person connected with the Plan in any capacity, including, but not limited to, Kodak and its directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts deferred under the Plan, or paid to or for the benefit of a Participant or Beneficiary under the Plan, or that such tax treatment will apply to or be available to a Participant or Beneficiary on account of participation in the Plan.

#### **10.8 Compliance with Securities Laws**

Subject to the limitations imposed by Section 409A, the Board may, from time to time, impose additional, or modify or eliminate existing, Plan terms, provisions, restrictions or requirements.



## COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(in millions)	Four Months		Year Ended December 31			
	Ended December 31 2013	Eight Months Ended August 31 2013	2012	2011	2010	2009
Loss from continuing operations before provision for income taxes	\$ (78)	\$ 2,356	\$ (1,610)	\$ (757)	\$ (425)	\$ (5)
Adjustments:						
Undistributed (earnings) loss of equity method investees	—	—	—	—	—	—
Interest expense	22	106	139	138	148	118
Interest component of rental expense (1)	5	12	20	25	32	36
Amortization of capitalized interest	—	—	2	2	2	2
Earnings as adjusted	<u>\$ (51)</u>	<u>\$ 2,474</u>	<u>\$ (1,449)</u>	<u>\$ (592)</u>	<u>\$ (243)</u>	<u>\$ 151</u>
Fixed charges:						
Interest expense	22	106	139	138	148	118
Interest component of rental expense (1)	5	12	20	25	32	36
Capitalized interest	—	—	1	1	1	2
Total fixed charges	<u>\$ 27</u>	<u>\$ 118</u>	<u>\$ 160</u>	<u>\$ 164</u>	<u>\$ 181</u>	<u>\$ 156</u>
Ratio of earnings to fixed charges	*	**	***	****	*****	*****

(1) Interest component of rental expense is estimated to equal 1/3 of such expense, which is considered a reasonable approximation of the interest factor.

\* Earnings for the four months ended December 31, 2013 were inadequate to cover fixed charges. The coverage deficiency was \$66 million.

\*\* Earnings for the eight months ended August 31, 2013 were adequate to cover fixed charges. The coverage amount was \$2,356 million.

\*\*\* Earnings for the year ended December 31, 2012 were inadequate to cover fixed charges. The coverage deficiency was \$1,609 million.

\*\*\*\* Earnings for the year ended December 31, 2011 were inadequate to cover fixed charges. The coverage deficiency was \$756 million.

\*\*\*\*\* Earnings for the year ended December 31, 2010 were inadequate to cover fixed charges. The coverage deficiency was \$424 million.

\*\*\*\*\* Earnings for the year ended December 31, 2009 were inadequate to cover fixed charges. The coverage deficiency was \$5 million.

**Subsidiaries of Eastman Kodak Company**

Exhibit (21)

<b><u>Companies Consolidated</u></b>	<b><u>Organized Under Laws of:</u></b>
Eastman Kodak Company	New Jersey
Kodak Imaging Network, Inc.	Delaware
Kodak Graphic Communications Canada Company	Canada
Kodak Canada Inc.	Canada
Kodak Argentina S.A.I.C.	Argentina
Kodak Chilena S.A. Fotografica	Chile
Kodak Americas, Ltd.	New York
Kodak Venezuela, S.A.	Venezuela
Kodak (Near East), Inc.	New York
Kodak (Singapore) Pte. Limited	Singapore
Kodak Philippines, Ltd.	New York
Kodak Limited	England
Project Ceylon Limited	England
Kodak India Private Limited	India
Kodak International Finance Limited	England
Kodak Graphic Communications Ltd.	England
Kodak Polychrome Graphics Finance UK Ltd.	England
Kodak Polska Sp.zo.o	Poland
Kodak OOO	Russia
Kodak	France
Kodak Holding GmbH	Germany
Kodak Graphic Communications GmbH	Germany
Eastman Kodak Holdings B.V	Netherlands
Eastman Kodak Sarl	Switzerland
Kodak Brasileira Comercio de Produtos para Imagem e Servicos Ltda	Brazil
Kodak Nederland B.V	Netherlands
Kodak (Hong Kong) Limited	Hong Kong
Kodak (Taiwan) Limited	Taiwan
Kodak IL Ltd	Israel
Kodak (China) Limited	Hong Kong
Kodak (Shanghai) International Trading Co. Ltd	China
Kodak (China) Investment Company Ltd.	China
Kodak Electronic Products (Shanghai) Company Limited	China
Kodak (China) Company Limited	China
Kodak (China) Graphic Communications Company Ltd.	China
Kodak (Wuxi) Company Limited	China
Kodak (Xiamen) Company Limited	China
Shanghai Da Hai Camera Co., Ltd.	China
Kodak Polychrome Graphics Company Ltd.	Barbados
Kodak Japan Ltd.	Japan
Eastman Kodak Company	
Kodak Korea Ltd	South Korea
Kodak New Zealand Limited	New Zealand
Kodak (Australasia) Pty. Ltd.	Australia
Kodak (Egypt) S.A.E.	Egypt

Kodak (Malaysia) Sdn.Bhd.	Malaysia
Eastman Kodak International Capital Company, Inc.	Delaware
Kodak de Mexico S.A. de C.V.	Mexico
Kodak Mexicana, S.A. de C.V.	Mexico
Kodak A/S	Denmark
Kodak SA/NV	Belgium
Kodak Norge A/S	Norway
Kodak Societe Anonyme	Switzerland
Kodak (Thailand) Limited	Thailand
Kodak GmbH	Austria
Kodak Oy	Finland
Kodak S.p.A.	Italy
Kodak Portuguesa Limited	New York
Kodak, S.A.	Spain
Kodak Nordic AB	Sweden

Note: Subsidiary Company names are indented under the name of the parent company.

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-160889 and No. 333-111726) and Form S-8 (No. 333-125355, No. 333-64366, No. 333-43526, No. 333-43524, No. 333-57659 and No. 333-57729) of Eastman Kodak Company of our report dated March 19, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Rochester, New York

March 19, 2014

**CERTIFICATION**

I, Jeffrey J. Clarke, certify that:

1. I have reviewed this annual report on Form 10-K;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey J. Clarke  
Jeffrey J. Clarke  
Chief Executive Officer

Date: March 19, 2014

**CERTIFICATION**

I, Rebecca A. Roof, certify that:

1. I have reviewed this annual report on Form 10-K;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Rebecca A. Roof  
Rebecca A. Roof  
Chief Financial Officer

Date: March 19, 2014

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Eastman Kodak Company (the “Company”) on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey J. Clarke, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey J. Clarke  
Jeffrey J. Clarke  
Chief Executive Officer

Date: March 19, 2014

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Eastman Kodak Company (the “Company”) on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rebecca A. Roof, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rebecca A. Roof  
Rebecca A. Roof  
Chief Financial Officer

Date: March 19, 2014