

**Eastman Kodak Company 2017 Annual Report on Form 10-K
and Notice of 2018 Annual Meeting and Proxy Statement**

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, 2017 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)

343 STATE STREET, ROCHESTER, NEW YORK

(Address of principal executive offices)

16-0417150

(IRS Employer Identification No.)

14650

(Zip Code)

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

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

Title of each class

Common Stock, \$0.01 par value

Name of each exchange on which registered

New York Stock Exchange

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

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, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

See definition of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017 was approximately \$160 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 1, 2018 was 42,638,662 shares of common stock.

Eastman Kodak Company
Form 10-K
December 31, 2017

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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 provides directly, and through partnerships with other innovative companies hardware, software, consumables and services to customers in graphic arts, commercial print, publishing, packaging, electronic displays, entertainment and commercial films, and consumer products markets. With its world-class R&D capabilities, innovative solutions portfolio and highly trusted brand, Kodak is helping customers around the globe to sustainably grow their own businesses and enjoy their lives.

Kodak is a global commercial printing and imaging company with proprietary technologies in materials science, digital imaging science and software, and deposition processes (methods whereby one or more layers of various materials in gaseous, liquid or small particle form are deposited on a substrate in precise quantities and positions). Kodak leverages its core technology products and services to develop solutions for the product goods packaging and graphic communications markets, and is developing products for the functional printing market. Kodak also offers brand licensing and intellectual property opportunities, provides products and services for motion pictures and other commercial films, and sells ink to its existing installed consumer inkjet printer base.

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.

REPORTABLE SEGMENTS

Kodak has seven reportable segments: Print Systems, Enterprise Inkjet Systems, Flexographic Packaging, Software and Solutions, Consumer and Film, Advanced Materials and 3D Printing Technology and Eastman Business Park. The balance of Kodak’s continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other which primarily represents the RED utilities variable interest entity until deconsolidation in December 2016 (refer to Note 1, “Summary of Significant Accounting Policies”).

Information on Kodak’s revenues and long-lived assets by geographic area as well as revenues and earnings by reportable segment for each of the past three years are shown in Note 24, “Segment Information,” in the Notes to Financial Statements.

Print Systems

The Print Systems segment is comprised of Prepress Solutions, which includes Kodak’s digital offset plate offerings and computer-to-plate imaging solutions, and Electrophotographic Printing Solutions, which offers high-quality digital printing solutions using electrically charged toner based technology. The Print Systems 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 and packaging. While the businesses in this segment are experiencing pricing pressure, innovations in Kodak product lines that can command premium prices offset some of the long-term market price erosion.

Prepress Solutions capitalizes on a contract-based, stable and recurring cash flow-generative business model. The average duration of customer contracts is two years. These contracts offer stability and generate recurring revenue. The core of the business is the manufacturing of aluminum digital printing plates of varying sizes. These plates can be as small as 23cm x 27cm and as large as 126cm x 287cm. Unexposed plates are sold to commercial printing companies for use in the offset printing process. Kodak also manufactures equipment, known as Computer to Plate (“CTP”) equipment, which images the plates with a laser. The plates are used in the offset printing process, which transfers ink from the plate onto a rubber blanket and then onto the substrate to be printed. Due to the nature of the imaging and printing process, a new plate must be used for each printing run. As a result, there is a recurring revenue stream from the sale of these plates.

The Print Systems products and services are sold globally to customers through both a direct sales team as well as indirectly through dealers. Primary competitors are Fuji and Agfa. Kodak expects to benefit from current industry trends, including customers’ increasing focus on sustainability initiatives, which strengthens demand for Kodak’s process-free solutions.

- *Prepress Solutions:*

- Digital offset plates, which includes KODAK SONORA Process Free Plates. KODAK SONORA Process Free Plates are prepared directly with a CTP thermal output device and do not require subsequent processing chemistry, processing equipment or chemical disposal. As a result, the plates deliver cost savings and efficiency for customers and promote environmental sustainability practices.
- CTP output devices that are used by customers to transfer images onto aluminum offset printing plates and provide consistent and high-quality imaging for offset press applications. CTP products provide high resolution, consistency and stability in thermal imaging. Kodak also offers a lower cost CTP system using TH5 imaging technology, which provides a highly efficient and cost-effective imaging solution at a lower price point.
- Net sales for Prepress Solutions accounted for 53%, 52% and 51% of Kodak’s total net revenue for the years ended December 31, 2017, 2016 and 2015, respectively.

- *Electrophotographic Printing Solutions:*

- NEXPRESS printers produce high-quality, differentiated printing of short-run, personalized print applications, such as direct mail, books, marketing collateral and photo products.
- DIGIMASTER printers use monochrome electrophotographic printing technology for transactional printing, short-run books, corporate documentation, manuals and direct mail.
- Net sales for Electrophotographic Printing Solutions accounted for 9%, 9% and 10% of Kodak's total net revenue for the years ended December 31, 2017, 2016 and 2015, respectively.

The Print Systems segment also provides service and support related to these products.

Enterprise Inkjet Systems

The Enterprise Inkjet Systems segment contains the Prosper business and the Versamark business. The Enterprise Inkjet Systems products include production press systems, consumables (primarily ink), inkjet components and services. Enterprise Inkjet Systems products are distributed directly by Kodak and indirectly through dealers. The markets that the Enterprise Inkjet Systems segment serves are highly competitive in variable printing applications like direct mail, newspapers, books, and packaging/labels. Key competitors are HP, Canon, Ricoh, and Screen.

- *Prosper:*

- The Prosper business product offerings, including the PROSPER Press systems and PROSPER Components, feature ultrafast inkjet droplet generation. This includes the PROSPER 6000 Press, which delivers a continuous flow of ink that enables constant and consistent operation, with uniform ink droplet size and accurate placement, even at very high print speeds. Applications of the PROSPER Press include publishing, commercial print, direct mail and packaging. PROSPER System Components are integrated into original equipment manufacturer partner products and systems. Sales of equipment that incorporate the PROSPER Writing Systems result in recurring revenue from sales of ink and other consumables and equipment service. The level of recurring revenue depends on the application for which the equipment is used, which drives the total number of pages printed and, therefore, the amount of ink usage. The business model is further supplemented by consumption of other consumables including refurbished jetting modules and service.
- The focus of the Prosper business is on developing the next generation platform, Ultrastream, with solutions that place writing systems in original equipment manufacturers as well as direct sale press products that widens its reach into applications for packaging and décor and expands the substrate range to include plastics. Product development is currently in the stage of shipping evaluation kits to potential partners with commercialization expected in 2019.
- The Prosper business includes Kodak Print Services. Kodak Print Services prints the Jersey Evening Post as well as the majority of U.K. national newspapers for distribution in both Jersey and Guernsey islands. The business is used to demonstrate the value of the Kodak Prosper presses to customers around the world.

- *Versamark:*

- The KODAK VERSAMARK Products are the predecessor products to the PROSPER Press. Kodak has ceased manufacturing VERSAMARK Press systems. Users of KODAK VERSAMARK Products continue to purchase ink and other consumables as well as service from Kodak. Applications of the VERSAMARK products include publishing, transactional, commercial print and direct mail.

Flexographic Packaging

The Flexographic Packaging segment includes flexographic imaging equipment, printing plates, consumables and related services, which enable graphic customization of a wide variety of packaging materials. Flexographic Packaging seeks to provide innovative printing techniques to customers for both premium marketing applications and manufacturing applications. Flexographic Packaging products are sold directly by Kodak and indirectly through dealers. The industry is highly competitive. The most significant competitors are Esko-Graphics BVBA and Dainippon Screen Mfg. Co., Ltd. for imaging equipment and Asahi Kasei Corporation, E.I. du Pont de Nemours and Company, Flint Group S.A., Fuji, MacDermid

Incorporated, Toray Industries, Inc. and Toyobo Co., Ltd. for consumables. Competition is based on quality, technology, performance, price, reliability, brand, reputation, range of products and services, and service and support.

- *FLEXCEL NX:*
 - The FLEXCEL NX System, a fully-integrated digital flexographic plate imaging solution, enables prepress service providers and printers to create printing plates that provide high quality flexographic printing and enhance the efficiency of customers' printing processes.
- *Other Packaging*
 - The FLEXCEL SR Plates portfolio comprises a full range of analog flexographic plates designed for trade shops and packaging printers that have not yet transitioned to digital technology. Kodak also manufactures and sells DITR Film, a no-process alternative to conventional graphic arts film and a wide range of analog and digital letterpress plates. Also included under this category are equipment service and the legacy APPROVAL proofing business.

Software and Solutions

The Software and Solutions segment is comprised of Unified Workflow Solutions and Kodak Technology Solutions, which includes enterprise services and solutions. Unified Workflow Solutions is an established product line. Kodak Technology Solutions includes document management and managed print services businesses and Kodakit. Sales in Kodak Technology Solutions are project-based and can vary from year to year depending on the nature and number of projects in existence that year.

- *Unified Workflow Solutions*
 - Unified Workflow Solutions offers a leading suite of solutions for print production workflow, including the PRINERGY workflow production software, by providing customer value through automation, web integration and integration with other Kodak systems and third-party offerings. Production workflow software is used by customers to manage digital and conventional print content from file creation to output. Production workflow software manages content and color, reduces manual errors and helps customers manage the collaborative creative process. Kodak believes it is a leader in production workflow solutions for the commercial print and packaging industries with over 15,000 systems installed in some of the largest printing and packaging establishments around the world. The Unified Workflow Solutions business includes digital front-end controllers which manage the delivery of personalized content to digital presses while controlling color and print consistency. Products and services are sold directly by Kodak and indirectly through dealers. The markets that Unified Workflow Solutions serves are highly competitive. Key customer segments each face competitive market pressure in pricing and new product introduction. Primary competitors include Heidelberg, Agfa, Fuji, and Esko.
- *Kodak Technology Solutions*
 - Kodak Technology Solutions assists organizations with challenges and opportunities created by the worldwide digital transformation. It provides print and managed media services that assist customers with solutions for their printing requirements and document management services, including expertise in the capture, archiving, retrieval and delivery of documents. Kodak Technology Solutions serves enterprise customers primarily in the government and financial services sectors. Digitization and document management services are provided by a variety of players, both global and local, in a market that varies significantly in terms of quality and pricing of services provided.

Kodakit is a platform that connects businesses with professional photographers to cater to their photography needs. Customers include global hotels and online travel agencies, real estate companies, marketplaces, advertising agencies and global brands.

Consumer and Film

The Consumer and Film segment is comprised of three lines of business, Consumer Products, Industrial Film and Chemicals, and Motion Picture. Kodak's Consumer and Film products are distributed directly by Kodak and indirectly through dealers. Brand licensees use the Kodak brand on their products and use their own distribution channels. Two Industrial Film and Chemicals customers represent approximately 30 percent of total Consumer and Film segment revenues.

- *Consumer Products:*
 - Includes licensing of the Kodak brand to third parties. Kodak currently licenses its brand for use with a range of products including batteries, digital and instant print cameras and camera accessories, printers, and LED lighting. Kodak intends to continue efforts to grow its portfolio of brand licenses to generate both ongoing royalty streams and upfront payments.
 - Consumer Inkjet Solutions, which involves the sale of ink to an existing installed base of consumer inkjet printers.
 - Kodak developed consumer products, including the Super 8 camera.
- *Industrial Film and Chemicals:*

- Offers industrial film, including films used by the electronics industry to produce printed circuit boards, as well as professional and consumer still photographic film.
- Includes related component businesses: Polyester Film; Solvent Recovery; and Specialty Chemicals, Inks and Dispersions.
- *Motion Picture:*
 - Includes the motion picture film business serving the entertainment industry. Motion picture products are sold directly to studios, external laboratories and independent filmmakers.
 - Kodak motion picture film processing laboratories offering onsite processing services at strategic locations in the U.S. and Europe.

Net sales for Motion Picture and Industrial Film and Chemicals accounted for 10% of Kodak's total net revenues for the years ended December 31, 2017, 2016 and 2015.

Advanced Materials and 3D Printing Technology

The Advanced Materials and 3D Printing Technology segment contains the Kodak Research Laboratories and associated new business opportunities and intellectual property licensing not directly related to other business divisions. Kodak conducts research and files patent applications with fundamental inventions from the Kodak Research Laboratories. Additionally, Kodak continues to file new patent applications in areas aligned with its core businesses. Via these core business patent applications along with the research inventions, Kodak maintains a large worldwide portfolio of pending applications and issued patents. Because product solutions in Advanced Materials and 3D Printing are in the process of being commercialized or are new business opportunities, a higher-level of investment has been required. Advanced Materials and 3D Printing Technology significantly reduced the level of this investment in the fourth quarter of 2017, concentrating on opportunities that are commercialized or nearly commercialized with identified markets and customers.

Advanced Materials and 3D Printing Technology segment will also pursue partnership opportunities to commercialize materials and printed electronics technologies. These partnerships may include non-recurring engineering payments for Kodak efforts to further develop such technologies into products. Further, Advanced Materials and 3D Printing Technology segment provides a wide range of analytical services and non-recurring engineering services to external clients at market rates for such services.

- *Advanced Materials:*
 - Advanced Materials is developing solutions for component smart materials based on the materials science inventions and innovations from the research laboratories. There are multiple applications that Kodak contemplates addressing in this category, but the singular focus now is light blocking particles for the textile market.
- *3D Printing:*
 - 3D Printing concentrates on partnership and/or licensing opportunities in printed electronics (micro 3D printing) and materials production for macro 3D printing companies.
- *IP Licensing:*
 - Kodak actively seeks opportunities to leverage its patents and associated technology in licensing and/or cross-licensing deals to support both revenue growth and its ongoing businesses. While revenues from these licensing activities tend to be unpredictable in nature, this segment still carries the potential for revenue generation from intellectual property licensing and new materials businesses.

Eastman Business Park

The Eastman Business Park segment includes the operations of the Eastman Business Park, a more than 1,200-acre technology center and industrial complex in Rochester, New York and the leasing activities related to that space. A large portion of this facility is used in Kodak's own manufacturing and other operations, while the remaining portion is occupied by external tenants or available for rent to external tenants. Three tenants represent approximately 50% of total Eastman Business Park segment revenues. A tenant that represented approximately 30% of segment revenues for the years ending December 31, 2017 and 2016, and 35% of segment revenues for the year ending December 31, 2015 notified Kodak that it does not plan to renew its lease upon expiration in the third quarter of 2018.

DISCONTINUED OPERATIONS

Discontinued operations of Kodak include the Personalized Imaging and Document Imaging businesses ("PI/DI Business"). Refer to Note 25, "Discontinued Operations" in the Notes to Financial Statements for additional information.

FINANCIAL INFORMATION BY GEOGRAPHIC AREA

Financial information by geographic area for the past three years is shown in Note 24, "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 with pricing based, in part, on either prevailing market prices for aluminum or on fixed prices for aluminum agreed to up to one year prior. Electronic components are used in the manufacturing of commercial printers and other electronic devices. The film and chemicals business uses many raw materials from a broad range of suppliers. Polymer and resin raw materials are used in the manufacture of flexographic printing plates and films. Most electronic components, raw materials and other components are generally available from multiple sources. However, certain key electronic components, raw materials and other components included in the finished goods manufactured by Kodak and manufactured by and purchased from Kodak's third-party suppliers are obtained from single or limited sources, which subjects Kodak to supply risks.

SEASONALITY OF BUSINESS

Equipment and plate unit sales generally are higher in the fourth quarter, resulting from customer or industry budgeting practices and buying patterns.

RESEARCH AND DEVELOPMENT

Kodak's general practice is 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 related equipment systems; digital printing workflow and color management proofing systems; color and black-and-white electrophotographic printing systems including key press components and toners; commercial inkjet writing systems and components, presses and inks; consumer inkjet inks and media; functional printing materials, formulations, and deposition modalities; security materials; embedded information; and color negative films, processing and print films. 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.

Total research and development expenses were \$53 million in 2017, \$60 million in 2016 and \$61 million in 2015.

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").

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

EMPLOYMENT

At the end of 2017, Kodak employed the full time equivalent of approximately 5,800 people globally, of whom approximately 2,600 were employed in the U.S. The actual number of employees may be greater because some individuals work part time.

AVAILABLE INFORMATION

Kodak files many reports with the Securities and Exchange Commission ("SEC") (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. To reach the SEC filings, follow the links to About Kodak, Investor Center, Financial Information and then SEC Filings.

ITEM 1A. RISK FACTORS

Kodak operates in rapidly changing economic and technological environments which present numerous risks, many of which are driven by factors it cannot control or predict. Certain factors may have a material adverse effect on its business, financial condition, and results of operations. You should consider carefully the risks and uncertainties described below in addition to other information contained in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section and the consolidated financial statements and related notes. The following discussion of "risk factors" identifies Kodak's assessment of the most significant factors which may adversely affect its business, operations, financial position or future financial performance. Additional risks and uncertainties Kodak is unaware of, or currently believes are not material, may also become important factors which could adversely affect its business, operations, financial position or future financial performance.

Risks Related to Kodak's Business

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

Kodak's business plans are subject to a number of assumptions, projections, and analysis. If these assumptions prove to be incorrect, Kodak may be unsuccessful in executing its business plans or achieving the projected results, which could adversely impact its financial results and liquidity. In addition, Kodak continues to rationalize its workforce and streamline operations to a leaner and more focused organization aligned with its business initiatives. There are no assurances such measures will prove to be successful or the cost savings or other results it achieves through these plans will be consistent with its expectations. As a result, its results of operations, financial position and liquidity could be negatively impacted. If restructuring plans are not effectively managed, it may experience lost customer sales, product delays, additional costs and other unanticipated effects, causing harm to its business and customer relationships. 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 Kodak's business.

If Kodak is unable to successfully develop, fund and commercialize products in certain businesses upon which it is focused, its financial performance could be adversely affected.

Kodak has focused its investments on imaging and printing for business, specifically, commercial inkjet, packaging, advanced materials and 3D printing, and software and services. Each of these businesses requires additional investment and may not be successful. The introduction of successful innovative products at market competitive prices and the achievement of scale are necessary for it to grow these businesses, improve margins and achieve its financial objectives. Additionally, its strategy is based on a number of factors and assumptions, some of which are not within its control, such as the actions of third parties. There can be no assurance that it will be able to successfully execute all or any elements of its strategy, or that its ability to successfully execute its strategy will be unaffected by external factors. If it is unsuccessful in growing Kodak's investment businesses as planned, or perceiving the needs of its target customers, its financial performance could be adversely affected.

Kodak's inability to effectively complete and manage strategic transactions could adversely impact its business performance, including its financial results.

As part of Kodak's strategy, it may be engaged in discussions with third parties regarding possible divestitures, asset sales, spin-offs, investments, acquisitions, strategic alliances, joint ventures, and outsourcing transactions and may enter into agreements relating to such transactions in order to further its business objectives. In order to successfully pursue its strategic transaction strategy, it 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. Transaction risk can be more pronounced for larger and more complicated transactions or when multiple transactions are pursued simultaneously. If Kodak fails to identify and successfully complete transactions that further its strategic objectives, it may be required to expend resources to develop products and technology internally, it may be at a competitive disadvantage or it may be adversely affected by negative market perceptions. Any of these factors could have an adverse effect on its revenue, gross margins and profitability. In addition, unpredictability surrounding the timing of such transactions could adversely affect its financial results.

Kodak may pursue acquisitions or combinations which could fail or present unanticipated problems for its business in the future, which would adversely affect its ability to realize the anticipated benefits of those transactions or increase the price it would be required to pay.

Kodak may seek to enter into transactions which may include acquiring or combining with other businesses. It may not be able to identify suitable acquisition or combination opportunities or finance and complete any particular acquisition or combination successfully. Furthermore, acquisitions and combinations involve a number of risks and challenges, including:

- the ability to obtain required regulatory and other approvals;

- the need to integrate acquired or combined operations with its business;
- potential loss of key employees;
- difficulty in evaluating operating costs, infrastructure requirements, environmental and other liabilities and other factors beyond its control;
- potential lack of operating experience in new business or geographic areas;
- an increase in its expenses and working capital requirements;
- management's attention may be temporarily diverted; and
- the possibility it may be required to issue a substantial amount of additional equity or debt securities or assume additional debt in connection with any such transactions.

Any of these factors could adversely affect its ability to achieve anticipated levels of cash flows or realize synergies or other anticipated benefits from a strategic transaction. Furthermore, the market for transactions is highly competitive, which may adversely affect its ability to find transactions which fit its strategic objectives or increase the price it would be required to pay (which could decrease the benefit of the transaction or hinder its desire or ability to consummate the transaction). Strategic transactions may occur at any time and may be significant in size relative to its assets and operations.

The ability to generate positive operating cash flows will be necessary for Kodak to continue to operate its business.

Kodak has not generated positive operating cash flows over the past four years. The Print Systems segment is its largest segment and has had declining revenues and segment earnings which are expected to continue to decline. Kodak's stable and growth businesses may not grow or continue to generate the same or enough cash flow to offset businesses with declining cash flows. Kodak may be unable to generate positive cash flow from operations in the future, which would have a material adverse effect on its liquidity and financial position.

Continued investment, capital needs, restructuring payments, dividends and servicing the Company's debt require a significant amount of cash and it may not be able to generate sufficient cash to fund these activities, which could adversely affect its business, operating results and financial condition.

Kodak's business may not generate cash flow in an amount sufficient to enable it to pay the principal or mandatory redemption price of, or interest and dividends on its indebtedness and Series A Preferred Stock, 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 beyond its control. There are no assurances:

- Kodak's businesses will generate sufficient cash flow from operations;
- Kodak will be able to generate expected levels of operational EBITDA;
- Kodak 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 making borrowings or issuing letters of credit under the ABL Credit Agreement;
- Kodak will realize cost savings, earnings growth and operating improvements resulting from the execution of its business and restructuring plan;
- Kodak will not have to expend cash defending lawsuits regardless of the merits of any claims raised; or
- Future sources of funding will be available in amounts sufficient to enable funding of its liquidity needs.

If Kodak cannot fund its liquidity needs, it 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 its ability to provide products and services, reduce its ability to raise additional capital and delay sustained profitability. There are no assurances any of these actions could, if necessary, be taken on commercially reasonable terms, or at all, or they would satisfy Kodak's liquidity needs. In addition, if it were to incur additional debt, the risks associated with the Company's substantial leverage, including the risk it will be unable to service its debt, generate cash flow sufficient to fund its liquidity needs, or maintain compliance with the covenants in the Credit Agreements, could significantly increase.

Due to the nature of the products it sells and Kodak's worldwide distribution, it is subject to changes in currency exchange rates, interest rates and commodity costs which may adversely impact its results of operations and financial position.

As a result of Kodak's global operating and financing activities, it is exposed to changes in currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Exchange rates and interest rates in markets in which it does business tend to be volatile and, at times, its sales and profitability can be negatively impacted across all its segments depending upon the value of the U.S. dollar and other major currencies such as the euro, the Japanese yen, the British pound and the Chinese yuan. In addition, Kodak'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 its revenue and earnings.

Weakness or worsening of global economic conditions could adversely affect Kodak's financial performance and liquidity.

The global economic environment may adversely affect sales of Kodak's products, profitability and liquidity. Global financial markets have been experiencing volatility. Economic conditions could accelerate any decline in demand for products, which could also place pressure on its results of operations and liquidity. There is no guarantee that anticipated economic growth levels in markets which have experienced some economic strength will continue in the future, or Kodak will succeed in expanding sales in these markets. In addition, accounts receivable and past due accounts could increase due to a decline in its customers' ability to pay as a result of an economic downturn, and its liquidity, including its 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 exist, worsen or are attenuated, Kodak's profitability and related cash generation capability could be adversely affected and, therefore, affect its ability to meet its anticipated cash needs, impair its liquidity or increase its costs of borrowing.

If Kodak is unable to successfully develop or commercialize new products, its business, financial position and operating results may suffer.

Kodak generally sells its products in industries which are characterized by rapid technological changes, frequent new product and service introductions and changing industry standards. Without the timely introduction of new products, services and enhancements, its products and services will become technologically obsolete over time, in which case its revenue and operating results would suffer. Therefore, its future results of operations will depend to a significant extent upon its ability to successfully commercialize new products in a timely manner. The success of its new products and services will depend on several factors, including its ability to:

- identify customer needs;
- innovate and develop new technologies, services, and applications;
- commercialize new technologies in a timely manner;
- manufacture and deliver its products in sufficient volumes and on time;
- differentiate its offerings from its competitors' offerings;
- price its products and services competitively;
- anticipate its competitors' development of new products, services or technological innovations;
- work successfully alongside its partners; and
- control product quality in its manufacturing processes.

As a result of these and other factors, products currently in development by Kodak (for example, UltraStream technology, small particle technology and Ultra NX) may or may not be successfully commercialized in a timely manner, or at all. If any of its key products cannot be successfully or timely commercialized, its operating results could be adversely affected. Moreover, it cannot guarantee any investment made in developing products will be recouped, even if it is successful in commercializing those products, which could have a material adverse effect on its business, financial position and operating results.

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

In developing, commercializing and manufacturing Kodak's products and services it must adequately address reliability and prevent yield and other quality issues, including defects in its engineering, design and manufacturing processes, as well as defects in third-party components included in its 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 it has established internal procedures to minimize risks which may arise from product quality issues, there can be no assurance it will be able to eliminate or mitigate occurrences of these issues and associated liabilities. Product reliability, yield and quality issues can impair its relationships with new or existing customers and adversely affect its brand image; product quality issues can result in recalls, warranty, or other service obligations and litigation, and its reputation as a producer of high quality products could suffer, which could adversely affect its business as well as its financial results.

If the reputation of Kodak or its brand erodes significantly, it could have a material impact on its financial results.

Kodak's reputation, and the reputation of its brand, form the foundation of its relationships with key stakeholders and other constituencies, including customers, suppliers and consumers. The quality and safety of Kodak's products are critical to its business. Kodak's products have worldwide recognition, and its financial success is directly dependent on the success of its product offering. One aspect of Kodak's business is licensing others to use Kodak's brand in connection with the sale of such licensees' products and services, and activities by such licensees may be perceived by the market as being activities of Kodak. The success of Kodak's brand can suffer if its or its licensees' marketing plans, product initiatives or activities do not have the desired impact on the brand's image or ability to attract customers. Kodak's results could also be negatively impacted if its brand suffers substantial harm to its reputation due to significant product reliability and quality issues, and product-related litigation. Additionally, negative or inaccurate postings or comments on social media or networking websites about Kodak, its licensees or its brand could generate adverse publicity which could damage the reputation of the brand. Kodak also devotes significant time and resources to programs consistent with its corporate values

and commitments that are designed to protect and preserve its reputation, such as social responsibility and environmental sustainability. If these programs are not executed as planned or suffer negative publicity, Kodak's reputation and financial results could be adversely impacted.

The competitive pressures it faces could harm Kodak's revenue, gross margins, cash flow and market share.

The markets in which Kodak does business are highly competitive with large, entrenched, and well financed industry participants, many of which are larger than Kodak. In addition, it encounters aggressive price competition for many of its products and services from numerous companies globally. Any of its competitors may:

- foresee the course of market developments more accurately than it does;
- sell superior products and provide superior services or offer a broader variety of products and services;
- have the ability to produce or supply similar products and services at a lower cost;
- have better access to supplies and the ability to acquire supplies at a lower cost;
- develop stronger relationships with its suppliers or customers;
- adapt more quickly to new technologies or evolving customer requirements than it does; or
- have access to capital markets or other financing sources on more favorable terms than it can obtain.

As a result, Kodak may not be able to compete successfully with its competitors. Finally, it may not be able to maintain its operating costs or prices at levels which would allow it to compete effectively. Kodak's results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures. If its products, services and pricing are not sufficiently competitive with current and future competitors, it could also lose market share, adversely affecting its revenue, gross margins and cash flow.

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

The competitive environment in which Kodak operates may require it to facilitate or provide financing to its customers. Customer financing arrangements may cover all or a portion of the purchase price for its products and services. It may also assist customers in obtaining financing from banks and other sources. Its success may be dependent, in part, upon its ability to provide customer financing on competitive terms and on its 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 its products and services. If Kodak is unable to provide competitive financing solutions to its customers or if it extends credit to customers whose creditworthiness deteriorates, its revenues, profitability and financial position could be adversely impacted.

If Kodak cannot attract, retain and motivate key management and other key employees, its revenue and earnings could be harmed.

In order for it to be successful, Kodak 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 its future. It may be unable to attract and retain highly qualified management and employees, particularly if it does not offer employment terms competitive with the rest of the market. Failure to attract and retain qualified individuals, key leaders, executives and employees, or failure to develop and implement a viable succession plan, could result in inadequate depth of institutional knowledge or skill sets, which could adversely affect its business.

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

Kodak serves imaging needs for business markets, including packaging, graphic communications, enterprise services, and printed electronics. Its success in these markets depends on its ability to offer differentiated solutions and technologies to capture market share and grow scale. To enable this, it must continually develop and introduce new products and services in a timely manner to keep pace with technological developments and achieve customer acceptance. In addition, the services and products it provides to customers may not or may no longer meet the needs of its customers as the business models of its customers evolve. Its customers may decide to outsource their imaging needs or may purchase imaging services and needs from other suppliers. In addition, it is difficult to predict successfully the products and services its customers will demand. The success of Kodak's business depends in part on its ability to identify and respond promptly to changes in customer preferences, expectations and needs. If it does not timely assess and respond to changing customer expectations, preferences and needs, its financial condition, results of operations or cash flows could be adversely affected.

If Kodak is unable to timely anticipate new technology trends, develop improvements to its current technology to address changing customer preferences, and effectively communicate its businesses, products, and the markets it serves, its revenue, earnings and cash flow could be adversely affected. The success of Kodak's technology development efforts may be affected by the development efforts of its competitors, which may have more financial and other resources to better ascertain technology trends, changing customer preferences, and changing business expectations or models. Kodak's assessment and response may as a result be incomplete or inferior when compared to its competitors, which could adversely affect its product roadmaps and associated revenue streams.

Kodak has reduced the scope of its corporate-focused research and development activities. If its investment in research and product development is inadequate, its response to changing customer needs and changing market dynamics may be too slow and this may adversely affect revenue streams from new products and services.

Kodak makes sizeable investments in new products and services that may not achieve expected returns.

Commercial success depends on many factors, including innovativeness, developer support, and effective distribution and marketing. If customers do not perceive Kodak's latest offerings as providing significant new functionality or other value, they may reduce their purchases of new products or upgrades, unfavorably affecting revenue. Kodak may not achieve significant revenue from new product, service, and distribution channel investments for several years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins Kodak has experienced historically. Developing new technologies is complex. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect Kodak's revenue.

Kodak relies on third-party suppliers and service providers to support its manufacturing, logistics, and business operations and faces the risks associated with reliance on external business partners.

Kodak relies on third-party suppliers for goods and services to support its manufacturing, logistics, and business operations. To the extent it relies on third-parties, it faces the risks that those third parties may not be able to:

- develop manufacturing methods appropriate to Kodak's products;
- maintain an adequate control environment;
- quickly respond to changes in customer demand for Kodak's products;
- obtain supplies and materials necessary for the manufacturing process; or
- mitigate the impact of labor shortages and/or other 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. In addition, it may experience shortages in supply and disruptions in service as a result of unexpected demand, transportation and logistical limitations, and/or disruptions or production difficulties at its suppliers, such as disruptions due to fires, other natural disasters or events outside of a supplier's control. In addition, disruptions could result from a reduction in the number of its suppliers due to their own financial difficulties or a reduction in the products offered by such suppliers. As a result of the loss of any supplier, or a substantial decrease in the availability of products from its suppliers, Kodak may be unable to meet its customer commitments, its costs could be higher than planned, and its cash flows and the reliability of its products could be negatively impacted. Kodak will vigorously enforce its contractual rights under such circumstances, but there is no guarantee it will be successful in preventing or mitigating the effects of unilateral actions by its suppliers. Other supplier problems that Kodak could encounter include electronic component shortages, excess supply, risks related to the duration and termination of its contracts with suppliers for components and materials and risks related to the ability to obtain products, components or services from 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 which might result in Kodak's inability to meet customer demand for its products, damage to its relationships with its customers, and reduced market share, all of which could adversely affect its results of operations and financial condition.

Business disruptions could seriously harm Kodak's future revenue and financial condition and increase its costs and expenses.

Worldwide operations could be subject to earthquakes, power shortages, telecommunications failures, cyber-attacks, terrorism and other physical security threats, 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 Kodak is predominantly self-insured. The occurrence of any of these business disruptions could seriously harm its revenue and financial condition and increase its 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 its operations or the operations of its suppliers, distributors and resellers, or customers. It has operations including research and development facilities in geographically disparate locations, such as Israel, Japan, China, Canada and Germany. 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 Kodak's ability to provide a particular product or service for a period of time.

Cyber-attacks or disruptions to our information technology (IT) environment could impact revenue, operations, cost, and competitiveness.

To effectively manage our global business, we depend on secure and reliable information technology systems with accurate data. These systems and their underlying infrastructure are provided by a combination of Kodak and third-parties, and if unavailable or unreliable, could disrupt our operations, causing delays or cancellation of customer orders, impeding the manufacturing or delivery of products, delaying the reporting of financial results, or impacting other business processes critical to running our business.

Our IT systems contain critical information about our business, including intellectual property and confidential information of our customers, business partners, and employees. Cyber-attacks or defects in our systems could result in this proprietary information being disclosed or modified, which

could cause significant damage to our business or our reputation. We have system controls and security measures in place that are designed to protect our IT systems against intentional or unintentional disruptions of our operations or disclosure of confidential information, but we may not be able to implement solutions that result in stopping or detecting all of these threats to our internal information systems or those of our third-party providers. A breach of our security measures could result in unauthorized access to and misuse of our information, corruption of data, or disruption of operations, any of which could have a material adverse impact on our business.

We also provide IT-based products and services to our customers, both businesses and consumers, and a breach of our security or reliability measures, or those of our third-party service providers, could negatively impact our customers' operations or data privacy.

Improper disclosure of personal data could result in liability and harm Kodak's reputation.

Kodak receives, processes, transmits and stores information relating to identifiable individuals (personal information), both in its role as a technology provider and as an employer. As a result, Kodak is subject to numerous U.S. federal and state and foreign laws and regulations relating to personal information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. In Europe, the General Data Protection Regulation (GDPR) will become effective on May 25, 2018 for all European Union (EU) member states. The GDPR will include operational requirements for companies receiving or processing personal data of EU residents that are partially different from those currently in place, and will include significant penalties for non-compliance. This change, as well as any other change to existing laws, the introduction of new laws in this area, or the failure to comply with existing laws that are applicable, may subject Kodak to, among other things, additional costs or changes to its business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on its ability to obtain and process information and allegations by its customers and clients that it has not performed its contractual obligations. At the same time, the risk of cyber-attacks is relevant to the requirements regarding storage, transfer, sharing and handling of personal information. This environment demands Kodak continuously improve its design and coordination of security controls and contractual arrangements across its businesses and geographies. Despite these efforts, it is possible its security controls over personal data, its training of employees and vendors on data privacy and data security, and other practices it follows may not prevent the improper disclosure of personal information. Improper disclosure of this information could harm its reputation or subject it to liability under laws which protect personal data, resulting in increased costs or loss of revenue.

If Kodak cannot protect the intellectual property rights on which its business depends, or if third parties assert it violates their intellectual property rights, its revenue, earnings, expenses and liquidity may be adversely impacted.

A key differentiator for Kodak in many of its businesses is its technological advantage over competitors' products and solutions. Its technological advantage is supported by Kodak's intellectual property rights. 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, protecting and enforcing Kodak's intellectual property rights. Any of Kodak's direct or indirect intellectual property rights could be challenged, invalidated, circumvented, infringed, diluted, disclosed or misappropriated, or such intellectual property rights may not be sufficient to permit it 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 degree as the laws of the United States. Therefore, in certain jurisdictions, Kodak may be unable to protect its proprietary technology adequately against unauthorized third party copying, infringement or use, which could adversely affect its competitive position. Also, much of Kodak's business and many of its products rely on key technologies developed or licensed by third parties and, because of the rapid pace of technological change in the information technology industry, it may not be able to obtain or continue to obtain licenses and technologies from relevant third parties on reasonable terms, or at all.

Kodak also licenses third parties to use its trademarks. In an effort to preserve its trademark rights, Kodak enters into license agreements with these third parties which govern the use of its trademarks and require its licensees to abide by quality control standards with respect to the goods and services they provide under the trademarks. Although Kodak makes efforts to police the use of its trademarks by its licensees, there can be no assurance these efforts will be sufficient to ensure the licensees abide by the terms of their licenses. In the event Kodak's licensees fail to do so, its trademark rights could be diluted and its reputation harmed by its licensees' activities. Also, failure by Kodak and its licensees to sufficiently exploit any of Kodak's trademarks in any markets could erode Kodak's trademark rights with respect to the relevant trademarks. Because the laws and enforcement regimes of certain countries do not protect proprietary rights to the same degree as those in the United States, in certain jurisdictions Kodak may be unable to adequately prevent such unauthorized uses, which could result in impairment of its trademark rights.

Kodak has made substantial investments in new, proprietary technologies and has filed patent applications and obtained patents to protect its intellectual property rights in these technologies as well as the interests of its licensees. There can be no assurance Kodak's patent applications will be approved, any patents issued will be of sufficient scope or strength to provide it with meaningful protection, or such patents will not be challenged by third parties. Furthermore, Kodak may fail to accurately predict all of the countries where patent protection will ultimately be desirable, and if it fails to timely file a patent application in any such country, it may be precluded from doing so at a later date. The patents issuing may vary in scope of coverage depending on the country in which such patents issue.

In addition, the intellectual property rights of others could inhibit Kodak's ability to conduct its business. Other companies may hold patents on technologies used in Kodak's industries and some of these companies are aggressively seeking to expand, enforce or license their patent portfolios. Third parties may claim Kodak and its customers, licensees or other parties indemnified by it are infringing upon their intellectual property rights. Such claims may be made by competitors seeking to block or limit Kodak's 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 Kodak. Even if it believes the claims are without merit, these claims may have the following negative impacts on its business:

- claims can be time consuming and costly to defend and may distract management's attention and resources;
- claims of intellectual property infringement may require it to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting it from marketing or selling certain of its products;
- even if it has an agreement with a third party to indemnify it against such costs, the indemnifying party may be unable to uphold such party's contractual obligations; and
- if it cannot or does not license the infringed technology at all, license the technology on reasonable terms or substitute similar technology from another source, its revenue and earnings could be adversely impacted.

Finally, Kodak uses open source software in connection with its products and services. Companies which 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, Kodak could be subject to suits by parties claiming ownership of what it believes 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 Kodak's source code or pay damages for breach of contract could be harmful to its business results of operations and financial condition.

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 its financial position, results of operations, and cash flow.

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

In past years, Kodak has experienced increases in the costs of these defined benefit pension and postretirement benefit obligations as a result of macro-economic factors beyond its control, including increases in health care costs, declines in investment returns on pension plan assets, and changes in discount rates and mortality rates used to calculate pension and related liabilities. At least some of these macro-economic factors may again put pressure on the cost of providing pension and medical benefits. There can be no assurance it will succeed in limiting cost increases. In addition, continued upward pressure, including any as a result of new legislation, could reduce the profitability of its businesses.

Kodak may be required to recognize impairments in the value of its goodwill and/or other long-lived assets which could adversely affect its results of operations.

Upon emergence from bankruptcy, Kodak 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 intangible assets is reported as goodwill. In connection with fresh start, Kodak also fair valued its other long-lived assets, including intangible assets. The determination of reorganization value, equity value of the Company's 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. Kodak tests 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. Kodak evaluates 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 Kodak's expected future cash flows decline, market or interest rate environments deteriorate, or if carrying values change materially compared with changes in their respective fair values.

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

Equipment and consumables sales generally exhibit higher levels in the fourth quarter due to the seasonal nature of placements, resulting from customer or industry budgeting practices. As a result, a sequential quarter-to-quarter comparison is not a good indication of Kodak's performance or how it will perform in the future. In addition, adverse developments during what are expected to be peak periods in seasonality, such as lower-than-anticipated demand for its products, an internal systems failure, increases in materials costs, or failure of or performance problems with one of its key logistics, components supply, or manufacturing partners, could have a material adverse impact on its financial condition and operating results. Tight credit markets which limit capital investments or a weak economy which decreases print demand could negatively impact equipment or consumable sales. These external developments are often unpredictable and may have an adverse impact on its business and results of operations.

If Kodak fails to manage distribution of its products and services properly, its revenue, gross margins and earnings could be adversely impacted.

Kodak uses a variety of different distribution methods to sell and deliver its 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 with various potential customer segments for its 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 its products and services could adversely affect its revenue, gross margins and earnings. This has concentrated Kodak's credit and operational risk and could result in an adverse impact on its financial performance.

Kodak's future results could be harmed if it is unsuccessful in its sales in emerging markets.

Because Kodak is seeking to expand its sales and number of customer relationships outside the United States, including in emerging markets in Asia, Latin America and Eastern Europe, Kodak'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 its products;
- complexity of managing international operations;
- exposure to foreign currency exchange rate fluctuations;
- commercial laws and business practices which may favor local competition;
- multiple, potentially conflicting, and changing governmental laws, regulations and practices, including differing export, import, tax, anti-corruption, anti-dumping, economic sanction, 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 Kodak will be able to market and sell its products in all of its targeted markets. If its efforts are not successful, its 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 it operates, and any alleged non-compliance with these requirements or laws could result in an adverse financial or reputational impact.

Kodak is 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 its business, results of operations and financial condition.

Kodak is subject to environmental laws and regulations world-wide that govern, for example, the discharge of pollutants, the management of hazardous materials, the cleanup of contaminated sites, and the composition and end-of-life management of its products. Non-compliance with applicable laws or liability incurred without regard to fault could have a material adverse effect on its business, results of operations and financial condition. The cost of complying with such laws could have a material adverse effect on its business, results of operations and financial condition.

In addition, the Company, the New York State Department of Environmental Conservation and the New York Empire State Development Corporation have entered into a settlement agreement concerning certain of the Company's historical environmental liabilities at Eastman Business Park or from discharges to the Genesee River 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 its financial condition. The settlement agreement was implemented on May 20, 2014. The settlement agreement includes a covenant not to sue from the U.S. Environmental Protection Agency. Any uncertainties related to the Company's environmental obligations may impact its ability to further develop and transform Eastman Business Park.

Kodak may have additional tax liabilities.

Kodak is subject to income taxes in the U.S. and in many foreign jurisdictions. Significant judgment is required in determining Kodak's worldwide provision for income taxes. In the course of its business, there are transactions and calculations where the ultimate tax determination is uncertain. For example, compliance with the Tax Cuts and Jobs Act ("2017 Tax Act") may require the collection of information not regularly produced within Kodak, the use of provisional estimates in its financial statements, and the exercise of significant judgment in accounting for its provisions. Many aspects of the 2017 Tax Act are unclear and may not be clarified for some time. As regulations and guidance evolve with respect to the 2017 Tax Act, and as Kodak gathers more information and performs more analysis, Kodak's results may differ from previous estimates and may materially affect our financial position.

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 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 and cash flow of Kodak.

Kodak's business, financial position, results of operations, cash flows and reputation may be negatively impacted by legal matters.

Kodak has various contingencies which are not reflected on its balance sheet, including those arising as a result of being involved from time to time in a variety of claims, lawsuits, investigations, remediations and proceedings concerning: commercial, tax, tort, customs, employment, health and safety and intellectual property matters, licensee activities, and compliance with various domestic and international laws and regulations. Should developments in any of these matters cause a change in its determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on its business, financial position, results of operations, and cash flows.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of Congo (DRC) and adjoining countries. As a result, in August 2012, the SEC adopted rules requiring disclosure related to sourcing of specified minerals, known as "conflict minerals," which are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. Kodak has designed its overall conflict minerals policies and procedures to be consistent with the guidance issued by the Organization for Economic Co-operation and Development (OECD), and continues to perform due diligence on its supply chain. Kodak filed its most recent Conflict Minerals Disclosure report for the reporting period from January 1, 2016 to December 31, 2016 on May 31, 2017. As of the date of the report, Kodak determined certain of its products contain such specified minerals, but was unable to determine whether or not such minerals originate from the DRC or an adjoining country. Kodak may incur additional costs to comply with these disclosure requirements, including costs related to determining the sources of the specified minerals used in its products, in addition to the cost of any changes to products, processes, or sources of supply as a consequence of such verification activities, which may adversely affect its business. In addition, the number of suppliers who provide "conflict-free" minerals may be limited, which may make it difficult to satisfy customers who require all of the components of its products be certified as conflict-free, which could place it at a competitive disadvantage if it is unable to do so. Because Kodak's supply chain is complex, it may also not be able to sufficiently verify the origins of the relevant minerals used in its products through its due diligence procedures, which may harm its reputation.

Risks Related to the Company's Indebtedness and Access to Capital Markets

There can be no assurance the Company will be able to comply with the terms of its various credit facilities.

A breach of any of the financial or other covenants contained in the Senior Secured First Lien Term Credit Agreement (the "First Lien Term Credit Agreement") or the Asset Based Revolving Credit Agreement (the "ABL Credit Agreement" and, together with the First Lien Term Credit Agreement, the "Credit Agreements") could result in an event of default under these facilities. If any event of default occurs and the Company is not able to either 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 must, declare all of the Company's 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 must, terminate the lenders' commitments under that facility and cease making further loans, and if applicable, each respective agent could institute foreclosure proceedings against the pledged assets. Any of these outcomes could adversely affect the Company's operations and its ability to satisfy its obligations as they come due.

The combination of covenant requirements in the First Lien Term Credit Agreement and Kodak's on-going investment in growth businesses, and continuing softness and volatility of global economic conditions and foreign currency exchange rates, could make it difficult for the Company to satisfy the leverage covenants under the First Lien Term Credit Agreement on an on-going basis.

The Company is obligated to comply with a number of financial and other covenants contained in the Credit Agreements. Kodak intends to conduct its operations in a manner which will result in continued compliance with the secured leverage ratio covenants under the First Lien Term Credit Agreement; however, compliance for future quarters may depend on Kodak undertaking one or more non-operational transactions, such as a monetization of assets, a debt refinancing, the raising of equity capital, or a similar transaction. If the Company is unable to remain in compliance and does not make alternate arrangements with its term lenders, an event of default would occur under the Credit Agreements which, among other remedies, would entitle the lenders or their agents to declare the outstanding obligations under the Credit Agreements to be immediately due and payable.

The availability of borrowings and letters of credit under the ABL Credit Agreement is limited by the amount of various types of assets and, under certain circumstances, the administrative agent under the ABL Credit Agreement will have greater control over Kodak's cash.

Availability under the Company's ABL Credit Agreement is based on the amount of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Cash less specified reserves as described in Note 8, "Debt and Capital Leases" to the consolidated financial statements. Kodak's U.S. Accounts Receivable and Inventory levels have declined over the past four years, and Machinery and Equipment for purposes of the ABL Credit Agreement amortizes down by \$1 million per quarter. If Eligible Receivables, Eligible Inventory and Eligible Machinery and Equipment continue to decline and an asset base cannot be maintained to support the \$96 million of outstanding letters of credit and the \$19

million of Excess Availability required under the ABL Credit Agreement, the Company would be required to increase restricted cash deposited in the Eligible Cash account or remain in compliance with the ABL Credit Agreement's Fixed Charge Coverage Ratio and operate under cash dominion by the administrative agent under the ABL Credit Agreement. Additional cash deposited in the Eligible Cash account would be classified as restricted cash, would not be available to support ongoing working capital and investment needs and could not be used in determining the Net Secured Leverage Ratio under the First Lien Term Credit Agreement. If the administrative agent under the ABL Credit Agreement executed cash dominion, it would increase operational complexities for the Company. An event of default would occur under these circumstances if neither of these alternatives were achieved.

The Company's substantial monetary obligations require a portion of its cash flow be used to pay interest, dividends and fund other obligations rather than be invested in the business and could adversely affect its ability to fund its operations.

The Company's indebtedness under the Credit Agreements and its other obligations including the potential mandatory redemption of the Series A Preferred Stock could have important negative consequences to the Company and investors in its securities. These include the following:

- it may not be able to satisfy all of its obligations, including, but not limited to, its obligations under the Credit Agreements, which may cause a cross-default or cross-acceleration on other debt it may have incurred;
- it could have difficulties obtaining necessary financing in the future for working capital, capital expenditures, debt service requirements, mandatory redemption of the Series A Preferred Stock, refinancing or other purposes;
- it will have to use a significant part of its cash flow or cash balances to make payments on its debt or Series A Preferred Stock and to satisfy the other obligations set forth above, which may reduce the capital available for operations and expansion; and
- adverse economic or industry conditions may have more of a negative impact on it.

The Company cannot be sure cash generated from its business will be as high as it expects or its expenses will not be higher than it expects. Because a portion of its expenses are fixed in any given year, its operating cash flow margins are highly dependent on revenues, which are largely driven by customer demand. A lower amount of cash generated from its business or higher expenses than expected, when coupled with its debt obligations, could adversely affect its ability to fund its operations.

Kodak's access to the capital markets may be limited.

Because of Kodak's current non-investment grade credit ratings, and/or general conditions in the financial and credit markets, its access to the capital markets may be limited. Moreover, the urgency of a capital-raising transaction may require it to pursue additional capital at an inopportune time or unattractive cost. The maturity date of the loans under the First Lien Term Credit Agreement is September 3, 2019, and such loans must be refinanced, repaid or extended by such date. Kodak's ability to obtain capital and the costs of such capital are dependent on numerous factors, including:

- covenants in the Credit Agreements;
- obtaining a consent from the holders of Series A Preferred Stock for the issuance of additional preferred shares which rank senior or *pari passu* to the Series A Preferred Stock;
- investor confidence in Kodak and the markets in which it operates;
- its financial performance and the financial performance of its subsidiaries;
- its levels of debt and redemption obligations, including the mandatory redemption of the Series A Preferred Stock on November 15, 2021;
- its ability to generate positive cash flow;
- its requirements for posting collateral under various commercial agreements;
- its credit ratings;
- its cash flow;
- its long-term business prospects; and
- general economic and capital market conditions.

Kodak may not be successful in obtaining additional capital for these or other reasons. An inability to access capital may limit its ability to meet its operating needs and, as a result, may have a material adverse effect on its financial condition, results of operations and cash flows.

The current non-investment grade status may adversely impact Kodak's commercial operations, increase its liquidity requirements and increase the cost of refinancing opportunities. It may not have adequate liquidity to post required amounts of additional collateral.

The Company's corporate family credit rating is currently below investment grade and there are no assurances its credit ratings will improve, or they will not decline, in the future. Its credit ratings may affect the evaluation of its creditworthiness by trading counterparties and lenders, which could put it at a disadvantage to competitors with higher or investment grade ratings.

In carrying out its commercial business strategy, the current non-investment grade credit ratings have resulted and will likely continue to result in requirements that Kodak either prepay obligations or post significant amounts of collateral to support its business. Additionally, the current non-investment grade credit ratings may limit its ability to obtain additional sources of liquidity, refinance its debt obligations, including any mandatory

redemption of its Series A Preferred Stock, or access the capital markets at the lower borrowing costs which would presumably be available to competitors with higher or investment grade ratings. Should its ratings continue at their current levels, or should its ratings be further downgraded, it would expect these negative effects to continue and, in the case of a downgrade, become more pronounced. In particular, if the Company's credit ratings were to decline it would be required to provide up to \$19 million of letters of credit to the issuers of certain surety bonds to fully collateralize such bonds.

Risks Related to the Company's Common Stock

The conversion of the Company's Series A Preferred Stock into shares of the Company's common stock may dilute the value for the current holders of the Company's common stock.

The 2,000,000 outstanding shares of the Company's Series A Preferred Stock are convertible into shares of the Company's common stock at a conversion rate of 5.7471 shares of common stock per share of Series A Preferred Stock. As a result of the conversion of any issued and outstanding Series A Preferred Stock, the Company's existing shareholders will own a smaller percentage of its outstanding common stock. Based on the capitalization of the Company as of March 1, 2018, the conversion of all shares of the Series A Preferred Stock would result in the issuance to holders thereof of approximately 21% of the outstanding common stock after giving effect to such conversion. Further, additional shares of common stock may be issuable pursuant to certain other features of the Series A Preferred Stock, with such issuances being further dilutive to existing holders of common stock.

If Series A Preferred Stock is converted into common stock, holders of such converted common stock will be entitled to the same dividend and distribution rights as holders of the common stock currently authorized and outstanding. As such, another dilutive effect resulting from the conversion of any issued and outstanding shares of Series A Preferred Stock will be a dilution to dividends and distributions.

Holders of the Company's common stock will not realize any dilution in their ownership, dividend or distribution rights solely as a result of the reservation of any shares of common stock for issuance upon conversion of the Series A Preferred Stock or for issuance of additional shares of common stock pursuant to certain other features of the Series A Preferred Stock, but will experience such dilution to the extent additional shares of common stock are issued in the future as described above.

The holders of the Company's Series A Preferred Stock own a large portion of the voting power of the Company's outstanding securities and have the right to nominate two members to the Company's Board. As a result, these holders may influence the composition of the Board and future actions taken by the Board.

The holders of the Company's Series A Preferred Stock are entitled to vote upon all matters upon which holders of the Company's common stock have the right to vote and are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series A Preferred Stock could be converted at the then applicable conversion rate. These holders currently hold approximately 30% of the voting power of the Company on an as-converted basis. As a result, these holders may have the ability to influence future actions by the Company requiring shareholder approval. The Company and these holders are parties to a Shareholder Agreement that contains certain restrictions on disposition or acquisition of Company securities and other actions by these holders, some of which restrictions will expire on April 17, 2020.

Further, for as long as they hold any shares of Series A Preferred Stock, the current holders of the Series A Preferred Stock are entitled to nominate for election (collectively and not individually) at the Company's annual meeting of shareholders a number of directors to the board of directors of the Company (the "Board") commensurate with their ownership percentage of common stock on an as-converted basis. Two of the Company's current Board members were nominated by these current holders, who also have the right to fill vacancies on the Board created by one of their nominees ceasing to serve on the Board. The nomination and other rights regarding the Board granted to the current holders of Series A Preferred Stock are not transferrable to any other person. Also, whenever dividends on the Series A Preferred Stock are in arrears for six or more dividend periods, the holders of Series A Preferred Stock (voting with holders of all other classes of preferred stock of the Company whose voting rights are then exercisable) are entitled to vote for the election of two additional directors at the Company's next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside (during which time the number of directors the current holders of Series A Preferred Stock are entitled to nominate under the Purchase Agreement will be reduced by two). As a result, the presence of directors on the Board nominated by the current holders of Series A Preferred Stock or elected by the holders of Series A Preferred Stock would enable such current holders or the holders of Series A Preferred Stock to influence the composition of the Board and, in turn, potentially influence and impact future actions taken by the Board.

The Company has registered the resale of a large portion of its outstanding securities. The resale of the Company's common stock, or the perception that such resale may occur, may adversely affect the price of its common stock.

In compliance with two Registration Rights Agreements to which the Company is a party, it has registered the resale of an aggregate of 20,723,050 shares of outstanding common stock, 2,000,000 shares of outstanding Series A Preferred Stock, 11,494,200 shares of common stock, subject to anti-dilution adjustments, issuable upon the conversion of outstanding Series A Preferred Stock, and 863,804 shares of common stock issuable upon the exercise of outstanding warrants. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of the Company's common stock to decline. Under the terms of the Registration Rights Agreements to which the Company is subject, the counterparties to such Registration Rights Agreements can, in certain circumstances, require the Company to participate in an underwritten public offering of the registered securities. Any shares sold in a registered resale will be freely tradable

without restriction under the Securities Act. While the Company cannot predict the size of future resales or distributions of its common stock, if there is a perception that such resales or distributions could occur, or if the holders of the Company's securities registered for resale sell a large number of the registered securities, the market price for the Company's common stock could be adversely affected.

The resale of a significant portion of the Company's securities registered for resale could result in a change of control of the Company and the loss of favorable tax attributes.

The Company has registered the resale of securities representing approximately 60% of its outstanding shares of common stock assuming the issuance of all common stock issuable upon the conversion of the Series A Preferred Stock or the exercise of the warrants corresponding to shares of common stock registered for resale. Although the holders of the subject securities consist of several unaffiliated groups, these holders collectively have a controlling influence over all matters presented to the Company's shareholders for approval, including election of members to the Board and change of control transactions. In addition, the holders of subject securities collectively would be able to cause a change of control of the Company by selling a sufficient portion of the Company's securities held by them. If such a transaction, in combination with other transactions including the issuance of the Series A Preferred Stock, were to result in an "ownership change" as determined under Section 382 of the Internal Revenue Code of 1986, as amended, then the Company's ability to offset taxable income with tax attributes generated prior to the ownership change date could be limited, possibly substantially. For more information on the Company's tax attributes refer to Note 14, "Income Taxes". The interests of the holders of the securities registered for resale may not always coincide with the interests of the other holders of our common stock.

The market price of the Company's common stock may be volatile and such volatility may be affected by the volatility of blockchain and cryptocurrency markets.

The trading price of the Company's common stock may be highly volatile and could be subject to wide fluctuations in response to various factors, including the risk factors described above and other factors which are beyond Kodak's control. The trading price of the Company's common stock has been dramatically affected by the announcement of the license granted by Kodak to WENN Digital, Inc. ("WENN") to use Kodak's brand in connection with WENN's KODAKOne blockchain-based image rights management platform and Kodak-branded cryptocurrency. Kodak may, in the future, have other involvement relating to blockchain technology or cryptocurrency, either directly or as a licensor. Kodak cannot predict whether, or the extent to which, the trading price of the Company's common stock will continue to be affected by blockchain or cryptocurrency markets and any volatility in such markets.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

Kodak owns 14 million square feet and leased, as lessee, 3 million square feet of administrative, research and development, manufacturing and marketing facilities in various parts of the world and leased, as lessor, 3 million square feet of owned property to third parties. The leases are for various periods and are generally renewable.

The location of Kodak's manufacturing facilities, by segment, are listed below. Properties in a location may be shared by all segments operating in that location.

<i>Flexographic Packaging</i>	<i>Print Systems</i>	<i>Enterprise Inkjet Systems</i>
Rochester, New York, USA	Rochester, New York, USA	Rochester, New York, USA
Weatherford, Oklahoma, USA	Columbus, Georgia, USA	Dayton, Ohio, USA
Yamanashi, Japan	Osterode, Germany	Shanghai, China
Shanghai, China	Gunma, Japan	
	Shanghai, China	
	Xiamen, China	
<i>Consumer and Film</i>	Vancouver, Canada	<i>Software and Solutions</i>
Rochester, New York, USA		Vancouver, Canada
Xiamen, China		(software development)
	<i>Advanced Materials and 3D Printing Technology</i>	
	Rochester, New York, USA	

Regional distribution centers are located in various places within and outside of the United States.

Research and development is headquartered at the Kodak Research Laboratories which is part of the Eastman Business Park in Rochester, New York, where Kodak conducts research and files patent applications with fundamental inventions. Other U.S. research and development groups are located in Dayton Ohio, Oakdale, Minnesota; and Columbus, Georgia. Outside the U.S., research and development groups are located in Canada, Israel, Germany, Japan and China. The research and development groups work in close cooperation with manufacturing units and marketing organizations to develop new products and applications to serve both existing and new markets.

Kodak has excess capacity in some locations. Kodak is pursuing monetizing its excess capacity by selling or leasing the associated properties.

ITEM 3. LEGAL PROCEEDINGS

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes and income taxes. Kodak's Brazilian operations are disputing these matters and intend to vigorously defend their position. Kodak routinely assesses 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, 2017, Kodak maintained accruals of approximately \$11 million for claims aggregating approximately \$209 million inclusive of interest and penalties where appropriate. In connection with assessments and litigation in Brazil, local regulations may require Kodak to post security for a portion of the amounts in dispute. Generally, any encumbrances of 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, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, 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 and claims arising out of Kodak's licensing its brand. These matters are in various stages of investigation and litigation, and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will 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. 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.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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	Year First Elected	
			an Executive Officer	to Present Office
Jeffrey J. Clarke	56	Chief Executive Officer	2014	2014
David E. Bullwinkle	43	Chief Financial Officer and Senior Vice President	2016	2016
Brad W. Kruchten	58	Senior Vice President	2009	2015
Eric-Yves Mahe	55	Senior Vice President	2015	2015
John O'Grady	54	Senior Vice President	2016	2016
Steven Overman	49	Senior Vice President	2015	2015
Christopher J. Payne	53	Vice President	2017	2017
Eric H. Samuels	50	Chief Accounting Officer and Corporate Controller	2009	2009
Terry R. Taber	63	Senior Vice President	2009	2010
Sharon E. Underberg	56	General Counsel, Secretary, and Senior Vice President	2015	2015
Randy D. Vandagriff	55	Vice President	2017	2017

The executive officers' biographies follow:

Jeffrey J. Clarke

Jeff Clarke is the Chief Executive Officer and a member of the Board of Directors of Kodak.

Prior to joining Kodak in March 2014, Clarke was a Managing Partner of Augusta Columbia Capital, a private investment firm he co-founded in February 2012. From February 2012 to April 2014, 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. (now called CA Technologies), 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 Executive Vice President of Global Operations at Hewlett Packard ("HP"). 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.

In November 2017, Clarke joined the board of directors of Docker, a leading software company for building, securing and managing applications on a global container platform. He served on the board of directors of Autodesk, Inc., a 3D design, engineering and entertainment software company, from March 2016 through June 2017. Clarke was a director of Red Hat, Inc., an enterprise software company, from November 2008 through July 2016. He served as Chairman of Orbitz Worldwide, a global online travel agency, after leading the company's IPO in July 2007, until April 2014, and was also a director for the Compuware Corporation, an enterprise software company, from November 2013 until December 2014. Clarke served on the board of directors of Utstarcom, which designs and manufactures communications equipment, from 2005 to 2010.

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

David E. Bullwinkle

Dave Bullwinkle is the Chief Financial Officer and Senior Vice President of Kodak. The Board of Directors elected Bullwinkle to this position effective July 2016. He is responsible for Kodak's financial strategy and all functions within Kodak's finance organization as well as purchasing, credit and collections, and internal audit. Bullwinkle reports to Chief Executive Officer Jeff Clarke.

Bullwinkle joined Kodak in 2004 and has worked in several financial management roles at the company including Worldwide BU Controller, Assistant Corporate Controller and External Reporting Manager. He served as the Director of Corporate Financial Planning and Analysis and Vice President, Finance at Kodak from November 2010 to June 2016, and Director of Investor Relations from August 2013 to June 2016.

Prior to joining Kodak, Bullwinkle worked as the Manager of Financial Reporting at Birds Eye Foods, Inc. and previously at PricewaterhouseCoopers from 1996 to 2002 in various roles including serving as an Assurance Manager.

Bullwinkle has an MBA from St. John Fisher College and Bachelor of Science in Accounting degree from SUNY Geneseo. Bullwinkle is also a Certified Public Accountant in the State of New York.

Brad W. Kruchten

Effective January 1, 2015, Brad Kruchten is President of the Print Systems Division, which serves graphic arts and commercial print customers with printing plates, computer to plate imaging solutions, electrophotographic printing solutions, OEM toner, and all equipment services. He reports to Chief Executive Officer Jeff Clarke.

From January 2012 to January 2015, Kruchten was President of the Graphics, Entertainment and Commercial Films business segment, and from May 2009 to January 2012, he was the President of the Film, Photofinishing & Entertainment Group ("FPEG"). In this capacity, he was responsible for profit and loss for all silver halide products. The Board of Directors elected him a senior vice president in 2009.

Previously, Kruchten was the worldwide General Manager for Retail Printing and managed the products and services that enable retailers to offer an integrated retail solution to analog and digital photographers. These products and services included kiosks, paper, retail workflow software, service, and support. Before that, Kruchten was the General Manager for the Consumer and Professional film business. The Board of Directors elected him a corporate vice president in July 2002.

Kruchten's career at Kodak began in 1982 as a Quality Engineer. In 1986, he moved into a sales position for Copy Products and over the next five years held a number of sales and marketing positions within Printer Products and Business Imaging Systems. In 1993, Kruchten became a product line manager for Business Imaging Systems. In 1998, he was named Strategic Business Unit Manager and a divisional vice president of the Capture and Services business within the Document Imaging unit. During his tenure, Kodak introduced a number of scanners which made the company the world's leading seller of high-speed production scanning. In 2000, Kruchten was named Chief Operating Officer and vice president of the Document Imaging unit. As COO, he led the acquisition of the Imaging division of Bell & Howell. 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 the Chief Executive Officer of Encad Inc., a wholly-owned Kodak subsidiary.

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

Kruchten has a B.S. degree in Engineering from Michigan State University, an 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.

Eric-Yves Mahe

Effective January 1, 2015, Eric-Yves Mahe is President of Software and Solutions, which serves existing and future workflow software customers with software to manage digital and conventional print content from creation to output, as well as serving enterprise customers primarily in the government and financial services sectors with managed media services to assist with printing requirements and document management services, including the capture, archiving, retrieval and delivery of documents. The division also contains Kodakit, which is a platform that connects businesses with professional photographers to cater to their photography needs. He reports to Chief Executive Officer Jeff Clarke.

Beginning April 2014, Mahe was Senior Vice President Kodak Technology Solutions, Sales Strategy and Sales Operations. In that capacity, Mahe was responsible for formulating a strategy to drive and measure sales of Kodak's unique and innovative portfolio of hardware, consumables, software and services. Mahe also advised Kodak's senior management team on software, OEM partnerships and the sale of complex solutions. In April 2014, the Board of Directors elected Mahe a senior vice president.

Mahe has more than 25 years of experience in the IT industry with several multinational companies. Prior to joining Kodak, he was based in Singapore with Pitney Bowes Inc., most recently as President, Global Growth Markets, with responsibility for the company's operations in Latin America, Asia Pacific, Middle East, Africa and emerging markets, from July 2010 until March 2014. Mahe managed this innovation-centered business from inception, and in two years, it became Pitney Bowes's best performing operation worldwide. Mahe joined Pitney Bowes in 2007 as President, Asia Pacific, Middle East and Africa.

Previously, Mahe was Vice President and General Manager of Asia North for CA, Inc. (now called CA Technologies), with responsibility for business operations and enterprise sales in China, Hong Kong and Taiwan. He also has held sales management positions with Sun Microsystems, where he focused on OEM partnerships, Siemens Nixdorf and Xerox.

Mahe earned his MBA in Marketing and International Trade from Ecole Supérieure de Commerce et d'Administration des Entreprises in Bretagne, France.

John O'Grady

Effective December 1, 2017, John O'Grady is President, Consumer and Film Division, which is Kodak's most consumer-facing division, with responsibility for motion picture and commercial films, synthetic chemicals, and consumer products, including products from Kodak brand licensees. He reports to Chief Executive Officer Jeff Clarke.

From January 2016 to December 2017, O'Grady was General Manager, Worldwide Sales, Print Systems Division. In this role, he managed the sales, service and regional marketing for the Print Systems Division on a worldwide basis in addition to the go-to-market back office operations for Kodak. From January 2015 to December 2015, O'Grady was Managing Director of the Europe, United States and Canada, Australia and New Zealand (EUCAN) Region. From December 2010 to December 2014, he was Managing Director, U.S. & Canada Region. From December 2008 to December 2010, O'Grady was Regional Managing Director, Europe, Africa and Middle East Region (EAMER) and Chairman Eastman Kodak Sàrl, and from May 2007 to December 2008, he was Managing Director, EAMER, Consumer Businesses. The Board of Directors elected him a corporate vice president in March 2007, and a senior vice president in August 2016.

O'Grady joined Kodak in 1997, and has held key business development and regional management positions in Kodak's digital imaging businesses.

Prior to joining Kodak, O'Grady had a 12-year career at Verbatim.

O'Grady graduated from the University of Limerick in Ireland with a B.S. degree in Electronics.

Steven Overman

Steven Overman has served as Kodak's Chief Marketing Officer since October 1, 2014. In this capacity, Overman is responsible for leading a global, company-wide renewal of the Kodak brand to increase its power, relevance and value. He leads the strategic development and coordination of Kodak's brand identity, global marketing programs and activities and communication of Kodak's vision, strategy and progress in an integrated way to all the company's stakeholders. Overman reports to Chief Executive Officer Jeff Clarke.

From January 2015 to November 2017, Overman was President of the Consumer and Film Division. The Board of Directors elected him a senior vice president effective January 2015.

Prior to joining Kodak, Overman served as vice president and global head of brand strategy and marketing creation for Nokia from June 2010 until April 2013. He founded Match & Candle, a consultancy supporting startups and marketing service agencies with brand strategy development in September 2013 and was there until October 2014. During his career, Overman held several different leadership roles in technology companies and marketing services agencies. In those roles, his responsibilities included corporate brand strategy and execution, product and service innovation, corporate strategic initiatives, product launches and sales development. Overman was among the first employees at *Wired*.

Overman is a graduate of the Rhode Island School of Design.

Christopher J. Payne

Effective May 1, 2017, Christopher Payne is President of the Flexographic Packaging Division, which provides solutions and services for the Flexo Packaging industry that drive differentiation across the value chain from brand owners to printers. He reports to Chief Executive Officer Jeff Clarke.

From January 2015 to May 2017, Payne was General Manager of the Flexographic Packaging Solutions business. From May 2009 through December 2014, he was the Director and Vice President, Marketing, Commercial Imaging Business, responsible for marketing and strategic planning for Kodak's print businesses, and from April 1999 to April 2009, he held senior marketing roles in Kodak's Graphic Communication Group and at NexPress Solutions LLC, which at the time was a joint venture between Kodak and Heidelberg. The Board of Directors elected Payne a vice president effective May 1, 2017.

Prior to joining Kodak, Payne served as Director of Marketing at Xeikon N.V. and Vice President of Marketing for Xeikon North America Inc. Earlier in his career, he was employed by prepress equipment manufacturer Crosfield Electronics Ltd.

Payne has been a full member of the Chartered Institute of Marketing (UK) since 1995, and is a past chair of The Association for Print Technologies (formerly known as NPES), a trade association supporting the commercial printing value chain.

Payne graduated from Napier College, Edinburgh, where he studied printing, administration and production.

Eric H. Samuels

Eric 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. Samuels reports to Chief Financial Officer David Bullwinkle.

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.

Terry R. Taber, PhD

Terry Taber has served as Kodak's Chief Technical Officer since January 2009. Effective May 1, 2017, he was named President of the Advanced Materials and 3D Printing Technology Division which contains the research laboratories and includes licensing as well as new business development activities related to Kodak's patents and proprietary technology, and focuses on opportunities in smart material applications, printed electronics markets and 3D printing materials. Taber reports to Chief Executive Officer Jeff Clarke.

From January 1, 2015 to May 1, 2017, Taber was President of the Intellectual Property Solutions Division. From January 2007 to December 2008 he was 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, and prior to Terry's role with ISS, he held a series of senior positions in Kodak's research and development and product organizations. The Board of Directors elected Taber a vice president in December 2008 and a senior vice president in December 2010.

During his more than 35 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, program manager for several film products, worldwide consumer film business product manager, Associate Director of R&D and director of Materials & Media R&D.

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. He was a Board Member of the Innovation & Material Sciences Institute and served 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 Greater Rochester Chamber of Commerce and on the Board of Trustees for Roberts Wesleyan College and Northeastern Seminary.

Sharon E. Underberg

Sharon Underberg has served as General Counsel, Secretary and Senior Vice President since January 2015. She is responsible for leading the company's global legal function and for providing legal guidance to senior leadership and the Board of Directors. Underberg reports to Chief Executive Officer Jeff Clarke.

Underberg joined Kodak in 1989. She was Deputy General Counsel and Vice President, Legal Department from September 2014 to January 2015, and Assistant General Counsel and Vice President, Legal Department, from June 2006 until September 2014. For much of her tenure with Kodak, Underberg has specialized in global commercial transactions, particularly acquisitions, divestitures, joint ventures and corporate financings. She led the legal team on numerous deals, including the completion of the acquisitions of the Kodak Polychrome Graphics and NexPress joint ventures, the divestiture of the Health Imaging business, and the spinoff of the PI / DI Business, and she has advised on every major financing transaction the Company has completed in the past 15-plus years. In addition, Underberg was an instrumental part of the team that led the Company through its chapter 11 restructuring, providing advice on a wide range of contractual, litigation, financing, and divestiture activities. The Board of Directors elected her to Senior Vice President and Secretary in January 2015.

Underberg has been a manager in the Legal Department since 2006. During this time, she led legal teams in a wide variety of substantive areas, including corporate, transactional and commercial matters worldwide. From 2004 to 2006, Underberg served as Assistant Secretary, working with the Board of Directors and senior management on matters related to corporate governance, executive compensation, and SEC reporting and disclosure.

Prior to joining Kodak, Underberg was an attorney in the New York City office of international law firm Fulbright & Jaworski (currently Norton Rose Fulbright).

Underberg received a B.A. degree in political science from Brandeis University and a J.D. from the University of Pennsylvania School of Law.

Randy D. Vandagriff

Effective May 1, 2017, Randy D. Vandagriff is President, Enterprise Inkjet Systems Division, responsible for delivering commercial inkjet technology, printers and solutions to the market. He reports to Chief Executive Officer Jeff Clarke.

Vandagriff has spent his 35-year career innovating inkjet technology for the printing market. From January 2004 to August 2012, Vandagriff was Vice President, Research and Development for Kodak Versamark, responsible for leading a worldwide R&D organization responsible for developing four generations of inkjet technologies and delivering industry-leading performance, including Kodak Stream and ULTRASTREAM inkjet technologies. From January 2015 to May 2017, Vandagriff led the Kodak Creo Server business located in Tel Aviv, Israel. The Board of Directors elected him a vice president effective May 1, 2017.

In addition to his strong product development capabilities, Vandagriff has traveled internationally, working with key Kodak customers to successfully implement commercial inkjet into their production processes. His respected knowledge, broad background, and deep industry network has contributed to making Kodak the world's leader in high volume variable printing solutions.

Vandagriff holds an MBA degree from the University of Phoenix and a Bachelor of Science in Mechanical Engineering from Wright State University.

PART II

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

The Company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "KODK" and has been trading since September 23, 2013, following emergence from bankruptcy on September 3, 2013 after confirmation of the revised First Amended Joint Chapter 11 Plan of Reorganization.

There were 2,903 shareholders of record of common stock on December 31, 2017.

Information regarding securities authorized for issuance under equity compensation plans is included in Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" under the caption "Equity Compensation Plan Information."

MARKET PRICE DATA

The market price data below reflects the high and low sales price of the Company's stock.

Price per share:	2017		2016	
	High	Low	High	Low
1st Quarter	\$ 16.50	\$ 10.30	\$ 12.47	\$ 7.56
2nd Quarter	\$ 11.68	\$ 8.75	\$ 16.80	\$ 10.00
3rd Quarter	\$ 9.82	\$ 6.65	\$ 17.29	\$ 14.01
4th Quarter	\$ 7.45	\$ 2.95	\$ 17.30	\$ 13.87

DIVIDEND INFORMATION

No dividends on common stock were declared or paid during 2017 or 2016.

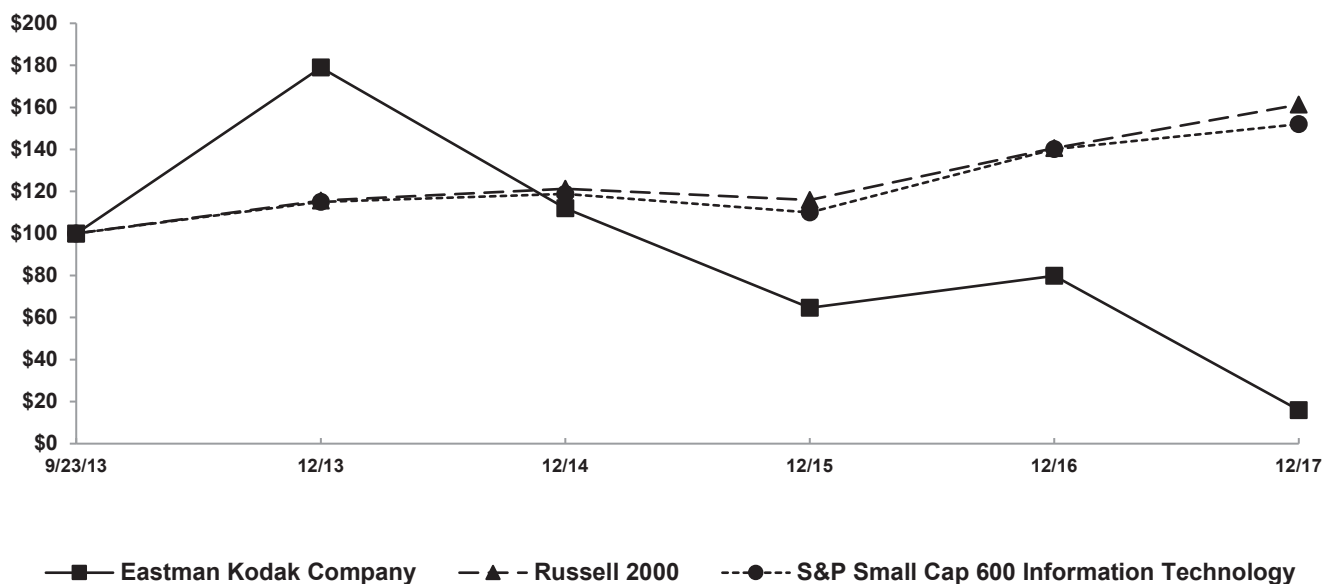
Dividends for common shareholders may be restricted under Kodak's Credit Agreements and the Series A Preferred Stock Agreement. Refer to Note 8, "Debt and Capital Leases," and Note 9, "Redeemable, Convertible Series A Preferred Stock" in the Notes to Financial Statements.

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) Small Cap 600 Information Technology Index, and the Russell 2000 Index (in which the Company is currently included), by measuring the quarterly changes in common stock prices from September 23, 2013, plus reinvested dividends.

COMPARISON OF 51 MONTH CUMULATIVE TOTAL RETURN*

Among Eastman Kodak Company, the Russell 2000 Index,
and S&P Small Cap 600 Information Technology



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

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	12/13	12/14	12/15	12/16	12/17
Eastman Kodak Company	178.92	111.91	64.64	79.90	15.98
Russell 2000	115.66	121.32	115.96	140.67	161.28
S&P Small Cap 600 Information Technology	114.95	118.81	109.97	140.13	151.99

ISSUER PURCHASES OF EQUITY SECURITIES DURING THE QUARTER ENDED DECEMBER 31, 2017 (1)

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum That May Be Purchased under the Plans or Programs
October 1 through 31, 2017	7,218	7.35	n/a	n/a
November 1 through 30, 2017	1,419	3.40	n/a	n/a
December 1 through 31, 2017	19,841	3.34	n/a	n/a
Total	<u>28,478</u>	<u>4.36</u>		

(1) These purchases were made to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued to employees.

(2) Kodak does not currently have a publicly announced repurchase plan or program.

ITEM 6. SELECTED FINANCIAL DATA

As a result of the application of fresh-start accounting as of September 3, 2013, following the Company's emergence from bankruptcy, the financial statements prior to September 3, 2013 are not comparable with the financial statements after September 3, 2013. References to "Successor" relate to the reorganized Kodak subsequent to September 3, 2013. References to "Predecessor" refer to Kodak prior to September 3, 2013.

SUMMARY OF OPERATING DATA – UNAUDITED

	Successor					Predecessor
	2017	2016	2015	2014	September 1, 2013 through December 31, 2013	January 1, 2013 through August 31, 2013
(in millions, except per share data, shareholders, and employees)						
Net revenues from continuing operations	\$ 1,531	\$ 1,643	\$ 1,803	\$ 2,116	\$ 812	\$ 1,546
(Loss) earnings from continuing operations before interest expense, loss on extinguishment of debt, net, other (charges)						
income, net, reorganization items, net, and income taxes	(18)	113	54	(16)	(46)	457
Earnings (loss) from:						
Continuing operations	96 ⁽¹⁾	18	(67)	(122) ⁽²⁾	(82)	2,201 ⁽³⁾
Discontinued operations ⁽⁴⁾	(2)	(2)	(8)	4	4	(135)
Net earnings (loss)	94	16	(75)	(118)	(78)	2,066
Less: Net earnings attributable to non-controlling interests	—	1	5	5	3	—
Net Earnings (Loss) Attributable to Eastman Kodak Company	94	15	(80)	(123)	(81)	2,066
Earnings and Dividends						
Basic earnings (loss) per share attributable to Eastman Kodak Company common shareholders:						
Continuing operations	1.81	0.33	(1.72)	(3.05)	(2.04)	8.08
Discontinued operations	(0.05)	(0.05)	(0.19)	0.10	0.10	(0.50)
Total	1.76	0.28	(1.91)	(2.95)	(1.94)	7.58
Diluted earnings (loss) per share attributable to Eastman Kodak Company common shareholders:						
Continuing operations	1.81	0.33	(1.72)	(3.05)	(2.04)	8.08
Discontinued operations	(0.05)	(0.05)	(0.19)	0.10	0.10	(0.50)
Total	1.76	0.28	(1.91)	(2.95)	(1.94)	7.58
Cash dividends declared and paid	—	—	—	—	—	—
Number of common shares used in basic and diluted earnings (loss) per share						
Basic	42.5	42.2	41.9	41.7	41.7	272.7
Diluted	42.7	42.5	41.9	41.7	41.7	272.7
Shareholders at year end	2,903	2,903	2,997	4,860	1,511	N/A
Statement of Financial Position Data						
Working capital (current assets less current liabilities)	539	622	819	951	1,086	564
Property, plant and equipment, net	314	342	426	524	684	507
Total assets	1,707	1,776	2,138	2,556	3,200	3,037
Short-term borrowings and current portion of long-term debt	4	6	5	5	4	681
Long-term debt, net of current portion	399	405	679	672	674	370
Redeemable, convertible Series A preferred stock	164	156	—	—	—	—
Supplemental Information						
Employees as of year end						
- in the U.S.	2,600	2,700	2,800	3,200	3,600	n/a
- worldwide	5,800	6,100	6,400	7,300	8,800	n/a

SUMMARY OF OPERATING DATA – UNAUDITED (CONT'D)

Historical results are not indicative of future results.

- (1) Includes a pre-tax goodwill impairment charge of \$56 million and the associated tax benefit of \$18 million, income from the revaluation of the embedded conversion features derivative of \$47 million and the tax benefit of \$101 million associated with the release of a deferred tax valuation allowance in a location outside the U.S. These items increased net after-tax income from continuing operations by \$118 million.
- (2) Includes \$70 million in revenues from non-recurring intellectual property agreements that increased net after-tax income from continuing operations by \$70 million.
- (3) Includes proceeds of \$535 million from the sale and licensing of certain intellectual property assets; pre-tax goodwill impairment charges of \$77 million; income of \$2,026 million in pre-tax reorganization items, net; and net charges of \$84 million related to discrete tax items. These items increased after-tax income from continuing operations by \$2.4 billion.
- (4) Refer to Note 25, "Discontinued Operations" in the Notes to Financial Statements for a discussion regarding the (loss) earnings from discontinued 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 years ended December 31, 2017, 2016 and 2015. All references to Notes relate to Notes to the Financial Statements in Item 8. "Financial Statements and Supplementary Data."

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 Kodak's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and 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," "strategy," "continues," "goals," "targets" or future or conditional verbs, such as "will," "should," "could," or "may," and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward-looking statements. All forward-looking statements, including management's examination of historical operating trends and data, are based upon Kodak's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the 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," "Legal Proceedings" and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," and in other filings the Company makes with the SEC from time to time, as well as the following:

- Kodak's ability to improve and sustain its operating structure, cash flow, profitability and other financial results;
- the ability of Kodak to achieve cash forecasts, financial projections, and projected growth;
- Kodak's ability to achieve the financial and operational results contained in its business plans;
- Kodak's ability to comply with the covenants in its various credit facilities;
- Kodak's ability to fund continued investments, capital needs and restructuring payments and service its debt and Series A Preferred Stock;
- Kodak's ability to discontinue, sell or spin-off certain businesses or operations, or otherwise monetize assets;
- changes in foreign currency exchange rates, commodity prices and interest rates;
- Kodak's ability to effectively anticipate technology trends and develop and market new products, solutions and technologies;
- Kodak's ability to effectively compete with large, well-financed industry participants;
- continued sufficient availability of borrowings and letters of credit under the Amended Credit Agreement, Kodak's ability to obtain additional financing if and as needed and Kodak's ability to provide or facilitate financing for its customers;
- the performance by third parties of their obligations to supply products, components or services to Kodak; and
- the impact of the global economic environment on Kodak.

There may be other factors that may cause Kodak's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak 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. Kodak 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 and brand licensing. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. 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.

At the time revenue is recognized, Kodak also records reductions to revenue for customer incentive programs. Such incentive programs include cash and volume discounts and promotional 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 are recorded.

Future market conditions and product transitions may require Kodak to take actions to increase customer incentive offers, possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

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.

Goodwill is tested for impairment at a level of reporting referred to as a reporting unit, which is an operating segment or one level below an operating segment (a component) if the component constitutes a business for which discrete financial information is available and regularly reviewed by segment management.

The Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Software and Solutions segment has two goodwill reporting units: Kodak Technology Solutions and Unified Workflow Solutions. The Consumer and Film segment has two goodwill reporting units, Motion Picture, Industrial Chemicals and Films and Consumer Products. The Enterprise Inkjet Systems segment, Flexographic Packaging segment, Advanced Materials and 3D Printing segment and Eastman Business Park segment all have one goodwill reporting unit. As of December 31, 2017, goodwill is recorded in the Packaging, Unified Workflow Solutions and Consumer Products reporting units.

Kodak early adopted Accounting Standards Update ("ASU") 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment effective January 1, 2017 which requires entities to calculate a goodwill impairment as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. 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 earnings before interest, taxes, depreciation and amortization ("EBITDA"). 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.

Kodak performed an interim goodwill impairment test as of September 30, 2017 given the decline in Kodak's financial projections for the year and its market capitalization from the last goodwill impairment test (December 31, 2016). Kodak utilized the discounted cash flow method and guideline public company method to estimate the fair value of reporting units with goodwill. For these reporting units, 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. Fair values for the other reporting units were estimated using the discounted cash flow method only.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from October 1, 2017 to December 31, 2022 and discounted the estimated future cash flows to present value. The expected cash flows 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 10.2% to 45.0% were utilized in the 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 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 was calculated using either the constant growth method ("CGM") based on the cash flows of the final year of the discrete period or the H-model, which assumes the growth during the terminal period starts at a higher rate and declines in a linear manner over a specified transition period toward a stable growth rate.

Based upon the results of Kodak's September 30, 2017 analysis, Kodak concluded that the Prepress Solutions reporting unit's carrying value exceeded its fair value and recorded a pre-tax goodwill impairment loss of \$56 million in the Consolidated Statement of Operations, which represented the entire amount of goodwill assigned to this reporting unit. As a result of the impairment, Kodak recorded an \$18 million tax benefit. No impairment of goodwill was indicated for the other reporting units.

Kodak performed a quantitative test of impairment for all reporting units for its annual goodwill impairment test as of December 31, 2017. Kodak utilized the discounted cash flow method and guideline public company method to estimate the fair value of reporting units with goodwill. For these reporting units, 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. Fair values for the other reporting units were estimated using the discounted cash flow method only.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from January 1, 2018 to December 31, 2022 and discounted the estimated future cash flows to present value. The expected cash flows 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 10% to 55% were utilized in the 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 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 was calculated using either the constant growth method ("CGM") based on the cash flows of the final year of the discrete period or the H-model, which assumes the growth during the terminal period starts at a higher rate and declines in a linear manner over a specified transition period toward a stable growth rate.

Based upon the results of Kodak's December 31, 2017 analysis, Kodak concluded that no impairment of goodwill was indicated. Impairment of goodwill could occur in the future if a reporting unit's fair value changes significantly, if Kodak's market capitalization significantly declines, if a reporting unit's carrying value changes materially compared with changes in its fair values, or as a result of changes in operating segments or reporting units.

The carrying value of the indefinite-lived intangible asset related to 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 performed an interim impairment test related to the Kodak trade name as of September 30, 2017 given the revised financial projections.

The fair value of the Kodak trade name, which as of September 30, 2017 had a carrying value of \$40 million, was valued using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from October 1, 2017 to December 31, 2022, including a terminal year with growth rates ranging from -4.5% to 2.5%; (b) after-tax royalty rates ranging from .4% to .8% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 10.2% to 45.0%, which were based on the after-tax weighted-average cost of capital.

Based on the results of Kodak's September 30, 2017 assessment, the fair value of the Kodak trade name exceeded its carrying value by 8% and no impairment was indicated.

Kodak performed its annual test of impairment for the Kodak trade name as of December 31, 2017. The fair value of 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 January 1, 2018 to December 31, 2022, including a terminal year with growth rates ranging from -10% to 2.5%; (b) after-tax royalty rates ranging from .4% to .8% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 10% to 55%, which were based on the after-tax weighted-average cost of capital.

Based on the results of Kodak's December 31, 2017 assessment, the carrying value of the Kodak trade name exceeded its fair value and Kodak recorded a pre-tax impairment charge of \$2 million. Impairment of the Kodak trade name could occur in the future if expected revenues decline or if there are significant changes in the discount rates or royalty rates.

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, the carrying value of an asset group is compared 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.

The value of property, plant, and equipment is depreciated 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.

Series A Preferred Stock Embedded Conversion Features Derivative

On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"). The Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price is increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis at fair value as a single derivative. The Company allocated \$43 million of the net proceeds received to the derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which reduced the original carrying value of the Series A Preferred Stock. The derivative is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other (income) charges, net in the Consolidated Statement of Operations. The fair value of the derivative as of December 31, 2017 was an asset of \$4 million and is included within Other long-term assets in the accompanying

Consolidated Statement of Financial Position. The fair value of the derivative as of December 31, 2016 was a liability of \$43 million and is included within Other long-term liabilities in the accompanying Consolidated Statement of Financial Position.

The fair value of the Series A Preferred Stock embedded conversion features derivative is calculated using a binomial lattice model. The following table presents the key inputs in the determination of fair value at December 31, 2017 and 2016:

	Valuation Date	
	December 31, 2017	December 31, 2016
Total value of embedded derivative (asset) liability (\$ millions)	\$ (4)	\$ 43
Kodak's closing stock price	3.10	15.50
Expected stock price volatility	58.22%	42.85%
Risk free rate	2.08%	1.93%
Yield on the preferred stock	22.31%	11.38%

The Fundamental Change and Reorganization Conversion value at issuance was calculated as the difference between the total value of the Series A Preferred Stock and the sum of the net present value of the cash flows if the Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion value reduces the value of the embedded conversion features derivative liability. Unless events occur which would alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflects the value as of the issuance date, amortized for the passage of time. The Fundamental Change and Reorganization Conversion value exceeded the value of the embedded conversion features derivative liability at December 31, 2017 resulting in the derivative being reported as an asset.

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, 2017, Kodak has net deferred tax assets before valuation allowances of approximately \$1,028 million and a valuation allowance related to those net deferred tax assets of approximately \$856 million, resulting in net deferred tax assets of approximately \$172 million. The net deferred tax assets can be used to offset taxable income in future periods and reduce Kodak's income tax payable in those future periods. At this time, it is considered more likely than not that taxable income in the future will be sufficient to allow realization of these net deferred tax assets. However, if Kodak is unable to generate sufficient taxable income, then a valuation allowance to reduce net deferred tax assets may be required, which could materially increase expenses in the period the valuation allowance is recognized. 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 2017, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would be realized as a result of increased profits in a location outside the U.S. and accordingly, recorded a benefit of \$101 million associated with the release of a valuation allowance on those deferred tax assets. Additionally, during 2017, 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 \$7 million associated with the establishment of a valuation allowance on those deferred tax assets.

Kodak continues to improve profitability in its businesses, particularly outside the U.S. Accordingly, Kodak may be able to make the determination that the realization of those deferred tax assets in certain foreign jurisdictions are more likely than not in the near future. If Kodak was 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 will continue to evaluate whether valuation allowances are needed, at a jurisdictional level, in future reporting periods. It is possible that sufficient positive evidence, including sustained profitability, may become available in future periods with respect to one or more jurisdictions to reach a conclusion that all or part of the valuation allowance with respect to such jurisdictions could be reversed.

Utilization of post-emergence net operating losses ("NOL") and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of five percent stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period. The Company has a relatively high concentration of five percent stockholders. There have been reported transactions within the testing period that, combined with future transactions, could aggregate to an ownership change during the testing period in excess of 50 percentage points. A Section 382 ownership change would significantly impair Kodak's ability to utilize NOLs and tax credits in the U.S. As of December 31, 2017, Kodak had available U.S. NOL carry-forwards for income tax purposes of approximately \$633 million and unused foreign tax credits of \$343 million. Any impairment of these tax attributes would be fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which would result in no net tax provision.

On December 22, 2017, the 2017 Tax Act was signed into law making significant changes to the Internal Revenue Code. (Refer to Note 15, "Income Taxes"). Changes include, but are not limited to, a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. The one-time transition tax as of December 31, 2017 resulted in the recognition of a previously recorded deferred tax liability on the undistributed foreign earnings and was fully offset by Kodak's U.S. valuation allowance, resulting in no net tax benefit. Kodak had a deferred tax liability (net of related foreign tax credits) of \$56 million on the foreign subsidiaries' undistributed earnings as of December 31, 2016. Kodak has a deferred tax liability of \$20 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2017 and 2016.

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 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.

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 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 the plan is almost entirely 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, 2017, the calculated value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately \$4.4 billion and the fair value was approximately \$4.5 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.

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 the 2017 net pension expense for major U.S. and non-U.S. defined benefit pension plans was 7.00% and 4.21%, 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., Canadian, Euro-zone and UK 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.

Kodak uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows.

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, 2018 and the projected benefit obligation ("PBO") at December 31, 2017 for Kodak's major U.S. and non-U.S. defined benefit pension plans:

(in millions)	Impact on 2018 Pre-Tax Pension Expense Increase (Decrease)		Impact on PBO December 31, 2017 Increase (Decrease)	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in assumption:				
25 basis point decrease in discount rate	\$ 4	\$ —	\$ 87	\$ 26
25 basis point increase in discount rate	1	—	(84)	(25)
25 basis point decrease in EROA	9	2	N/A	N/A
25 basis point increase in EROA	(9)	(2)	N/A	N/A

Total pension income from continuing operations before special termination benefits, curtailments and settlements for the major defined benefit pension plan in the U.S. was \$123 million for 2017 and is expected to be approximately \$103 million in 2018. Pension income from continuing operations before special termination benefits, curtailments and settlements for the major non-U.S. defined benefit pension plans was \$9 million for 2017 and is projected to be approximately \$6 million in 2018. The reductions in income are driven primarily by lower 2018 EROA assumptions in the U.S., and higher expected 2018 loss amortization outside the U.S.

Inventories

Inventories are stated at the lower of cost or market. Carrying values of excess and obsolete inventories are reduced to net realizable value. Judgment is required to assess the ultimate demand for and realizable value of inventory. The analysis of inventory carrying values considers several factors including length of time inventory is on hand, historical sales, product shelf life, product life cycle, product category, and product obsolescence.

Accounts Receivable Reserves

Accounts receivable reserves are based on historical collections experience as well as reserves for specific receivables deemed to be at risk for collection. The collectability of customer receivables is reviewed on an ongoing basis considering past due invoices and the current creditworthiness of each customer. Judgment is required in assessing the ultimate realization of accounts receivables.

New Accounting Pronouncements

A description of new accounting pronouncements is contained in Note 1, "Summary of Significant Accounting Policies".

OVERVIEW

Revenue declined \$112 million (6.8%) from 2016 to 2017 and \$160 million from 2015 to 2016 (8.9%).

Kodak's strategy is to:

- Use Kodak's divisional structure to drive accountability, transparency, and speed of decision making;
- Focus product investment in growth engines - Sonora, Prosper and Ultrastream, FLEXCEL NX Systems and Plates, Advanced Materials and 3D Printing and Software and Services;
- Maintain market leadership position and cash flows associated with Print Systems;
- Manage the expected decline in and maximize cash generated by mature businesses;
- Continue to streamline processes to drive cost reductions and improve operating leverage; and
- Continue to explore opportunities to monetize the asset base.

A discussion of opportunities and challenges related to Kodak's strategy follows:

- Print Systems' digital plate products include traditional digital plates and KODAK SONORA Process Free Plates. SONORA process free plates allow Kodak customers to skip the plate processing step prior to mounting plates on a printing press. This improvement in the printing process saves time and costs for customers. Also, SONORA process free plates reduce the environmental impact of the printing process because they eliminate the use of chemicals (including solvents), water and power that is otherwise required to process a traditional plate. While traditional digital plate offerings are experiencing pricing pressure, innovations in Kodak product lines which command premium prices, such as SONORA Process Free Plates, are expected to offset some of the long-term price erosion in the market and manufacturing efficiencies are expected to mitigate the impact on earnings from revenue declines. Print Systems' revenues, which accounted for 62% of Kodak's total revenues in 2017, declined \$76 million (7%) in 2017 and \$89 million (8%) in 2016. Segment earnings declined \$48 million from 2016 to 2017 driven by competitive pricing pressures and lower volumes but increased \$7 million from 2015 to 2016 due to cost reductions. Manufacturing efficiencies were offset by higher aluminum costs in the current year.
- In Enterprise Inkjet Systems, the legacy Versamark business is expected to continue to decline as a percentage of the segment's total revenue as the Prosper business continues to grow. The Prosper Inkjet Systems business is expected to continue to build profitability. Investment in the next generation technology, Ultrastream, is focused on the ability to place Ultrastream writing systems in original equipment manufacturers and hybrid applications. Enterprise Inkjet Systems' revenue declined \$22 million in 2017 and was relatively flat in 2016. Segment earnings improved \$21 million from 2016 to 2017 driven by a streamlining of the Prosper business. Segment earnings improved by \$11 million from 2015 to 2016.
- Within the Flexographic Packaging segment, growth in the installed base of FLEXCEL NX System computer-to-plate (CtP) imaging and related equipment is expected to drive continued growth of FLEXCEL NX consumables. The Other Packaging Business includes packaging printing products and services that are in mature stages in their product life cycles. Flexographic Packaging revenue increased \$13 million (10%) in 2017 and \$5 million (4%) in 2016 primarily due to the growth in FLEXCEL NX consumables. Segment earnings improved \$7 million from 2016 to 2017 and were unchanged from 2015 to 2016.
- The Software and Solutions segment is comprised of Unified Workflow Solutions and Kodak Technology Solutions. Unified Workflow Solutions is an established product line. Kodak Technology Solutions includes document management and managed print services businesses and Kodakit. The contributions these business initiatives make to earnings are expected to grow with a modest amount of additional investment. Software and Solutions' revenue declined \$5 million (6%) in 2017, reflecting volume declines and \$30 million (25%) in 2016, primarily due to reductions in government contracts within Kodak Technology Solutions. Sales in Kodak Technology Solutions are project based and can vary from year to year depending on the nature and number of projects in existence in a given year.
- Consumer and Film's revenue declined \$23 million (10%) from 2017 to 2016 and \$48 million (18%) from 2015 to 2016. Earnings of the Consumer and Film segment declined \$32 million (200%) and \$36 million (69%) from 2016 to 2017 and from 2015 to 2016, respectively, primarily due to lower sales of ink as a result of the declining installed base of consumer inkjet printers, increased unit costs in the film businesses and items that favorably impacted the prior year. Kodak plans to continue to promote the use of film to utilize as much film manufacturing capacity as possible.
- Film and related component manufacturing operations and Kodak Research Laboratories utilize capacity at Eastman Business Park ("EBP"), which helps cost absorption at EBP.
- Kodak plans to capitalize on its intellectual property through new business or licensing opportunities, focusing on opportunities in smart material applications and printed electronics markets and also pursuing limited opportunities in 3D printing materials.
- Kodak plans to continue to pursue monetization of its asset base, selling and licensing intellectual property, selling and leasing excess capacity in its properties, and pursuing rights to an earn-out from a previous divestiture.

DETAILED RESULTS OF OPERATIONS

Net Revenues from Continuing Operations by Reportable Segment

(in millions)	Year Ended December 31,		
	2017	2016	2015
Print Systems	\$ 942	\$ 1,018	\$ 1,107
Enterprise Inkjet Systems	144	166	165
Flexographic Packaging	145	132	127
Software and Solutions	85	90	120
Consumer and Film	198	221	269
Advanced Materials and 3D Printing Technology	1	1	2
Eastman Business Park	16	15	13
Consolidated total	<u>\$ 1,531</u>	<u>\$ 1,643</u>	<u>\$ 1,803</u>

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

(in millions)	Year Ended December 31,		
	2017	2016	2015
Print Systems	\$ 58	\$ 106	\$ 99
Enterprise Inkjet Systems	5	(16)	(27)
Flexographic Packaging	31	24	24
Software and Solutions	1	1	10
Consumer and Film	(16)	16	52
Advanced Materials and 3D Printing Technology	(26)	(26)	(35)
Eastman Business Park	4	2	2
All Other ⁽¹⁾	—	3	5
Corporate components of pension and OPEB income ⁽²⁾	144	161	133
Depreciation and amortization	(80)	(105)	(145)
Restructuring costs and other	(38)	(16)	(38)
Stock-based compensation	(9)	(8)	(18)
Consulting and other costs ⁽³⁾	(5)	(7)	(14)
Idle costs ⁽⁵⁾	(3)	(3)	(3)
Change in U.S. vacation benefits ⁽⁴⁾	—	—	17
Manufacturing costs originally planned to be absorbed by silver halide touch screen production ⁽⁶⁾	—	(3)	(2)
Costs previously allocated to discontinued operations ⁽⁷⁾	—	—	(1)
Other operating (expense) income, net excluding gain related to Unipixel termination ⁽⁸⁾	(28)	(16)	3
Goodwill impairment loss ⁽⁹⁾	(56)	—	(8)
Interest expense ⁽⁹⁾	(32)	(60)	(63)
Loss on early extinguishment of debt, net ⁽⁹⁾	—	(4)	—
Other income (charges), net ⁽⁹⁾	37	(4)	(21)
Reorganization items, net ⁽⁹⁾	—	6	(5)
Consolidated (loss) earnings from continuing operations before income taxes	<u>\$ (13)</u>	<u>\$ 51</u>	<u>\$ (35)</u>

(1) RED utilities variable interest entity which was deconsolidated as of December 31, 2016 (interest and depreciation of RED are included in the respective lines below).

(2) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailments and settlement components of pension and other postretirement benefit expenses.

(3) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.

(4) In the fourth quarter of 2015, Kodak changed the timing of when affected U.S. employees earn their vacation benefits, which reduced Kodak's obligation to employees and the related accrual by \$17 million as of December 31, 2015. The reduction in the accrual impacted gross profit by approximately \$9 million, SG&A by approximately \$5 million, R&D by approximately \$3 million.

- (5) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.
- (6) Consists of manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production that are now excluded from the measure of segment profit and loss.
- (7) Includes indirect costs originally allocated to businesses that are now included in discontinued operations. When the businesses met the criteria to be reported as discontinued operations, the allocated costs were removed and recorded in continuing operations.
- (8) In 2015 a \$3 million gain was recognized related to assets that were acquired for no monetary consideration as a part of the termination of the relationship with Unipixel. The gain was reported in Other operating expense (income), net in the Consolidated Statement of Operations. Other operating (income) expense, net is typically excluded from the segment measure. However, this particular gain was included in the Advanced Materials and 3D Printing Technology segment's earnings in 2015.
- (9) As reported in the Consolidated Statement of Operations.

Kodak reduced workers' compensation reserves by approximately \$8 million in both 2016 and 2015, primarily driven by changes in discount rates. The reduction in reserves impacted gross profit by approximately \$4 million, SG&A by approximately \$3 million and R&D by approximately \$1 million in both years.

RESULTS OF OPERATIONS

	Year Ended December 31, 2017	% of Sales	Year Ended December 31, 2016	% of Sales	\$ Change vs. 2016	Year Ended December 31, 2015	% of Sales	\$ Change vs. 2015
Revenues	\$ 1,531		\$ 1,643		(112)	\$ 1,803		(160)
Cost of revenues	1,176		1,240		(64)	1,422		(182)
Gross profit	355	23%	403	25%	(48)	381	21%	22
Selling, general and administrative expenses	205	13%	198	12%	7	226	13%	(28)
Research and development costs	53	3%	60	4%	(7)	61	3%	(1)
Restructuring costs and other	31	2%	16	1%	15	38	2%	(22)
Other operating expense (income), net	28	2%	16	1%	12	(6)	0%	22
Goodwill impairment loss	56	4%	—	0%	56	8	0%	(8)
(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	(18)	(1%)	113	7%	(131)	54	3%	59
Interest expense	32	2%	60	4%	(28)	63	3%	(3)
Loss on early extinguishment of debt	—	-	4	0%	(4)	—	—	4
Other (income) charges, net	(37)	(2%)	4	0%	(41)	21	1%	(17)
Reorganization items, net	—	-	(6)	(0%)	6	5	0%	(11)
(Loss) earnings from continuing operations before income taxes	(13)	(1%)	51	3%	(64)	(35)	(2%)	86
(Benefit) provision for income taxes	(110)	(7%)	33	2%	(143)	32	2%	1
Equity in loss of equity method investment, net of income taxes	1	0%	—	-	1	—	-	-
Earnings (loss) from continuing operations	96	6%	18	1%	78	(67)	(4%)	85
Loss from discontinued operations, net of income taxes	(2)	(0%)	(2)	(0%)	-	(8)	(0%)	6
NET EARNINGS (LOSS)	94	6%	16	1%	78	(75)	(4%)	91
Less: Net income attributable to noncontrolling interests	—	-	1	0%	(1)	5	0%	(4)
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 94	6%	\$ 15	1%	79	\$ (80)	(4%)	95

Revenues

Current Year

For the year ended December 31, 2017, revenues decreased by approximately \$112 million compared with the same period in 2016. The decline was primarily driven by volume and pricing declines within Print Systems (\$80 million). Also contributing to the decrease were volume declines from Consumer Inkjet and Industrial Films and Chemicals within Consumer and Film (\$30 million) and Enterprise Inkjet Solutions (\$20 million). Partially offsetting these declines were volume improvements in Flexographic Packaging (\$11 million) and brand licensing arrangements (\$8 million). See segment discussions for additional details.

Prior Year

For the year ended December 31, 2016, revenues decreased by approximately \$160 million compared with the same period in 2015. The decline was primarily driven by volume and pricing declines within Print Systems (\$88 million). Also contributing to the decrease were volume declines in Consumer and Film (\$44 million) and Software and Solutions (\$24 million), as well as unfavorable foreign currency rates (\$11 million) and lower non-recurring intellectual property and brand licensing arrangements (\$8 million). Partially offsetting these declines were volume improvements in Flexographic Packaging (\$10 million). See segment discussions for additional details.

Gross Profit

Current Year

Gross profit for 2017 decreased by approximately \$48 million. The decrease was driven by pricing declines and lower volume within Print Systems (\$35 million and \$11 million, respectively), lower volume and higher manufacturing costs within Consumer and Film (\$17 million and \$15 million, respectively) and increased inventory write-offs due to restructuring (\$7 million). Partially offsetting these declines were the deconsolidation of the RED utilities variable interest entity (\$12 million), lower depreciation expense (\$9 million, excluding depreciation within the RED utilities variable interest entity), volume improvement in Flexographic Packaging (\$7 million) and brand licensing arrangements (\$8 million). See segment discussions for additional details.

Prior Year

Gross profit for 2016 increased by approximately \$22 million. The increase was driven by cost improvements within Print Systems and Enterprise Inkjet Systems (\$54 million and \$13 million, respectively, excluding the impact of lower depreciation) and lower depreciation expense (\$26 million) driven by Consumer and Film (\$15 million). Also contributing were favorable impacts from pension income (\$14 million), higher volume within Flexographic Packaging (\$6 million) and lower accelerated depreciation from restructuring (\$8 million). Partially offsetting these improvements were pricing declines and lower volume within Print Systems (\$46 million and \$6 million, respectively), lower volume and unfavorable cost within Consumer and Film (\$14 million and \$10 million, respectively), unfavorable foreign currency rates (\$12 million), and unfavorable volume within Enterprise Inkjet Systems and Software and Solutions (\$6 million and \$5 million, respectively). See segment discussions for additional details.

Gross profit for 2015 included a \$9 million favorable impact from the reduction of an accrual due to the change in U.S. vacation benefits.

Selling, General and Administrative Expenses

Consolidated SG&A for 2017 increased \$7 million due to lower pension income (\$13 million) and higher SG&A in Consumer and Film (\$8 million) partially offset by reduced spending in Enterprise Inkjet Systems (\$12 million). See segment discussions for additional details. The decrease in consolidated selling, general and administrative expenses from 2015 to 2016 was primarily due to cost reduction actions and the favorable impact of pension and OPEB income (\$14 million).

Research and Development Costs

Consolidated R&D expenses decreased \$7 million in 2017 due to lower investment in R&D activities in Enterprise Inkjet Systems, Software and Solutions (both \$4 million) and Consumer and Film (\$3 million) partially offset by lower pension income (\$3 million). See segment discussions for additional details. The decrease in consolidated R&D expenses in 2016 was primarily due to the company focusing investment in material science projects and eliminating programs that no longer aligned with this strategy.

Restructuring Costs and Other

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

Other Operating Expense (Income), Net

For details, refer to Note 13, "Other Operating Expense (Income), Net."

Other (Income) Charges, Net

For details, refer to Note 14, "Other (Income) Charges, Net."

Provision for Income Taxes

For details, refer to Note 15, "Income Taxes."

Discontinued Operations

Discontinued operations of Kodak include the PI/DI Business. Refer to Note 25, "Discontinued Operations" in the Notes to Financial Statements for additional information.

PRINT SYSTEMS SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 942	\$ 1,018	\$ (76)	\$ 1,107	\$ (89)
Operational EBITDA	58	106	(48)	99	7
Operational EBITDA as a % of revenues	6%	10%		9%	

Revenues

Current Year

The decrease in Print Systems revenues of approximately \$76 million reflected lower pricing in Prepress consumables (\$29 million) as a result of competitive pressures in the industry, lower volume in Prepress consumables (\$17 million), and lower volume in Electrophotographic Printing Solutions (\$19 million) driven by fewer equipment placements and declines in consumables and service. Also contributing to the revenue decline was lower volume and pricing in Prepress service (\$4 million and \$2 million, respectively) driven by continued decline in installed equipment and lower volume and pricing for equipment in Prepress Solutions (\$3 million and \$2 million, respectively) due to fewer equipment placements and competitive pricing pressures. Offsetting these declines was the favorable impact of foreign currency (\$5 million).

Prior Year

The decrease in Print Systems revenues of approximately \$89 million reflected lower pricing in Prepress consumables (\$42 million) as a result of competitive pressures in the industry, lower volume in Prepress consumables (\$15 million), and lower volume in Electrophotographic Printing Solutions (\$22 million) driven by fewer equipment placements and declines in consumables and service.

Operational EBITDA

Current Year

The decrease in Print Systems Operational EBITDA of approximately \$48 million reflected pricing and volume declines in Prepress Solutions (\$35 million and \$5 million, respectively) as well as lower volume in Electrophotographic Printing Solutions (\$6 million). Manufacturing costs improvements in Prepress plates and service due to improved manufacturing efficiency and cost improvements (\$12 million) were offset by higher aluminum costs (\$12 million).

Prior Year

The increase in Print Systems Operational EBITDA of approximately \$7 million was driven by manufacturing costs improvements in Prepress consumables due to lower aluminum costs (\$28 million) and improved manufacturing efficiency (\$22 million) driven by the closure of the Leeds, England plant at the end of August 2015. Also contributing to the improvement was lower SG&A (\$6 million) due to cost reductions. Offsetting these improvements were pricing declines in Prepress consumables (\$42 million) as a result of competitive pricing pressures in the industry, volume declines in Electrophotographic Printing Solutions (\$3 million), lower volumes in Prepress Solutions (\$3 million) and pricing declines in Electrophotographic Printing Solutions (\$3 million).

ENTERPRISE INKJET SYSTEMS SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 144	\$ 166	\$ (22)	\$ 165	\$ 1
Operational EBITDA	5	(16)	21	(27)	11
Operational EBITDA as a % of revenues	3%	-10%		-16%	

Revenues

Current Year

The decrease in Enterprise Inkjet Systems revenues of approximately \$22 million primarily reflected lower volume of PROSPER systems (\$17 million) due to focusing on high volume applications, as well as lower volume of components (\$6 million) primarily attributed to a slow-down of equipment placements across the market. In addition, volume of VERSAMARK service and consumables decreased due to declines in the installed base of VERSAMARK systems (\$11 million). These unfavorable drivers were partially offset by increased volume of PROSPER service and consumable sales (\$3 million) primarily driven by a larger installed base of PROSPER systems and components, and in Kodak Print Services (\$3 million) due to 2017 being the first full year of operations. Other favorable drivers included a revenue reduction due to consideration provided to a customer in the prior year (\$5 million) and higher volume of VERSAMARK equipment sales (\$3 million) primarily due to the sale of used equipment in the first quarter of 2017.

Prior Year

Enterprise Inkjet Systems revenues were relatively flat in 2016, which primarily reflected improved volume of PROSPER service and consumable sales (\$15 million) driven by a larger installed base of PROSPER systems and components and higher volume of PROSPER equipment (\$4 million). These favorable drivers were offset by volume declines in VERSAMARK service and consumables (\$6 million) due to declines in the installed base of VERSAMARK systems and components, a revenue reduction due to consideration provided to a customer (\$5 million), unfavorable product mix in PROSPER equipment (\$4 million) as well as fewer VERSAMARK equipment placements (\$2 million).

Operational EBITDA

Current Year

The increase in Enterprise Inkjet Systems Operational EBITDA of \$21 million was primarily due to a lower level of investment in marketing, advertising and sales activities (\$12 million) and R&D activities (\$4 million), and a revenue reduction due to consideration provided to a customer in the prior year (\$4 million). A portion of the lower investments in marketing, advertising and sales and R&D activities represents savings from the PROSPER restructuring actions announced in January 2017 (refer to the “Restructuring Costs and Other – Prosper Business Cost Reduction” section in this Management’s Discussion and Analysis) as well as \$3 million of cost for participation in drupa 2016 in the prior year. In addition, there was a favorable impact from the volume improvement in PROSPER service and consumables (\$1 million). The negative impact of the lower volume of PROSPER component sales was offset by the positive impact on profitability from the volume reduction in PROSPER systems (\$3 million). The negative impact of the lower volume of VERSAMARK services and consumables (\$3 million) was offset by improvements in manufacturing cost efficiencies (\$3 million).

Prior Year

The increase in Enterprise Inkjet Systems Operational EBITDA of \$11 million was driven by favorable costs (\$13 million) primarily due to absorption benefits from higher volumes of PROSPER service and consumable sales as well as lower costs for PROSPER equipment, favorable product mix of PROSPER equipment (\$3 million) and lower levels of marketing and selling expenses and R&D expenses (each \$1 million). Partially offsetting these increases was lower volume of VERSAMARK service and consumables and fewer VERSAMARK equipment placements (each \$2 million) as well as a revenue reduction due to consideration provided to a customer (\$4 million).

FLEXOGRAPHIC PACKAGING SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 145	\$ 132	\$ 13	\$ 127	\$ 5
Operational EBITDA	31	24	7	24	-
Operational EBITDA as a % of revenues	21%	18%		19%	

Revenues

Current Year

The increase in Flexographic Packaging revenues of approximately \$13 million primarily reflected volume improvements in FLEXCEL NX consumables (\$14 million) due to a larger installed base of FLEXCEL NX systems, favorable equipment product mix (\$2 million) and the favorable impact of currency (\$1 million) partially offset by fewer FLEXCEL NX equipment placements (\$2 million) and declining revenues from Other Packaging products (\$2 million).

Prior Year

The increase in Flexographic Packaging revenues of approximately \$5 million primarily reflected volume improvements in FLEXCEL NX consumables (\$12 million) due to a larger installed base of FLEXCEL NX systems and higher FLEXCEL NX unit placements (\$2 million). Partially offsetting these improvements were declining revenues for Other Packaging products (\$3 million), unfavorable Packaging equipment product mix (\$1 million) and unfavorable foreign currency rates (\$4 million).

Operational EBITDA

Current Year

Flexographic Packaging Operational EBITDA increased by approximately \$7 million. Volume improvements in FLEXCEL NX consumables (\$9 million) and the favorable impact of currency (\$2 million) and product cost improvements (\$1 million) were partially offset by volume and pricing declines in Other Packaging products (\$2 million) and increased investment in sales and marketing activities (\$3 million).

Prior Year

Flexographic Packaging Operational EBITDA was unchanged in 2016 as improved gross profit driven by higher volume of FLEXCEL NX consumables (\$7 million), was offset by unfavorable currency rates (\$7 million).

SOFTWARE AND SOLUTIONS SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 85	\$ 90	\$ (5)	\$ 120	\$ (30)
Operational EBITDA	1	1	-	10	(9)
Operational EBITDA as a % of revenues	1%	1%		8%	

Revenues

Current Year

The decrease in Software and Solutions revenues of approximately \$5 million primarily reflected volume declines in Kodak Technology Solutions due to the divestiture of the Design2Launch and brand protection businesses in the second quarter of 2016 (\$2 million), and lower volume in digital front-end controllers (\$2 million).

Prior Year

The decrease in Software and Solutions revenues of approximately \$30 million primarily reflected volume declines in Kodak Technology Solutions due to lower revenues from government contracts (\$17 million), the divestiture of the Design2Launch and brand protection businesses in the second quarter of the current year (\$5 million), lower volume in Unified Workflow Solutions (\$3 million) and unfavorable currency rates (\$2 million).

Operational EBITDA

Current Year

Software and Solutions Operational EBITDA was unchanged from the prior year as a lower level of R&D expenses (\$4 million) was primarily offset by lower volume in digital front-end controllers, higher manufacturing costs and increased sales and marketing initiatives (each \$1 million).

Prior Year

The decrease in Software and Solutions Operational EBITDA of approximately \$9 million primarily reflected the volume declines in Kodak Technology Solutions described above (\$5 million) and lower volume in Unified Workflow Solutions (\$1 million). Partially offsetting these declines were favorable impacts from divesting the Design2Launch and brand protection businesses in the second quarter of the current year (\$3 million).

CONSUMER AND FILM SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 198	\$ 221	\$ (23)	\$ 269	\$ (48)
Operational EBITDA	(16)	16	(32)	52	(36)
Operational EBITDA as a % of revenues	-8%	7%		19%	

Revenues

Current Year

The decrease in Consumer and Film revenues of approximately \$23 million reflected volume declines in Consumer Inkjet Systems (\$16 million) driven by lower sales of ink to the existing installed base of printers and volume declines in Industrial Film and Chemicals (\$5 million) driven by lower demand for photo paper chemicals. These unfavorable impacts were offset by higher revenue from brand licensing (\$8 million) which included a royalty payment from the modification of a brand licensing arrangement (\$6 million) and favorable pricing in Motion Picture (\$2 million). The brand licensing modification provided for a payment upon signing satisfying annual minimum royalty payments through 2023. Additionally, the prior year included fulfillment of a significant industrial film order (\$7 million) and \$3 million related to the fulfillment of motion picture film volume commitments.

Current year brand licensing revenue included \$750,000 from a license granted to WENN Digital, Inc. ("WENN") to use Kodak's brand in connection with WENN's KODAKOne image rights management platform and Kodak branded cryptocurrency for a three-year period ending December 31, 2020. Consideration for the license included \$750,000 in cash, 50,000 shares of WENN common stock and the right to 3 million cryptocurrency coins (the "Tokens") upon completion of WENN's initial coin offering of the Kodak branded cryptocurrency. The cash, deemed value of the WENN stock (\$1.25 million), and deemed value of the Tokens serve as an advance royalty to be credited against sales based royalties in the future. The deemed value of the Tokens will be determined one year from their receipt, not to exceed \$3 million. The advance royalty is non-refundable. No future sales-based royalty payment will be due until the advance royalty has been depleted. Kodak is also entitled under the license agreement to receive 3% of any cryptocurrency coins issued by WENN in excess of 100,000,000 coins. The common stock of WENN and the right to receive Tokens were recorded at immaterial amounts as of the date of the transaction and as of December 31, 2017. Future changes in value of the common stock of WENN and the Tokens will be reported in Other (income) charges, net in the Consolidated Statement of Operations. The WENN shares and Tokens received by Kodak are restricted securities under applicable securities laws and may only be resold if such sale is registered under applicable securities laws or an exemption from such registration is available.

The licensing arrangement with WENN is a transaction entered into by Kodak in the ordinary course of conducting its brand licensing business with a third party which Kodak does not own or control. Kodak does not have any seats on WENN's board of directors or any contractual right to board representation. WENN is the developer of, and will own and operate, the KODAKOne platform. WENN is also the issuer of the Kodak branded cryptocurrency, and Kodak will not receive any proceeds from the initial coin offering or other issuances by WENN of such cryptocurrency. All communications with potential investors in the initial coin offering are from WENN, and WENN will make any offers and sales in such offering. The kodakcoin.com and kodakone.com websites are owned and managed by WENN.

Prior Year

The decrease in Consumer and Film revenues of approximately \$48 million reflected volume declines in Consumer Inkjet Systems (\$30 million) driven by lower sales of ink to the existing installed base of printers and in Motion Picture, Industrial Chemicals and Films (\$20 million) due to declining demand for film products. Also contributing to the decline were lower revenues from brand licensing (\$4 million) and unfavorable currency rates (\$3 million). Partially offsetting these decreases were the favorable impact from a significant industrial films order (\$7 million) and the fulfillment of motion picture film volume commitments (\$3 million). Additionally, the prior year included \$6 million from a brand licensing arrangement that was amended in 2016. The amendment eliminated a requirement for the licensee to pay quarterly royalties through the end of 2018 in return for an upfront payment.

Operational EBITDA

Current Year

The \$32 million decrease in the Consumer and Film Operational EBITDA reflected volume declines in Consumer Inkjet Systems (\$12 million) driven by lower sales of ink to the existing installed base of printers, unfavorable cost absorption in Industrial Film and Chemicals (\$7 million), unfavorable manufacturing costs in Motion Picture (\$9 million) primarily due to the impact of costs associated with a vendor transition and higher SG&A (\$8 million) driven by an increased investment in sales and marketing initiatives. This was offset by the higher brand licensing revenue (\$8 million), lower R&D spending (\$3 million) as the prior year included higher investment in the Super 8 movie camera, favorable pricing in Motion Picture (\$2 million) and lower costs in Consumer Inkjet (\$1 million). Additionally, the prior year included the impact of a significant industrial film order (\$6 million) and the fulfillment of motion picture film volume commitments (\$3 million).

Prior Year

The \$36 million decrease in the Consumer and Film Operational EBITDA was driven by the volume declines in Consumer Inkjet Systems as mentioned above (\$24 million), as well as unfavorable costs in Motion Picture, Industrial Chemicals and Films (\$12 million) primarily due to lower production volume. Also contributing were higher R&D costs (\$6 million) due to increased investment in the Super 8 camera, lower revenues from brand licensing (\$4 million), and unfavorable currency rates (\$3 million). Partially offsetting these decreases were the favorable impact from a significant industrial films order (\$6 million), the fulfillment of motion picture film volume commitments (\$3 million) and lower costs in Consumer Inkjet (\$2 million).

As discussed above, 2015 included \$6 million from a non-recurring brand licensing payment.

ADVANCED MATERIALS AND 3D PRINTING TECHNOLOGY SEGMENT

	Year Ended December 31,				
	2017	2016	\$ Change	2015	\$ Change
Revenues	\$ 1	\$ 1	\$ -	\$ 2	\$ (1)
Operational EBITDA	(26)	(26)	-	(35)	9
Operational EBITDA as a % of revenues	N/M	N/M		N/M	

Current Year

Advanced Materials and 3D Printing Technology Operational EBITDA was unchanged. The reduced level of investment is expected to impact segment earnings by approximately \$10 million annually.

Prior Year

Advanced Materials and 3D Printing Technology Operational EBITDA improved approximately \$9 million primarily due to lower R&D costs as the company focused investment in materials science projects and eliminated programs that no longer aligned with this strategy. The results for 2015 included a gain related to assets that were acquired for no monetary consideration as part of the termination of the relationship with Unipixel (\$3 million).

EASTMAN BUSINESS PARK SEGMENT

Eastman Business Park revenue and Operational EBITDA did not change significantly in the reporting periods.

RESTRUCTURING COSTS AND OTHER

2017

Restructuring actions taken in 2017 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included actions associated with the Prosper business cost reduction, voluntary workforce transition plans in the U.S., an office closure in Switzerland, the cancellation of the copper touch screen program, as well as various targeted reductions in manufacturing, service, sales, research and development and other administrative functions.

As a result of these actions, for the year ended December 31, 2017 Kodak recorded \$38 million of charges, including \$7 million of charges for inventory write-downs which were reported in Cost of revenues and \$31 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

Kodak made cash payments related to restructuring of approximately \$15 million for the year ended December 31, 2017.

The restructuring actions implemented in 2017 are expected to generate future annual cash savings of approximately \$40 million. These savings are expected to reduce future annual Cost of revenues, SG&A and R&D expenses by \$12 million, \$18 million and \$10 million, respectively. Kodak expects the majority of the annual savings to be in effect by the end of the first half of 2018 as actions are completed.

2016

For the year ended December 31, 2016 Kodak recorded \$16 million of charges, including \$1 million of charges for inventory write-downs which were reported in Cost of revenues and \$15 million which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

2015

For the year ended December 31, 2015 Kodak recorded \$46 million of charges, including \$8 million for accelerated depreciation which was reported in Cost of revenues, \$37 million which was reported as Restructuring costs and other and \$1 million which was reported in (Loss) earnings from discontinued operations in the accompanying Consolidated Statement of Operations.

Prosper Business Cost Reduction

On January 12, 2017, Kodak announced an action to streamline costs in its Prosper business. This action is pursuant to Kodak's initiative to focus the Prosper business on developing next generation UltraStream technology with solutions that place writing systems in original equipment manufacturer and hybrid applications and the continued placement of Prosper 6000 presses and components in suitable high volume applications. The action has been substantially completed as of December 31, 2017.

As a result of this action, during the year ended December 31, 2017 Kodak incurred total restructuring and related charges of \$12 million, including \$4 million of charges related to separation benefits, \$6 million of non-cash related charges for inventory write-downs, and \$2 million of non-cash related charges for asset write-offs.

LIQUIDITY AND CAPITAL RESOURCES

2017

(in millions)	As of December 31,	
	2017	2016
Cash, cash equivalents and restricted cash	\$ 369	\$ 478

Cash Flow Activity

(in millions)	Year Ended December 31,		Year-Over-Year Change
	2017	2016	
Cash flows from operating activities:			
Net cash used in operating activities	\$ (67)	\$ (15)	\$ (52)
Cash flows from investing activities:			
Net cash used in investing activities	(24)	(29)	5
Cash flows from financing activities:			
Net cash used in financing activities	(29)	(72)	43
Effect of exchange rate changes on cash	11	(6)	17
Net decrease in cash, cash equivalents and restricted cash	\$ (109)	\$ (122)	\$ 13

Operating Activities

Net cash used in operating activities increased \$52 million for the year ended December 31, 2017 as compared with the prior year primarily due to increased cash usage for working capital and lower cash earnings, partially offset by reduced payments for other liabilities in the current year.

Cash earnings included lower interest expense (\$28 million) in the current year period primarily due to the prepayment of the Senior Secured Second Lien Term Credit Agreement and \$10 million in net litigation proceeds from DuPont received in the prior year period.

Investing Activities

Net cash used in investing activities improved \$5 million for the year ended December 31, 2017 as compared to the prior year due to lower levels of capital expenditures and the impact of the \$3 million reduction in cash due to the deconsolidation of RED in the prior year.

Financing Activities

Net cash used in financing activities improved \$43 million in the year ended December 31, 2017 as compared to the prior year primarily due to repayments of emergence credit facilities in the prior year period partially offset by the issuance of Series A Preferred Stock.

Sources of Liquidity

Available liquidity includes cash balances and the unused portion of the Amended and Restated Credit Agreement (the "Amended Credit Agreement"). The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At December 31, 2017 and 2016, approximately \$172 million and \$205 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$172 million and \$229 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. Kodak utilizes cash balances outside the U.S. to fund needs in the U.S. through the use of intercompany loans. As of December 31, 2017, outstanding intercompany loans to the U.S. were \$358 million which includes short-term intercompany loans of \$59 million. In China, where approximately \$108 million of cash and cash equivalents were held as of December 31, 2017, 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 Senior Secured First Lien Term Credit Agreement (the "Term Credit Agreement") and the Amended Credit Agreement (together with the Term Credit Agreement, the "Credit Agreements"), the Company is permitted to invest up to \$100 million at any time in subsidiaries and joint ventures that are not party to the loan agreement.

Kodak funded \$6 million and \$25 million to the Eligible Cash account held with the Amended Credit Agreement and Amended Credit Agreement Administrative Agents as of December 31, 2017 and 2016, which is classified as Restricted cash in the Consolidated Statement of Financial Position, supporting the Excess Availability amount.

During the second quarter of 2017, the Company reduced the amount of outstanding letters of credit issued under the Amended Credit Agreement by \$20 million, which increased the amount of Excess Availability by a corresponding amount, enabling the Company to release Eligible Cash. The reduction of outstanding letters of credit was primarily attributable to the substitution of partially collateralized surety bonds in place of outstanding

letters of credit. If the Company's credit ratings were to decline, the Company would be required to provide up to \$19 million of letters of credit to the issuers of the surety bonds to fully collateralize the bonds. Under the Amended Credit Agreement, if Excess Availability (\$20 million as of December 31, 2017) falls below 12.5% of lender commitments (\$18.75 million as of December 31, 2017), Kodak may, in addition to the requirement to be in compliance with a minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Kodak intends to continue to maintain Excess Availability above the minimum threshold which may require additional funding of Eligible Cash. In addition to Eligible Cash, the borrowing base is supported by Eligible Receivables, Eligible Inventory and Eligible Equipment. To the extent the assets supporting the borrowing base decline, if the remaining assets included in the borrowing base are not sufficient to support the required Excess Availability amount, additional funding of Eligible Cash may be required. Since Excess Availability was greater than 12.5% of lender commitments Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0. As of December 31, 2017, Kodak is in compliance with all covenants under the Amended Credit Agreement. If Kodak was required to have a Fixed Charge Coverage Ratio of 1.0 to 1.0, as defined in the Amended Credit agreement, Fixed Charges exceeded EBITDA by approximately \$6 million.

Under the terms of the Term Credit Agreement, Kodak is required to maintain a Secured Leverage Ratio not to exceed specified levels. The Secured Leverage Ratio is tested at the end of each quarter based on the prior four quarters and is generally determined by dividing secured debt, net of U.S. cash and cash equivalents, by consolidated EBITDA, as calculated under the credit agreement. The maximum Secured Leverage Ratio permitted under the Term Credit Agreement is 2.75 to 1. As of December 31, 2017, Kodak's EBITDA, as calculated under the Term Credit Agreement, exceeded the EBITDA necessary to satisfy the covenant ratios by approximately \$26 million.

Subject to Board approval and the terms of the Credit Agreements, the Company may designate Restricted Subsidiaries as Unrestricted Subsidiaries provided the aggregate sales of all Unrestricted Subsidiaries are less than 7.5% of the consolidated sales of Kodak and the aggregate assets of all Unrestricted Subsidiaries are less than 7.5% of Kodak's consolidated assets. Further, under the Amended Credit Agreement, on a pro forma basis at the time of designation and immediately after giving effect thereto, Excess Availability must be at least \$30 million and the pro forma Fixed Charge Coverage Ratio must be no less than 1.0 to 1.0. Upon designation of Unrestricted Subsidiaries, the Company will be required to provide to the Lenders reconciling statements to eliminate all financial information pertaining to Unrestricted Subsidiaries which is included in its annual and quarterly financial statements.

In March, the Company expects to designate five subsidiaries as Unrestricted Subsidiaries, Kodak PE Tech, LLC, Kodak LB Tech, LLC, Kodak Realty, Inc., Kodakit Singapore Pte. Limited and KP Services (Jersey) Ltd. This action will allow the Company to better position assets which may be monetized in the future and address costs related to underutilized properties. Collectively, these subsidiaries have sales of approximately \$7 million for the year ended December 31, 2017 and assets of \$17 million as of December 31, 2017, which represent 0% and 1%, respectively, of Kodak's consolidated sales for the year ended December 31, 2017 and consolidated assets as of December 31, 2017. The designation of these subsidiaries as Unrestricted Subsidiaries is expected to increase the amount by which the Company's EBITDA, as calculated under the Term Credit Agreement and the Amended Credit Agreement, exceeds the amount of EBITDA needed to satisfy the Net Secured Leverage Ratio covenant of 2.75 to 1.0 and the Fixed Charge Coverage Ratio of 1.0 to 1.0, respectively. Each of the capitalized but undefined terms has the meaning ascribed to such term in the Credit Agreements.

Kodak intends to conduct its operations in a manner that will result in continued compliance with the secured leverage ratio covenant; however, future compliance may depend on Kodak undertaking one or more non-operational transactions, such as the repatriation of cash into the U.S., the management of operating cash outflows, the designation of subsidiaries as Unrestricted Subsidiaries, a monetization of assets, a debt refinancing, the raising of equity capital, or a similar transaction. If Kodak is unable to remain in compliance and does not make alternate arrangements with its term lenders, an event of default would occur under Kodak's credit agreements which, among other remedies, would entitle the lenders or their agents to declare the outstanding obligations under the Term Credit Agreement to be immediately due and payable.

Kodak made contributions (funded plans) or paid net benefits (unfunded plans) totaling approximately \$17 million relating to its defined benefit pension and postretirement benefit plans in 2017. For 2018, the forecasted contribution (funded plans) and net benefit payment (unfunded plans) requirements for its defined benefit pension and postretirement plans are approximately \$22 million.

Cash flows from investing activities included \$38 million for capital expenditures for the year ended December 31, 2017. Kodak expects approximately \$30 million to \$40 million of cash flows for investing activities from capital expenditures for the year ended December 31, 2018.

Kodak is expanding its manufacturing facility in Weatherford, Oklahoma to provide additional production capacity for FLEXCEL NX Plates. The additional capacity will supplement Kodak's existing plate manufacturing facility in Yamanashi, Japan and is designed to meet increasing demand. The new production line is expected to be in full production by mid-2019 and will initially focus on supplying FLEXCEL NX Plates to customers in the United States, Canada and Latin America. Kodak invested approximately \$7 million in 2017 and expects the total investment for the project to be approximately \$16 million.

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. The loans made under the First Lien Term Credit Agreement become due on the earlier to occur of (i) the maturity date of September 3, 2019 or (ii) an acceleration of such loans following the occurrence of an event of default (as defined in the First Lien Term Credit Agreement). Kodak intends to refinance the loans under the First Lien Term Credit Agreement before their maturity date. See Item 1A. "Risk Factors" for a discussion of potential challenges to liquidity.

Refer to Note 8, "Debt and Capital Leases," and Note 9, "Redeemable, Convertible Series A Preferred Stock" in the Notes to Financial Statements for further discussion of long-term debt and convertible preferred shares.

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, 2017					
		2018	2019	2020	2021	2022	2023+
Long-term debt ⁽¹⁾	\$ 398	\$ 1	\$ 395	\$ 1	\$ —	\$ 1	\$ —
Interest payments on debt ⁽²⁾	65	30	29	3	3	—	—
Capital lease obligations	7	3	2	—	—	—	2
Operating lease obligations	67	22	15	15	8	1	6
Purchase obligations ⁽³⁾	24	10	8	4	1	1	—
Convertible preferred stock dividends ⁽⁸⁾	45	11	11	11	12	—	—
Total ^{(4) (5) (6) (7)}	<u>\$ 606</u>	<u>\$ 77</u>	<u>\$ 460</u>	<u>\$ 34</u>	<u>\$ 24</u>	<u>\$ 3</u>	<u>\$ 8</u>

(1) Primarily represents the maturity values of Kodak's long-term debt obligations as of December 31, 2017. Annual amounts represent the minimum principal payments owed each year. The contractual obligations do not reflect any contingent mandatory annual principal repayments that may be required to be made upon achieving certain excess cash flow targets, as defined in the Term Credit Agreements. Other prepayments may be required upon the occurrences of certain other events. The loans made under the First Lien Term Credit Agreement become due on the earlier to occur of (i) the maturity date of September 3, 2019 or (ii) an acceleration of such loans following the occurrence of an event of default (as defined in the First Lien Term Credit Agreement). Kodak intends to refinance the loans under the First Lien Term Credit Agreement before their maturity date. Refer to Note 8, "Debt and Capital Leases" in the Notes to Financial Statements.

(2) Also includes commitment fees for the Amended Credit Agreement.

(3) 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.

(4) 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 15, "Income Taxes," in the Notes to Financial Statements for additional information regarding Kodak's uncertain tax positions.

(5) 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.

(6) Because timing of their future cash outflows are uncertain, the other long-term liabilities presented in Note 7, "Other Long-Term Liabilities," in the Notes to Financial Statements are excluded from this table.

(7) On September 3, 2013, Kodak consummated the sale of certain assets of the PI/DI Business to the KPP Purchasing Parties. Up to \$35 million in aggregate of the purchase price is subject to repayment to the KPP Purchasing Parties if the PI/DI Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. The PI/DI Business did not achieve the annual adjusted EBITDA targets for the years ending December 31, 2016 and 2015. As a result, \$11 million of the purchase price, representing the maximum amount that could be owed for 2016 and 2015, was repaid to the KPP Purchasing Parties. The maximum amount that could be owed in each year of the remaining two-year period is as follows: \$10 million in 2018 and \$14 million in 2019. Due to uncertainty regarding the level of annual adjusted EBITDA for the PI/DI Business, no payments have been included in the table. Refer to Note 25, "Discontinued Operations."

(8) On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"), for an aggregate purchase price of \$200 million, or \$100 per share pursuant to a Series A Preferred Stock Purchase Agreement. The Series A Preferred Stock has a liquidation preference of \$100 per share, and the holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. If holders of the Series A Preferred stock convert their shares into common stock, dividends will decrease. The Company is required to redeem all shares not converted prior to the fifth anniversary of the initial issuance at \$100 per share plus the amount of any accrued and unpaid dividends. Due to uncertainty regarding the number of shares that will be redeemed, the redemption has not been included in the above table.

Off-Balance Sheet Arrangements

EKC guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$9 million and the outstanding amount for those guarantees is \$3 million.

In connection with the settlement of certain of the Company's historical environmental liabilities at EBP and in accordance with the terms of the associated settlement agreement ("Amended EBP Settlement Agreement"), in the event the historical EBP liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

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, 2017 was not material to Kodak's financial position, results of operations or cash flows.

2016

Cash Flow Activity

(in millions)	As of December 31,	
	2016	2015
Cash, cash equivalents and restricted cash	\$ 478	\$ 600

Cash Flow Activity

	Year Ended December 31,		Year-Over- Year Change
(in millions)	2016	2015	
<u>Cash flows from operating activities:</u>			
Net cash used in operating activities	\$ (15)	\$ (95)	\$ 80
<u>Cash flows from investing activities:</u>			
Net cash used in investing activities	(29)	(41)	12
<u>Cash flows from financing activities:</u>			
Net cash used in financing activities	(72)	(1)	(71)
Effect of exchange rate changes on cash	(6)	(21)	15
Net decrease in cash, cash equivalents and restricted cash	\$ (122)	\$ (158)	\$ 36

Operating Activities

Net cash used in operating activities improved by \$80 million for the year ended December 31, 2016 as compared with the prior year primarily due to improved earnings, which includes the \$10 million in net litigation proceeds from DuPont, as well as increased cash provided from declines in accounts receivable and inventory and lower levels of liabilities as Kodak's size declines.

Investing Activities

Net cash used in investing activities improved \$12 million for the year ended December 31, 2016 as compared to the prior year primarily due to increased proceeds from the sales of businesses/assets. Partially offsetting the favorable impacts was the \$3 million reduction in cash due to the deconsolidation of RED.

Financing Activities

Net cash used in financing activities increased \$71 million in the year ended December 31, 2016 as compared to the prior year primarily due to repayments of emergence credit facilities partially offset by proceeds from the issuance of preferred stock and from equity transactions with non-controlling interests.

SUMMARY OF OPERATING DATA

A summary of operating data for 2017 and for the four years prior is shown in Item 6.

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. 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% stronger at December 31, 2017 and 2016, the fair value of open forward contracts would have decreased \$21 million and \$20 million, respectively. Such changes in fair value would be substantially offset by the revaluation or settlement of the underlying positions hedged.

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 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.

Kodak's borrowings under the First Lien Term Credit Agreement are in variable-rate instruments with an interest rate floor. See Note 8, "Debt and Capital Leases" in the Notes to Financial Statements. At December 31, 2017 and 2016, the one-month LIBOR rate was approximately 1.56 % and 0.77%, respectively. When the LIBOR rates are above the 1% floor, interest expense increases approximately \$4 million for each 1% of LIBOR above the floor (\$395 million face amount of debt times 1% at December 31, 2017).

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, 2017 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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Eastman Kodak Company and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2017 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, 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 the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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, NY
March 15, 2018

We have served as the Company's auditor since at least 1924. We have not determined the specific year we began serving as auditor of the Company.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenues			
Sales	\$ 1,232	\$ 1,320	\$ 1,452
Services	299	323	351
Total net revenues	1,531	1,643	1,803
Cost of revenues			
Sales	981	1,028	1,175
Services	195	212	247
Total cost of revenues	1,176	1,240	1,422
Gross profit	355	403	381
Selling, general and administrative expenses	205	198	226
Research and development costs	53	60	61
Restructuring costs and other	31	16	38
Other operating expense (income), net	28	16	(6)
Goodwill impairment loss	56	—	8
(Loss) earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other charges, net, reorganization items, net and income taxes	(18)	113	54
Interest expense	32	60	63
Loss on early extinguishment of debt	—	4	—
Other (income) charges, net	(37)	4	21
Reorganization items, net	—	(6)	5
(Loss) earnings from continuing operations before income taxes	(13)	51	(35)
(Benefit) provision for income taxes	(110)	33	32
Equity in loss of equity method investment, net of income taxes	1	—	—
Earnings (loss) from continuing operations	96	18	(67)
Loss from discontinued operations, net of income taxes	(2)	(2)	(8)
NET EARNINGS (LOSS)	94	16	(75)
Less: Net income attributable to non-controlling interests	—	1	5
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 94	\$ 15	\$ (80)
Basic (loss) earnings per share attributable to Eastman Kodak Company common shareholders:			
Continuing operations	\$ 1.81	\$ 0.33	\$ (1.72)
Discontinued operations	(0.05)	(0.05)	(0.19)
Total	\$ 1.76	\$ 0.28	\$ (1.91)
Diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:			
Continuing operations	\$ 1.81	\$ 0.33	\$ (1.72)
Discontinued operations	(0.05)	(0.05)	(0.19)
Total	\$ 1.76	\$ 0.28	\$ (1.91)
Number of common shares used in basic and diluted (loss) earnings per share			
Basic	42.5	42.2	41.9
Diluted	42.7	42.5	41.9

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in millions)

	Year Ended December 31,		
	2017	2016	2015
NET EARNINGS (LOSS)	\$ 94	\$ 16	\$ (75)
Less: net income attributable to non-controlling interests	—	1	5
Net earnings (loss) attributable to Eastman Kodak Company	94	15	(80)
Other comprehensive loss, net:			
Currency translation adjustments	11	(29)	(35)
Reclassification of realized (gains) losses on available-for-sale securities included in net earnings, net of tax	—	(2)	2
Pension and other postretirement benefit plan obligation activity, net of tax	36	(140)	(98)
Other comprehensive income (loss), net attributable to Eastman Kodak Company	47	(171)	(131)
COMPREHENSIVE INCOME (LOSS), NET ATTRIBUTABLE TO EASTMAN KODAK COMPANY	<u>\$ 141</u>	<u>\$ (156)</u>	<u>\$ (211)</u>

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

	As of December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 344	\$ 434
Trade receivables, net of allowances of \$9 and \$8, respectively	282	277
Inventories, net	276	271
Other current assets	56	57
Total current assets	958	1,039
Property, plant and equipment, net of accumulated depreciation of \$394 and \$344, respectively	314	342
Goodwill	32	88
Intangible assets, net	86	121
Restricted cash	17	36
Deferred income taxes	188	35
Other long-term assets	112	115
TOTAL ASSETS	\$ 1,707	\$ 1,776
LIABILITIES, REDEEMABLE, CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)		
Accounts payable, trade	\$ 198	\$ 200
Short-term borrowings and current portion of long-term debt	4	6
Other current liabilities	217	211
Total current liabilities	419	417
Long-term debt, net of current portion	399	405
Pension and other postretirement liabilities	466	603
Other long-term liabilities	202	268
Total liabilities	1,486	1,693
Commitments and contingencies (Note 10)		
Redeemable, convertible Series A preferred stock, no par value, \$100 per share liquidation preference	164	156
Equity (Deficit)		
Common stock, \$0.01 par value	—	—
Additional paid in capital	631	641
Treasury stock, at cost	(9)	(8)
Accumulated deficit	(174)	(268)
Accumulated other comprehensive loss	(391)	(438)
Total equity (deficit)	57	(73)
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)	\$ 1,707	\$ 1,776

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)

(in millions, except share data)

	Eastman Kodak Company Shareholders								Series A Redeemable Convertible Preferred Stock
	Common Stock ⁽¹⁾	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Non-controlling Interests	Total	
Equity (deficit) as of December 31, 2014	\$ —	\$ 621	\$ (204)	\$ (136)	\$ (4)	277	\$ 22	\$ 299	\$ —
Equity transactions with non-controlling interest	—	—	1	—	—	1	(2)	(1)	—
Net (loss) earnings	—	—	(80)	—	—	(80)	5	(75)	—
Other comprehensive income (loss) (net of tax):									
Currency translation adjustments	—	—	—	(35)	—	(35)	—	(35)	—
Reclassification of realized losses on available-for-sale securities included in net earnings, net of tax	—	—	—	2	—	2	—	2	—
Pension and other postretirement liability adjustments	—	—	—	(98)	—	(98)	—	(98)	—
Stock-based compensation	—	12	—	—	—	12	—	12	—
Purchases of treasury stock, (84,678 shares) ⁽²⁾	—	—	—	—	(1)	(1)	—	(1)	—
Equity (deficit) as of December 31, 2015	\$ —	\$ 633	\$ (283)	\$ (267)	\$ (5)	78	\$ 25	\$ 103	\$ —
Equity transactions with non-controlling interest	—	—	—	—	—	—	15	15	—
Net earnings	—	—	15	—	—	15	1	16	—
Other comprehensive loss (net of tax):									
Currency translation adjustments	—	—	—	(29)	—	(29)	—	(29)	—
Reclassification of realized gains on available-for-sale securities included in net earnings, net of tax	—	—	—	(2)	—	(2)	—	(2)	—
Pension and other postretirement liability adjustments	—	—	—	(140)	—	(140)	—	(140)	—
Issuance of redeemable, convertible Series A preferred stock, net of offering costs	—	—	—	—	—	—	—	—	155
Series A preferred stock cash dividends	—	(2)	—	—	—	(2)	—	(2)	—
Series A preferred stock deemed dividends	—	(1)	—	—	—	(1)	—	(1)	1
Stock-based compensation	—	9	—	—	—	9	—	9	—
Stock issued to settle 2015 incentive compensation	—	2	—	—	—	2	—	2	—
Purchases of treasury stock, (175,715 shares) ⁽²⁾	—	—	—	—	(3)	(3)	—	(3)	—
Deconsolidation of RED	—	—	—	—	—	—	(41)	(41)	—
Equity (deficit) as of December 31, 2016	\$ —	\$ 641	\$ (268)	\$ (438)	\$ (8)	\$ (73)	\$ —	\$ (73)	\$ 156

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

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

(in millions, except share data)

	Eastman Kodak Company Shareholders								Series A Redeemable Convertible Preferred Stock
	Common Stock ⁽¹⁾	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total	Non-controlling Interests	Total	
Equity (deficit) as of December 31, 2016	\$ —	\$ 641	\$ (268)	\$ (438)	\$ (8)	\$ (73)	\$ —	\$ (73)	\$ 156
Net (loss) earnings	—	—	94	—	—	94	—	94	—
Other comprehensive loss (net of tax):									
Currency translation adjustments	—	—	—	11	—	11	—	11	—
Pension and other postretirement liability adjustments	—	—	—	36	—	36	—	36	—
Series A preferred stock cash dividends	—	(11)	—	—	—	(11)	—	(11)	—
Series A preferred stock deemed dividends	—	(8)	—	—	—	(8)	—	(8)	8
Stock-based compensation	—	9	—	—	—	9	—	9	—
Purchases of treasury stock, (98,056 shares) ⁽²⁾	—	—	—	—	(1)	(1)	—	(1)	—
Equity (deficit) as of December 31, 2017	<u>\$ —</u>	<u>\$ 631</u>	<u>\$ (174)</u>	<u>\$ (391)</u>	<u>\$ (9)</u>	<u>\$ 57</u>	<u>\$ —</u>	<u>\$ 57</u>	<u>\$ 164</u>

⁽¹⁾ There are 60 million shares of no par value preferred stock authorized, 2 million of which have been issued.

⁽²⁾ Represents purchases of common stock and/ or warrants to satisfy tax withholding obligations.

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW

(in millions)	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net earnings (loss)	\$ 94	\$ 16	\$ (75)
Adjustments to reconcile to net cash used in operating activities:			
Depreciation and amortization	80	105	145
Pension and other postretirement income	(119)	(147)	(107)
Change in fair value of embedded conversion features derivative liability	(47)	—	—
Non-cash restructuring costs, asset impairments and other charges	89	20	9
Prosper asset remeasurement	12	—	—
Stock based compensation	9	8	18
Non-cash changes in employee benefit reserves	—	(8)	(25)
Net gains on sales of businesses/assets	(8)	(9)	(4)
Loss on deconsolidation of RED	—	15	—
Gain on assets acquired for no monetary consideration	—	—	(3)
Reorganization items:			
Payment of claims	—	—	(10)
Other non-cash reorganization items, net	—	(7)	4
Loss on early extinguishment of debt	—	4	—
(Benefit) provision for deferred income taxes	(129)	15	6
Decrease in trade receivables	11	25	21
(Increase) decrease in inventories	(4)	16	12
(Decrease) increase in trade accounts payable	(14)	13	3
Decrease in liabilities excluding borrowings	(37)	(74)	(104)
Other items, net	(4)	(7)	15
Total adjustments	(161)	(31)	(20)
Net cash used in operating activities	(67)	(15)	(95)
Cash flows from investing activities:			
Additions to properties	(38)	(41)	(43)
Net proceeds from sales of businesses/assets, net	13	13	2
Proceeds from sales of marketable securities	1	2	—
Reduction in cash due to deconsolidation of RED	—	(3)	—
Net cash used in investing activities	(24)	(29)	(41)
Cash flows from financing activities:			
Repayment of emergence credit facilities	(7)	(282)	(4)
Preferred stock dividend payments	(10)	—	—
Net proceeds from the issuance of preferred stock	—	198	—
Payment of contingent consideration related to the sale of a business	(7)	(4)	—
Capital lease payments	(4)	—	—
Treasury stock purchases	(1)	(3)	(1)
Equity transactions of noncontrolling interests	—	15	(1)
Net proceeds of other borrowings	—	—	5
Proceeds from sale leaseback transactions	—	4	—
Net cash used in financing activities	(29)	(72)	(1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	11	(6)	(21)
Net decrease in cash and cash equivalents and restricted cash	(109)	(122)	(158)
Cash and cash equivalents and restricted cash, beginning of period	478	600	758
Cash and cash equivalents and restricted cash, end of period	\$ 369	\$ 478	\$ 600

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(in millions)

SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,		
	2017	2016	2015
Cash paid for interest and income taxes was:			
Interest, net of portion capitalized of \$1, \$0 and \$2 as of December 31, 2017, 2016 and 2015, respectively	\$ 31	\$ 58	\$ 60
Income taxes (net of refunds)	\$ 18	\$ 24	\$ 12

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

EASTMAN KODAK COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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. Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity.

In 2013, Kodak sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED – Rochester, LLP ("RED"), a variable interest entity ("VIE"). Kodak determined it was the primary beneficiary and consolidated the financial statements of the VIE. In September 2016, RED's parent, RED Investment, LLC and its portfolio of four U.S. facilities (including RED) were acquired. During the fourth quarter of 2016, RED's parent increased its equity investment in RED in conjunction with RED's project to replace and convert its coal-fired boilers by installing new steam generating equipment to achieve compliance with EPA air emissions regulations ("MACT Upgrade"). With the third quarter change in ownership, the reduction in certain rights and obligations of Kodak, the increase in equity and progress towards completion of the MACT Upgrade, Kodak determined it was no longer the primary beneficiary and RED was deconsolidated. Upon deconsolidation, Kodak derecognized all assets and liabilities of RED and recognized a loss of \$15 million, representing the difference between the carrying value of the net assets sold to RED and RED's equity in those assets. The loss was reported in Other operating expense, net in the Consolidated Statement of Operations. RED's results of operations are reflected in net income attributable to non-controlling interest in the accompanying Consolidated Statement of Operations through December 31, 2016 at which point the VIE was deconsolidated.

Reclassifications

Certain amounts for prior periods have been reclassified to conform to the current period classification due to changes to Kodak's organization structure effective January 1, 2017 and April 1, 2017 and a change in the presentation of discontinued operations and assets held for sale. In addition to the changes in segment reporting under the new organization structure, solvent recovery income for the Consumer and Film segment previously reported in Cost of Revenues is reported in Revenues and there is a change in the segment measure of profitability. Refer to Note 24, "Segment Information" and Note 25, "Discontinued Operations" for additional information.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP accounting 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; revenue, 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 in the accompanying Consolidated Statement of Financial Position.

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 exchange rates. Adjustments that result from the remeasurement of the assets and liabilities of these subsidiaries are included in Other (income) charges, net 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, restricted cash and derivative instruments. Kodak places its cash, cash equivalents and restricted cash 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.

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. The cost of all of Kodak's inventories is determined by the 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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, net of accumulated depreciation. 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.

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

	Estimated Useful Lives
Buildings and building improvements	5-40
Land improvements	4-20
Leasehold improvements	3-20
Equipment	3-20
Tooling	1-3
Furniture and fixtures	5-10

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

Equipment subject to operating leases is included in Property, plant and equipment, net in the Consolidated Statement of Financial Position. Equipment subject to operating leases consists of equipment rented to customers and is depreciated to estimated salvage value over its expected useful life. Equipment operating lease terms and depreciable lives generally vary from 3 to 7 years.

GOODWILL

Goodwill is not amortized, but is required to be assessed for impairment at least 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.

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 quantitative goodwill impairment test is performed to test for a potential impairment of goodwill. The amount of goodwill impairment, if any, is calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Refer to Note 5, "Goodwill and Other Intangible Assets".

WORKERS' COMPENSATION

Kodak self-insures and participates in high-deductible insurance programs with retention and per occurrence deductible levels for claims related to workers' compensation. The estimated liability for workers' compensation is based on actuarially estimated, discounted cost of claims, including claims incurred but not reported. Historical loss development factors are utilized to project the future development of incurred losses, and the amounts are adjusted based on actual claim experience, settlements, claim development trends, changes in state regulations and judicial interpretations. Refer to Note 6, "Other Current Liabilities" and Note 7, "Other Long-Term Liabilities" for the estimated liabilities. Amounts recoverable from insurance companies or third parties are estimated using historical experience and estimates of future recoveries. Estimated recoveries are not offset against the related accrual. The amount recorded for the estimated recoveries at December 31, 2017 and 2016 was \$25 million and \$27 million, respectively, of which \$22 million and \$24 million, respectively, is reported in Other long-term assets in the Consolidated

Statement of Financial Position. The remaining \$3 million at each year end is reported in Other current assets in the Consolidated Statement of Financial Position.

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 and brand licensing. Kodak recognizes revenue when realized or realizable and earned, which is when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the sales price is fixed or determinable; and (4) collectability is reasonably assured. 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 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.

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. 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

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.

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 \$7 million, \$13 million and \$8 million for the years ended December 31, 2017, 2016 and 2015, respectively. Advertising expenses in 2016 included \$6 million related to drupa 2016, a print industry trade show which occurs every four years.

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

The carrying values of long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The recoverability of the carrying values of long-lived assets is assessed by first grouping 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.

The remaining useful lives of long-lived assets are reviewed in connection with the assessment of recoverability of long-lived assets and the ongoing strategic review of the business and operations. If the review indicates that the remaining useful life of the long-lived asset has changed significantly, the depreciation on that asset is adjusted to facilitate full cost recovery over its revised estimated remaining useful life.

The carrying values of indefinite-lived intangible assets are 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. Refer to Note 5, "Goodwill and Other Intangible 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. For discussion of the amounts and components of the valuation allowances as of December 31, 2017 and 2016, refer to Note 15, "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 May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No 2017-09, Compensation—Stock Compensation (Topic 718) — Scope of Modification Accounting, to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new standard, modification is required only if the fair value, the vesting conditions, or the classification of an award as equity or liability changes as a result of the change in terms or conditions. The ASU is effective prospectively for annual and interim periods beginning after December 15, 2017 (January 1, 2018 for Kodak). Early adoption is permitted, including adoption in any interim period, for reporting periods for which financial statements have not yet been issued. Kodak early adopted ASU 2017-09 effective April 1, 2017. The adoption of this guidance had no impact on Kodak's Consolidated Financial Statements.

In January 2017, the FASB issued ASU No: 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment. The ASU simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which required a hypothetical purchase price allocation. The ASU requires entities to calculate a goodwill impairment as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The same one-step impairment test applies to goodwill at all reporting units, even those with zero or negative carrying amounts. The ASU requires entities to disclose the amount of goodwill at reporting units with zero or negative carrying amounts. The ASU is effective prospectively for annual periods beginning after December 15, 2019, (January 1, 2020 for Kodak) with early adoption permitted for goodwill impairment tests performed after January 1, 2017. Kodak early adopted ASU 2017-04 effective January 1, 2017. The adoption of this guidance had no impact on Kodak's Consolidated Financial Statements. As of December 31, 2017, the Unified Workflow Solutions reporting unit had a negative carrying value. Total goodwill assigned to the Unified Workflow Solutions reporting unit is \$6 million.

In November 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The ASU requires changes in the Company's restricted cash to be classified as either operating activities, investing activities or financing activities in the Consolidated Statement of Cash Flows, depending on the nature of the activities that gave rise to the restriction. The new standard is effective for annual reporting periods beginning after December 15, 2017, (January 1, 2018 for Kodak) including interim reporting periods within those annual reporting periods. Early adoption in an interim period is permitted, but any adjustments must be reflected as of the beginning of the fiscal year that includes that interim period. Kodak early adopted ASU 2016-18 effective January 1, 2017. The adoption resulted in a decrease of \$8 million in net cash flows used by investing activities and a decrease of \$1 million in the effect of exchange rate changes on cash, cash equivalents and restricted cash from what was previously reported for the year ended December 31, 2016 and an increase of \$10 million in net cash flows used by investing activities and a \$3 million decrease in the effect of exchange rate changes on cash, cash equivalents and restricted cash from what was previously reported for the year ended December 31, 2015.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory. ASU 2016-16 requires the recognition of the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. The new standard is effective on a modified retrospective basis for annual reporting periods beginning after December 15, 2017, (January 1, 2018 for Kodak) including interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance (January 1, 2017 for Kodak). Kodak early adopted ASU 2016-16 on a modified retrospective basis during the first quarter of 2017. The adoption of this guidance had no impact on Kodak's Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides clarification with respect to classification of several cash flow issues on the Statement of Cash Flows including debt prepayment or extinguishment costs, proceeds from the settlement of insurance claims, and distributions received from equity method investees. The new standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017 (January 1, 2018 for Kodak). Kodak early adopted ASU 2016-15 retrospectively effective January 1, 2017. The adoption of this guidance had no impact on Kodak's Consolidated Financial Statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2018, the FASB issued ASU 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". The ASU addresses certain stranded income tax effects in accumulated other comprehensive income (AOCI) resulting from the 2017 Tax Act. The ASU provides an option to reclassify stranded tax effects within AOCI to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the 2017 Tax Act (or portion thereof) is recorded and requires additional disclosures. The ASU is effective for fiscal years beginning after December 15, 2018 (January 1, 2019 for Kodak) and interim periods within those fiscal years. Early adoption is permitted and may be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the 2017 Tax Act is recognized. Kodak is currently evaluating the impact of this ASU.

In March 2017, the FASB issued ASU 2017-07, Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 requires entities to report the service cost component in the same line item(s) as other compensation costs arising from services rendered during the period and to report all other components of net benefit costs outside a subtotal of income from operations. In addition, the ASU allows only the service cost component to be eligible for capitalization when applicable. ASU 2017-07 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak). Retrospective application is required for the presentation of the service cost and other cost components however the restrictions on the capitalization eligibility will be applied prospectively from the date of adoption. The components of net benefit cost are shown in Note 17, "Retirement Plans and Note 18 "Other Postretirement Benefits". The guidance will impact presentation in the Consolidated Financial Statements and the capitalization of costs to inventory. The current presentation of the service cost component is consistent with the requirements of the new standard. Upon adoption, the other components (which are currently being presented within Cost of revenues, Selling and general administrative expenses and Research and development costs) are expected to be presented separately on the face of the Consolidated Statement of Operations. The segment measure of profit and loss currently includes only the service cost and amortization of prior service credits components of net periodic pension and postretirement benefit costs (refer to Note 24, "Segment Information"). Effective January 1, 2018, the segment measure of profit and loss only includes the service cost component of net periodic pension and postretirement benefit costs.

In February 2017, the FASB issued ASU 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. ASU 2017-05 defines in-substance nonfinancial assets, provides guidance with respect to accounting for partial sales of nonfinancial assets and conforms the derecognition guidance on nonfinancial assets with the model for transactions in the new revenue standard (Topic 606 as described below). ASU 2017-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak) and allows either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application recognized at the date of initial application. Kodak is adopting ASU 2017-05 using the modified retrospective adoption approach and expects that application of this standard will not have a significant impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, the ASU requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses. The amendments in this ASU broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The new standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019 (January 1, 2020 for Kodak). Early adoption is permitted for fiscal years, and interim periods within those years, beginning after December 15, 2018 (January 1, 2019 for Kodak). Kodak is currently evaluating the impact of this ASU.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and eliminates certain real estate-specific provisions. The new leasing standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018 (January 1, 2019 for Kodak). Early adoption is permitted. Kodak plans to adopt the new standard on the effective date and is currently evaluating the impact of this ASU on its financial statements. Kodak anticipates that the adoption of the amended lease guidance will materially affect its consolidated balance sheet and will require certain changes to its systems and processes.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the ASU all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The classification and measurement guidance is effective for Kodak beginning January 1, 2018, including interim periods within those fiscal years. The adoption of this guidance will not have a material impact on its Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition” and most industry-specific guidance. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In July 2015, the FASB deferred the effective date of ASU 2014-09. In 2016 the FASB issued ASU 2016-08, ASUs 2016-10 through 12 and ASU 2016-20 clarifying guidance regarding principle vs agent considerations, identification of performance obligations, analysis of licensing transactions, impairment considerations and disclosures. The new revenue standards are collectively effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak) and allow either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application recognized at the date of initial application. Kodak is adopting the provisions of the new standards using the modified retrospective method which allows companies to record a one-time adjustment to opening retained earnings for the cumulative effect the standards will have on open contracts at the time of adoption. Kodak derives revenue from various brand licensing arrangements which may include upfront payments and/or sales based royalties subject to minimum annual guaranteed amounts. Kodak expects to record a cumulative effect adjustment of approximately \$10 million as a decrease to the opening balance of retained earnings related to these arrangements. With the exception of brand license revenue, Kodak has not identified any changes in the timing of revenue recognition which will result in a material transition adjustment. Kodak has implemented appropriate changes to the business processes and systems to support recognition and disclosure under the new standard.

NOTE 2: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Statement of Financial Position that sums to the total of such amounts shown in the Statement of Cash Flows:

(in millions)	As of December 31,	
	2017	2016
Cash and cash equivalents	\$ 344	\$ 434
Restricted cash included in Other current assets	8	8
Long-term restricted cash	17	36
Total cash, cash equivalents and restricted cash shown in the Statement of Cash Flows	<u>\$ 369</u>	<u>\$ 478</u>

Restricted cash included in Other current assets on the Statement of Financial Position primarily represents amounts which support hedging activities.

Long-term restricted cash as of December 31, 2017 and 2016 includes \$6 million and \$7 million, respectively, of security posted related to Brazilian legal contingencies. Long-term restricted cash as of December 31, 2017 and 2016 also included \$6 million and \$25 million, respectively, supporting compliance with the Excess Availability threshold under the Amended and Restated Credit Agreement (“Amended Credit Agreement”). During the second quarter of 2017, the amount of outstanding letters of credit issued under the Amended Credit Agreement was reduced by \$20 million, which had a corresponding reduction in the amount of long-term restricted cash necessary to support compliance with the Excess Availability threshold. See Note 8, “Debt and Capital Leases” and Note 10, “Commitments and Contingencies”.

NOTE 3: INVENTORIES, NET

(in millions)	As of December 31,	
	2017	2016
Finished goods	\$ 159	\$ 149
Work in process	57	57
Raw materials	60	65
Total	<u>\$ 276</u>	<u>\$ 271</u>

NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET AND EQUIPMENT SUBJECT TO OPERATING LEASES, NET

(in millions)	As of December 31,	
	2017	2016
Land	\$ 82	\$ 84
Buildings and building improvements	174	160
Machinery and equipment	426	429
Construction in progress	26	13
	<u>708</u>	<u>686</u>
Accumulated depreciation	(394)	(344)
Property, plant and equipment, net	<u>\$ 314</u>	<u>\$ 342</u>

Depreciation expense was \$62 million, \$86 million and \$120 million for the years ended December 31, 2017, 2016 and 2015, respectively. Depreciation expense in the year ended December 31, 2015 included approximately \$8 million of accelerated depreciation in connection with restructuring actions. There was no accelerated depreciation connected with restructuring actions in the years ended December 31, 2017 and 2016.

During the first quarter of 2017, Kodak recorded a pre-tax charge of \$8 million to adjust the Prosper fixed asset carrying value to the amount that would have been recorded had the Prosper fixed assets been continuously classified as held and used. Refer to Note 13, "Other Operating Expense (Income), net" and Note 25, "Discontinued Operations".

Equipment subject to operating leases and the related accumulated depreciation were as follows:

(in millions)	As of December 31,	
	2017	2016
Equipment subject to operating leases	\$ 46	\$ 45
Accumulated depreciation	(21)	(18)
Equipment subject to operating leases, net	<u>\$ 25</u>	<u>\$ 27</u>

Minimum future rental revenues on operating leases with original terms of one year or longer are not significant to Kodak.

NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the changes in the carrying value of goodwill by reportable segment. The Enterprise Inkjet Systems, Advanced Materials and 3D Printing Technology, and Eastman Business Park segments do not have goodwill and are therefore not presented.

(in millions)	Print Systems	Flexographic Printing	Software and Solutions	Consumer and Film	Consolidated Total
Balance as of December 31, 2015	\$ 56	\$ 20	\$ 6	\$ 6	\$ 88
Impairment	—	—	—	—	—
Balance as of December 31, 2016	\$ 56	\$ 20	\$ 6	\$ 6	\$ 88
Impairment	(56)	—	—	—	(56)
Balance as of December 31, 2017	<u>\$ —</u>	<u>\$ 20</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 32</u>

Gross goodwill and accumulated impairment losses were \$96 million and \$64 million as of December 31, 2017, respectively, and \$96 million and \$8 million as of December 31, 2016, respectively.

The Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Software and Solutions segment has two goodwill reporting units: Kodak Technology Solutions and Unified Workflow Solutions. The Consumer and Film segment has two goodwill reporting units: Consumer Products and Motion Picture, Industrial Chemicals and Films. The Flexographic Printing segment, Enterprise Inkjet Systems segment, Advanced Materials and 3D Printing segment and the Eastman Business Park segment each have one goodwill reporting unit.

Based upon the results of Kodak's December 31, 2017 annual impairment test, no impairment of goodwill is indicated.

Given the decline in Kodak's financial projections for the year and in its market capitalization from the last goodwill impairment test (December 31, 2016), Kodak performed an interim goodwill impairment test as of September 30, 2017. Kodak utilized the discounted cash flow method and guideline public company method for the reporting units with goodwill. For these reporting units, 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. Fair values for the other reporting units were estimated using the discounted cash flow method only.

Based upon the results of Kodak's September 30, 2017 analysis, Kodak concluded that the Prepress Solutions reporting unit's carrying value exceeded its fair value and recorded a pre-tax goodwill impairment loss of \$56 million in the Consolidated Statement of Operations. No impairment of goodwill was indicated for the other reporting units.

Due to the change in Kodak's reporting units as of January 1, 2015 and the delay in commercializing new technologies in the Micro 3D Printing reporting unit, Kodak concluded that the carrying value of the Micro 3D Printing reporting unit exceeded its implied fair value. The fair value of the Micro 3D Printing reporting unit was estimated using the discounted cash flow method 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 \$6 million in the first quarter of 2015 that is included in Goodwill impairment loss, net in the Consolidated Statement of Operations representing the entire amount of goodwill for this reporting unit.

Based upon the results of Kodak's 2015 goodwill impairment analysis, Kodak concluded that the carrying value of the Intellectual Property Solutions reporting unit exceeded its implied fair value and recorded a pre-tax impairment charge of \$2 million in the fourth quarter of 2015 that is included in Goodwill impairment loss, net in the Consolidated Statement of Operations representing the entire amount of goodwill for this reporting unit. No impairment of goodwill was indicated for any other reporting units.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2017 and 2016 were as follows:

(in millions)	As of December 31, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 105	\$ 64	\$ 41	6 years
Kodak trade name	38	—	38	Indefinite life
Customer-related	11	6	5	6 years
Other	3	1	2	21 years
Total	<u>\$ 157</u>	<u>\$ 71</u>	<u>\$ 86</u>	

(in millions)	As of December 31, 2016			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 122	\$ 57	\$ 65	6 years
Kodak trade name	40	—	40	Indefinite life
Customer-related	26	12	14	6 years
Other	2	—	2	21 years
Total	<u>\$ 190</u>	<u>\$ 69</u>	<u>\$ 121</u>	

In the fourth quarter of 2017 and the first quarter of 2016, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value. Pre-tax impairment charges of \$2 million and \$5 million, respectively, are included in Other operating expense (income), net in the Consolidated Statement of Operations.

In the third quarter of 2017, due to canceling its copper mesh touch screen program, Kodak wrote off related intangible assets with a gross carrying amount of \$33 million and accumulated amortization of \$21 million and recorded an impairment charge of \$12 million.

During the first quarter of 2017, Kodak recorded a pre-tax charge of \$4 million to adjust the Prosper intangible asset carrying value to the amount that would have been recorded had the Prosper intangible assets been continuously classified as held and used. Refer to Note 13, "Other Operating Expense (Income), net" and Note 25, "Discontinued Operations".

In the second quarter of 2016, in two separate transactions, Kodak sold certain assets in the Design2Launch and brand protection businesses. The assets sold included intangible assets with a gross carrying amount of \$5 million and accumulated amortization of \$2 million.

In the first quarter of 2016, due to the exit of its position in silver metal mesh touch screen development, Kodak wrote off intangible assets with a gross carrying amount of \$14 million and accumulated amortization of \$6 million. An impairment charge of \$8 million was recorded in Other operating expense (income), net in the Consolidated Statement of Operations.

Amortization expense related to intangible assets was \$18 million, \$19 million and \$25 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2017 was as follows:

(in millions)		
2018	\$	12
2019		7
2020		6
2021		5
2022		5
2023 and thereafter		13
Total	\$	<u>48</u>

NOTE 6: OTHER CURRENT LIABILITIES

(in millions)	As of December 31,	
	2017	2016
Employment-related liabilities	\$ 47	\$ 49
Deferred revenue	30	32
Customer rebates	29	27
Restructuring liabilities	10	8
Deferred consideration on disposed businesses	10	7
Workers' compensation	10	8
Other	81	80
Total	<u>\$ 217</u>	<u>\$ 211</u>

The customer rebate amounts will potentially be settled through customer deductions applied to outstanding trade receivables in lieu of cash payments.

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 7: OTHER LONG-TERM LIABILITIES

(in millions)	As of December 31,	
	2017	2016
Workers' compensation	\$ 96	\$ 105
Asset retirement obligations	43	38
Deferred taxes	16	16
Deferred consideration on disposed businesses	14	24
Environmental liabilities	12	12
Embedded conversion features derivative liability ⁽¹⁾	—	43
Other	21	30
Total	<u>\$ 202</u>	<u>\$ 268</u>

⁽¹⁾ Refer to Note 12, "Financial Instruments"

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.

NOTE 8: DEBT AND CAPITAL LEASES

Debt and capital leases and related maturities and interest rates were as follows at December 31, 2017 and 2016 (in millions):

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31,	
				2017	2016
				Carrying Value	Carrying Value
Current portion:					
	Term note		7.61%	\$ —	\$ 2
	Capital leases		Various	3	3
	Other debt		Various	1	1
				<u>4</u>	<u>6</u>
Non-current portion:					
	Term note	2019	7.61%	393	396
	Capital leases	Various	Various	4	6
	Other debt	Various	Various	2	3
				<u>399</u>	<u>405</u>
				<u>\$ 403</u>	<u>\$ 411</u>

Annual maturities of debt and capital leases outstanding at December 31, 2017, were as follows (in millions):

(in millions)	Carrying Value	Maturity Value
2018	\$ 4	\$ 4
2019	395	397
2020	1	1
2021	—	—
2022	1	1
2023 and thereafter	2	2
Total	<u>\$ 403</u>	<u>\$ 405</u>

On September 3, 2013, 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 loans made under the First Lien Term Credit Agreement become due on the earlier to occur of (i) the maturity date of September 3, 2019 or (ii) the acceleration of such loans following the occurrence of an event of default (as defined in the First Lien Term Credit Agreement). The Second Lien Term Credit Agreement was prepaid and terminated on November 15, 2016.

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. In addition to other customary affirmative covenants, the Credit Agreements provide for a periodic delivery by the Company of its various financial statements as set forth in the Credit Agreements. 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.

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 interest was 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%. Under the ABL Credit Agreement, the ABL Loans bore 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) until the ABL Credit Agreement was amended as discussed below. 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 are secured by: (i) a first lien on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral (as defined below), including a first lien on 100% of the stock of material domestic subsidiaries and 65% of the stock of material first-tier foreign subsidiaries (collectively the "Term Collateral") and (ii) a second lien on the ABL Collateral. Obligations under the Asset Based Revolving Credit Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the "ABL Collateral") and (ii) a second lien on the Term Collateral. The aggregate carrying value of the Term Collateral and ABL Collateral as of December 31, 2017 and 2016 was \$1,385 million and \$1,613 million, respectively.

The Company may voluntarily prepay the First Lien Loan.

As defined in the First Lien Term Credit Agreement, 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 October 2, 2017, Kodak prepaid \$6 million of principal under the First Lien Term Credit Agreement from proceeds from a royalty payment. On July 7, 2016, Kodak prepaid \$5 million of principal under the First Lien Term Credit Agreement from proceeds received from the sale of a business. Under the terms of the First Lien Term Credit Agreement, the prepayments were applied first to the installment principal payments of \$4 million due over the next twelve months, then ratably to the remaining scheduled payments. With the prepayments, Kodak does not owe any future scheduled principal payments until the maturity date of the loan.

On an annual basis, 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 the First Lien Term Credit Agreement, provided no such prepayment is required if such prepayment would cause U.S. liquidity (as defined in the First Lien Term Credit Agreement) to be less than \$100 million or the Secured Leverage ratio is less than 2.25 to 1.00. For the years ended December 31, 2017, and 2015, ECF was a negative amount. For 2016, the Secured Leverage Ratio was below 2.25 to 1.00. Therefore, no prepayments of First Lien term debt have been required. Any mandatory prepayments as described above shall be reduced by any mandatory prepayments of the First Lien Loan.

Under the First Lien Term Credit Agreement, the Company is required to maintain a Secured Leverage Ratio (as defined therein) not to exceed specified levels. The Secured Leverage Ratio under the First Lien Term Credit Agreement is tested at the end of each quarter based on the prior four quarters. The maximum Secured Leverage Ratio permitted under the First Lien Term Credit Agreement declined on June 30, 2015 from 3.75:1 to 3.25:1 and further declined on December 31, 2015 from 3.25:1 to 2.75:1, with no further adjustments for the remainder of the agreement. As of December 31, 2017, Kodak was in compliance with all covenants under the First Lien Term Credit Agreement.

Subject to Board approval and the terms of the Credit Agreements, the Company may designate Restricted Subsidiaries as Unrestricted Subsidiaries provided the aggregate sales of all Unrestricted Subsidiaries are less than 7.5% of the consolidated sales of Kodak and the aggregate assets of all Unrestricted Subsidiaries are less than 7.5% of Kodak's consolidated assets. Further, under the Amended Credit Agreement, on a pro forma basis at the time of designation and immediately after giving effect thereto, Excess Availability must be at least \$30 million and the pro forma Fixed Charge Coverage Ratio must be no less than 1.0 to 1.0. Upon designation of Unrestricted Subsidiaries, the Company will be required to provide to the Lenders reconciling statements to eliminate all financial information pertaining to Unrestricted Subsidiaries which is included in its annual and quarterly financial statements.

In March, the Company has begun the process of designating five subsidiaries as Unrestricted Subsidiaries, Kodak PE Tech, LLC, Kodak LB Tech, LLC, Kodak Realty, Inc., Kodakit Singapore Pte. Limited and KP Services (Jersey) Ltd. This action will allow the Company to better position assets which may be monetized in the future and address costs related to underutilized properties. Collectively, these subsidiaries have sales of approximately \$7 million for the year ended December 31, 2017 and assets of \$17 million as of December 31, 2017, which represent 0% and 1%, respectively, of Kodak's consolidated sales for the year ended December 31, 2017 and consolidated assets as of December 31, 2017. The designation of these subsidiaries as Unrestricted Subsidiaries is expected to increase the amount by which the Company's EBITDA, as calculated under the Term Credit Agreement and the Amended Credit Agreement, exceeds the amount of EBITDA needed to satisfy the Net Secured Leverage Ratio covenant of 2.75 to 1.0 and the Fixed Charge Coverage Ratio of 1.0 to 1.0, respectively. Each of the capitalized but undefined terms has the meaning ascribed to such term in the Credit Agreements.

Kodak intends to conduct its operations in a manner that will result in continued compliance with the secured leverage ratio covenant; however, future compliance may depend on Kodak undertaking one or more actions, such as the repatriation of cash into the U.S., the management of operating cash outflows, the designation of subsidiaries as Unrestricted Subsidiaries, a monetization of assets, a debt refinancing, the raising of equity capital, or a similar transaction.

Senior Secured Second Lien Term Credit Agreement Note Repurchase, Prepayment and Termination

In accordance with the modified Dutch auction procedures in the Second Lien Term Credit Agreement, Kodak offered to repurchase up to \$25 million of second lien term loans within a price range of 97% to 98.5% of par. As a result of this auction process, on September 14, 2016 Kodak repurchased an aggregate of \$13 million of second lien term loans at a price of 98% of par, representing all second lien term loans with respect to which bids were received at prices within the range. The repurchased second lien term loans were automatically cancelled upon the repurchase pursuant to the terms of the Second Lien Term Credit Agreement.

On November 15, 2016, the Company used the net proceeds from the sale of the Series A Preferred Stock, together with cash on hand, to pay an aggregate amount of \$263.2 million (the "Prepayment Amount"), comprised of the full principal amount of \$262 million plus accrued interest, fees and other expenses owed to the lenders under the Second Lien Term Credit Agreement. Upon the administrative agent's receipt of the Prepayment Amount, the Second Lien Credit Agreement was terminated and the lenders' security interest in any of the Company's or its subsidiaries' assets or property securing the Second Lien Credit Agreement was released. Kodak recognized \$4 million of expense in Loss on early extinguishment of debt in the Consolidated Statement of Operations, representing the balance of Second Lien Term Agreement stated discount remaining at the time of the prepayment.

Amended and Restated Credit Agreement

On May 26, 2016, the Company and certain of its domestic subsidiaries (the "Subsidiary Guarantors") entered into an Amended and Restated Credit Agreement (the "Amended Credit Agreement" or "ABL Credit Agreement") with the lenders party thereto (the "Lenders"), Bank of America, N.A., as administrative and collateral agent, and Bank of America, N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint bookrunners, which amended and restated the existing Asset Based Revolving Credit Agreement, dated as of September 3, 2013 (the "Prior Credit Agreement"). Each of the capitalized but undefined terms used in the context of describing the Amended Credit Agreement has the meaning ascribed to such term in the Amended Credit Agreement.

The Amended Credit Agreement decreased the aggregate amount of commitments from \$200 million to \$150 million and extended the maturity date to the earlier of May 26, 2021 or the date that is 90 days prior to the earliest scheduled maturity date of any of the Company's outstanding term loans or refinancings thereof, of which the earliest maturity date is currently September 3, 2019. The Amended Credit Agreement, among other things, lowered reserve requirements by eliminating the Availability Block and removed the ability to use Qualified Cash to support Excess Availability.

Each existing direct or indirect U.S. subsidiary of the Company (other than Immaterial Subsidiaries, Unrestricted Subsidiaries and certain other subsidiaries) has reaffirmed its unconditional guarantee (and any such future subsidiaries must provide an unconditional guarantee) of the obligations of the Company under the Amended Credit Agreement.

The Lenders will make available asset-based revolving loans (the "ABL Loans") and letters of credit in an aggregate amount of up to \$150 million, subject to the Borrowing Base. The Company has issued approximately \$96 million of letters of credit under the Amended Credit Agreement as of both December 31, 2017. The Company had approximately \$20 million of Excess Availability under the Amended Credit Agreement as of December 31, 2017 and 2016. Availability is subject to the borrowing base calculation, reserves and other limitations.

The ABL Loans bear interest at the rate of LIBOR plus 2.25% - 2.75% per annum or Base Rate plus 1.25% - 1.75% per annum based on Excess Availability.

Excess Availability is equal to the sum of (i) 85% of the amount of the Eligible Receivables less a Dilution Reserve, (ii) the lesser of 85% of Net Orderly Liquidation Value or 75% of the Eligible Inventory (iii) the lesser of 75% of Orderly Liquidation Value of Eligible Equipment or \$15 million, as of December 31, 2017 (which \$15 million decreases by \$1 million per quarter) and (iv) Eligible Cash less (a) Rent and Charges Reserves, (b) Principal Outstanding and (c) Outstanding Letters of Credit..

Under the Amended Credit Agreement, Kodak is required to maintain a minimum Fixed Charge Coverage Ratio of 1.00 to 1.00 when Excess Availability is less than 12.5% of lender commitments. As of December 31, 2017 and 2016, 12.5% of lender commitments were \$18.75 million.

If Excess Availability falls below 12.5% of lender commitments, Kodak may, in addition to the requirement to be in compliance with the minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Since Excess Availability was greater than 12.5% of lender commitments at December 31, 2017, Kodak is not required to have a minimum Fixed Charges Coverage Ratio of 1.0 to 1.0. As of December 31, 2017 Kodak was in compliance with all the covenants under the Amended Credit Agreement.

As of December 31, 2017 and 2016, Kodak had funded \$6 million and \$25 million, respectively, to the Eligible Cash account, held with the ABL Credit Agreement Administrative Agent, which is classified as Restricted cash in the Consolidated Statement of Financial Position.

NOTE 9: REDEEMABLE, CONVERTIBLE SERIES A PREFERRED STOCK

On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"), for an aggregate purchase price of \$200 million, or \$100 per share pursuant to a Series A Preferred Stock Purchase Agreement (the "Purchase Agreement") with Southeastern Asset Management, Inc. ("Southeastern") and Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern (such investment funds, collectively, the "Purchasers"), dated November 7, 2016. The Company received net proceeds of \$198 million after issuance costs.

The Company has classified the Series A Preferred Stock as temporary equity in the Consolidated Statement of Financial Position. The \$2 million in issuance costs originally reduced the carrying value of the Series A Preferred Stock and is being accreted using the effective interest method to Additional paid in capital in the Consolidated Statement of Financial Position as a deemed dividend from the date of issuance through the mandatory redemption date, November 15, 2021.

Dividend and Other Rights

On November 14, 2016, the Company filed with the Department of Treasury of the State of New Jersey a Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Designations") which established the designation, number of shares, rights, preferences and limitations of the Series A Preferred Stock which became effective upon filing. The Series A Preferred Stock ranks senior to the Company's common stock ("Common Stock") with respect to dividend rights and rights on liquidation, winding-up and dissolution. The Series A Preferred Stock has a liquidation preference of \$100 per share, and the holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. All dividends owed on the Series A Preferred Stock have been declared and paid when due.

Holders of Series A Preferred Stock are entitled to vote together with the holders of the Common Stock as a single class, in each case, on an as-converted basis, except where a separate class vote is required by law. Holders of Series A Preferred Stock have certain limited special approval rights, including with respect to the issuance of pari passu or senior equity securities of the Company.

The Purchasers have the right to nominate members to the Company's board of directors proportional to their ownership on an as converted basis, which initially allows the Purchasers to nominate two members to the board. If dividends on any Series A Preferred Stock are in arrears for six or more consecutive or non-consecutive dividend periods, the holders of Series A Preferred Stock, voting with holders of all other preferred stock of the Company whose voting rights are then exercisable, will be entitled to vote for the election of two additional directors in the next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside. The nomination right of the Purchasers will be reduced by two nominees at any time the holders of Series A Preferred Stock have the right to elect, or participate in the election of, two additional directors. Two of the directors on the Company's current board of directors were nominated by the Purchasers.

Conversion Features

Each share of Series A Preferred Stock is convertible, at the option of each holder at any time, into shares of Common Stock at the initial conversion rate of 5.7471 (equivalent to an initial conversion price of \$17.40 per share of Common Stock). If a holder elects to convert any shares of Series A Preferred Stock during a specified period in connection with a fundamental change (as defined in the Certificate of Designations), the conversion rate will be adjusted under certain circumstances and such holder will also be entitled to a payment in respect of accumulated dividends. If a holder elects to convert any shares of Series A Preferred Stock during a specified period following a reorganization event (as defined in the Certificate of Designations), such holder can elect to have the conversion rate adjusted. In addition, the Company will have the right to require holders to convert any shares of Series A Preferred Stock in connection with certain reorganization events, in which case the conversion rate will be adjusted under certain circumstances. If shares of Series A Preferred Stock are not converted in connection with a reorganization event, such shares will become convertible into the exchanged property from the reorganization event.

The Company will have the right to convert Series A Preferred Stock into Common Stock at any time after the second anniversary of the initial issuance, if the closing price of the Common Stock has equaled or exceeded 125 percent of the then-effective conversion price for 45 trading days within a period of 60 consecutive trading days, with the last trading day of such 60 day period ending on the trading day immediately preceding the business day on which the Company issues a press release announcing the mandatory conversion.

The initial conversion rate and the corresponding conversion price are subject to customary anti-dilution adjustments as well as an adjustment if the Company is obligated to make a cash payment under the settlement agreement relating to the remediation of historical environmental liabilities at EBP, as discussed in Note 11, "Guarantees".

The Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price is increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis at fair value as a single derivative. The Company allocated \$43 million of the net proceeds received to the derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which

reduced the original carrying value of the Series A Preferred Stock. The derivative is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other (income) charges, net in the Consolidated Statement of Operations. The fair value of the derivative as of December 31, 2017 was an asset of \$4 million and is included within Other long-term assets in the accompanying Consolidated Statement of Financial Position. The fair value of the derivative as of December 31, 2016 was a liability of \$43 million and is included within Other long-term liabilities in the accompanying Consolidated Statement of Financial Position. Refer to Note 12, "Financial Instruments" for information on the valuation of the derivative.

The carrying value of the Series A Preferred Stock at the time of issuance, \$155 million (\$200 million aggregate gross proceeds less \$43 million allocated to the derivative liability and \$2 million in transaction costs) is being accreted to the mandatory redemption amount using the effective interest method to Additional paid in capital in the Consolidated Statement of Financial Position as a deemed dividend from the date of issuance through the mandatory redemption date, November 15, 2021.

Redemption Features

If any shares of Series A Preferred Stock have not been converted prior to the fifth anniversary of the initial issuance of the Series A Preferred Stock, the Company is required to redeem such shares at \$100 per share plus the amount of accrued and unpaid dividends. As the Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument, the redemption feature is considered to be clearly and closely related to the host contract and therefore was not required to be separated from the Series A Preferred Stock.

Series A Registration Rights Agreement

On November 15, 2016, the Company, Southeastern and the Purchasers entered into a Registration Rights Agreement (the "Series A Registration Rights Agreement"), pursuant to which the Company agreed to register under the Securities Act and take certain actions with respect to the offer and sale by the Purchasers of shares of Series A Preferred Stock purchased by the Purchasers and shares of Common Stock issuable upon conversion of the Series A Preferred Stock and issuable pursuant to the terms of the Series A Preferred Stock (the "Series A registrable securities").

Pursuant to the Registration Rights Agreement, the Company has filed with the SEC a shelf registration statement on Form S-3 that relates to the resale of the Series A registrable securities and such registration statement has been declared effective by the SEC. Upon the written demand of the relevant Purchaser(s), the Company will facilitate a "takedown" of Series A registrable securities off of the registration statement but the Purchaser(s) may not, individually or collectively, make more than four demands in the aggregate. Any demand for an underwritten offering of Series A Preferred Stock must have an aggregate market value (based on the most recent closing price of the Common Stock into which the Series A Preferred Stock is convertible at the time of the demand) of at least \$75 million.

The Series A Registration Rights Agreement does not entitle the Purchasers to piggyback registration rights. The Series A Registration Rights Agreement is binding upon the parties thereto and their successors and will inure to the benefit of each Purchaser and its successors and permitted assigns. Neither party may assign the Series A Registration Rights Agreement without the prior written consent of the other party.

NOTE 10: COMMITMENTS AND CONTINGENCIES

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):

	For the Year Ended December 31,	
	2017	2016
Asset Retirement Obligations at start of period	\$ 38	\$ 43
Liabilities incurred in the current period	2	—
Liabilities settled in the current period	(1)	(7)
Accretion expense	1	1
Revision in estimated cash flows	3	1
Asset Retirement Obligations at end of period	<u>\$ 43</u>	<u>\$ 38</u>

Other Commitments and Contingencies

The Company and its subsidiaries have entered into operating leases for various real estate and equipment needs. Rental expense, net of minor sublease income, amounted to \$23 million, \$25 million and \$30 million in the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017, the Company had outstanding letters of credit of \$96 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$4 million, surety bonds in the amount of \$52 million, and restricted cash and deposits of \$31 million, primarily to support compliance with the Excess Availability threshold under the ABL Credit Agreement, 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 deposits are recorded in Restricted cash, Other current assets and Other long-term assets in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its 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, 2017, 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 \$24 million.

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, 2017, Kodak has posted security composed of \$6 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 \$71 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, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, 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. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will 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. 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 11: GUARANTEES

EKC guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$9 million and the outstanding amount for those guarantees is \$3 million.

In accordance with the terms of a settlement agreement concerning certain of the Company's historical environmental liabilities at EBP, in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

Indemnifications

Kodak may, in certain instances, indemnify third parties when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Additionally, Kodak indemnifies officers and directors who are, or were, serving at Kodak'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. Further, the fair value of any right to indemnification granted during the year ended December 31, 2017 was not material to Kodak's financial position, results of operations or cash flows.

Extended Warranty Arrangements

Kodak offers its customers extended warranty arrangements that are generally one year, but may range from three months to six years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty costs from the routine maintenance service costs, as it is not practicable to do so. Therefore, these 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, 2015	\$ 27
New extended warranty and maintenance arrangements	172
Recognition of extended warranty and maintenance arrangement revenue	(175)
Deferred revenue on extended warranties as of December 31, 2016	24
New extended warranty and maintenance arrangements	127
Recognition of extended warranty and maintenance arrangement revenue	(128)
Deferred revenue on extended warranties as of December 31, 2017	<u>\$ 23</u>

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2017 and December 31, 2016 amounted to \$118 million and \$122 million, respectively.

NOTE 12: FINANCIAL INSTRUMENTS

Kodak, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Kodak manages such exposures, in part, with derivative financial instruments. Foreign currency forward contracts are used to mitigate currency risk related to foreign currency denominated assets and liabilities, as well as forecasted foreign currency denominated intercompany assets. Kodak's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Kodak does not utilize financial instruments for trading or other speculative purposes.

Kodak's foreign currency forward contracts are not designated as hedges, and are marked to market through net earnings (loss) at the same time that the exposed assets and liabilities are re-measured through net earnings (loss) (both in Other (income) charges, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2017 and 2016 was approximately \$534 million and \$340 million, respectively. The majority of the contracts of this type held by Kodak were denominated in Swiss francs and euros at December 31, 2017 and euros, British pounds and Chinese renminbi at December 31, 2016. The net effect of foreign currency forward contracts in the results of operations is shown in the following table:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Net (loss) gain from derivatives not designated as hedging instruments	\$ (10)	\$ (21)	\$ 14

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2017, 2016 or 2015.

Kodak's derivative 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, 2017 was not significant to Kodak.

In the event of a default under the Company's Credit Agreements, 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.

As discussed in Note 9, "Redeemable, Convertible, Series A Preferred Stock", Kodak concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price was increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder; the ability of Kodak to automatically convert the stock after the second anniversary of issuance and the conversion in the event of a fundamental change or reorganization. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis as a single derivative asset or liability which is reported in Other long-term assets in the Consolidated Statement of Financial Position as of December 31, 2017 and Other long-term liabilities as of December 31, 2016. The derivative is being accounted for at fair value with changes in fair value being reported in Other (income) charges, net in the Consolidated Statement of Operations.

Fair Value

Fair values of Kodak's foreign currency forward contracts are determined using 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. The gross fair value of foreign currency forward contracts in an asset position are reported in Other current assets in the Consolidated Statement of Financial Position and the gross fair value of foreign currency contracts in a liability position are reported in Other current liabilities. The gross fair value of foreign currency forward contracts in an asset position as of December 31, 2017 was \$7 million. The gross fair value of the foreign currency forward contracts in an asset position as of December 31, 2016 and the gross fair value of foreign currency contracts in a liability position as of December 31, 2017 or 2016 were not material.

The fair value of the Series A Preferred Stock embedded conversion features derivative is calculated using unobservable inputs (Level 3 fair measurements). The value is calculated using a binomial lattice model. The following table presents the key inputs in the determination of fair value at December 31, 2017 and 2016:

(in millions)	Valuation Date	
	December 31, 2017	December 31, 2016
Total value of embedded derivative (asset) liability	\$ (4)	\$ 43
Kodak's closing stock price	3.10	15.50
Expected stock price volatility	58.22%	42.85%
Risk free rate	2.08%	1.93%
Yield on the preferred stock	22.31%	11.38%

The Fundamental Change and Reorganization Conversion value at issuance was calculated as the difference between the total value of the Series A Preferred Stock and the sum of the net present value of the cash flows if the Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion value reduces the value of the embedded conversion features derivative liability. Unless events occur which would alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflects the value as of the issuance date, amortized for the passage of time. The Fundamental Change and Reorganization Conversion value exceeded the value of the embedded conversion features derivative liability at December 31, 2017 resulting in the derivative being reported as an asset.

The fair values of long-term borrowings were \$348 million and \$406 million at December 31, 2017 and 2016, respectively. Fair values of long-term borrowings (Level 2 fair value measurements) 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,

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 year ended December 31, 2017.

The carrying values of cash and cash equivalents, restricted cash, and short-term borrowings and current portion of long-term debt approximate their fair values.

NOTE 13: OTHER OPERATING EXPENSE (INCOME), NET

(in millions)	Year Ended December 31,		
	2017	2016	2015
Expense (income):			
Asset impairments ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾	\$ 24	\$ 25	\$ —
Prosper asset remeasurement ⁽⁶⁾	12	—	—
Gains related to the sales of assets ⁽⁷⁾	(8)	(9)	(6)
Legal settlements ⁽⁸⁾ ⁽⁹⁾	—	(16)	—
Deconsolidation of RED ⁽¹⁰⁾	—	15	—
Gain recognized on assets acquired for non-monetary consideration ⁽¹¹⁾	—	—	(3)
Other	—	1	3
Total	<u>\$ 28</u>	<u>\$ 16</u>	<u>\$ (6)</u>

⁽¹⁾ In the fourth quarter of 2017, Kodak recorded an impairment charge of \$2 million related to the Kodak trade name. Refer to Note 5, "Goodwill and Other Intangible Assets."

⁽²⁾ In the third quarter of 2017, due to canceling its copper mesh touch screen program, Kodak concluded that the carrying value of property, plant and equipment and intangible assets associated with those operations exceeded their fair value. Kodak recorded pre-tax impairment charges of \$8 million and \$12 million, respectively.

- (3) In the first quarter of 2016, due to the exit of its position in silver metal mesh touch screen development, Kodak concluded that the carrying value of property, plant and equipment associated with those operations exceeded their fair value and recorded pre-tax impairment charges of \$12 million.
- (4) In the first quarter of 2016, Kodak recorded an impairment charge of \$8 million related to silver metal mesh touch screen intangible assets. Refer to Note 5, "Goodwill and Other Intangible Assets."
- (5) In the first quarter of 2016, Kodak recorded an impairment charge of \$5 million related to the Kodak trade name. Refer to Note 5, "Goodwill and Other Intangible Assets."
- (6) In the first quarter of 2017, Kodak reduced the carrying value of Prosper fixed assets (\$8 million) and intangible assets (\$4 million) to the amount that would have been recorded had the Prosper assets been continuously classified as held and used. Refer to Note 25, "Discontinued Operations."
- (7) On June 30, 2016, Kodak sold certain assets of its brand protection business to eApeiron Solutions Inc. in exchange for cash consideration of approximately \$6 million and an equity investment of 19.9%. Kodak will account for this investment under the equity method of accounting. Kodak recognized a gain of approximately \$7 million on this transaction.
- (8) In the first quarter of 2016, Kodak received \$10 million representing net litigation proceeds from DuPont.
- (9) In the third quarter of 2016, Kodak settled a legal contingency and reduced the associated reserve by \$6 million."
- (10) Refer to Note 1, "Summary of Significant Accounting Policies – Basis of Consolidation."
- (11) Refer to Note 24, "Segment Information", footnote 8 to the table entitled "Segment Operational EBITDA from Consolidated Loss from Continuing Operations Before Income Taxes."

NOTE 14: OTHER (INCOME) CHARGES, NET

(in millions)	Year Ended December 31,		
	2017	2016	2015
Change in fair value of embedded conversion features derivative ⁽¹⁾	\$ (47)	\$ —	\$ —
Interest income	(4)	(3)	(1)
Loss on foreign exchange transactions	9	5	17
Other	5	2	5
Total	<u>\$ (37)</u>	<u>\$ 4</u>	<u>\$ 21</u>

- (1) Refer to Note 12, "Financial Instruments".

NOTE 15: INCOME TAXES

The 2017 Tax Act was signed into law on December 22, 2017. The 2017 Tax Act changed many aspects of U.S. corporate income taxation and included a reduction of the corporate income tax rate from 35% to 21%, the implementation of a territorial tax system and the imposition of a tax on deemed repatriated earnings of foreign subsidiaries. Kodak recognized the tax effects of the 2017 Tax Act in the year ended December 31, 2017.

The changes to existing U.S. tax laws as a result of the 2017 Tax Act, which Kodak believes have the most significant impact on Kodak's federal income taxes are as follows:

Reduction of the U.S. Corporate Income Tax Rate

Kodak measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. Accordingly, Kodak's deferred tax assets and liabilities were remeasured to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%, resulting in a \$202 million decrease in Kodak's net deferred tax assets for the year ended December 31, 2017. This reduction in deferred tax assets was mainly offset by Kodak's U.S. valuation allowance except for the impact on deferred tax liabilities related to Kodak's goodwill and tradename, which resulted in a benefit of approximately \$7 million.

Transition Tax on Foreign Earnings

Kodak recognized provisional income tax expense of \$14 million for the year ended December 31, 2017 related to the one-time transition tax on certain foreign earnings which will be offset by the utilization of foreign tax credits. The determination of the transition tax requires further analysis regarding the amount and composition of Kodak's historical foreign earnings, which is expected to be completed in the second half of 2018.

The 2017 Tax Act also includes a provision to tax global intangible low-taxed income (“GILTI”) of foreign subsidiaries and a base erosion anti-abuse tax (“BEAT”) measure that taxes certain payments between a U.S. corporation and its subsidiaries. Kodak will be subject to the GILTI and BEAT provisions effective beginning January 1, 2018 and is in the process of analyzing their effects, including how to account for the GILTI provision from an accounting policy standpoint. Therefore, Kodak has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act. Kodak has recognized the provisional tax impacts related to deemed repatriated earnings and the re-measurement of deferred tax assets and liabilities to the extent needed and included these amounts in its consolidated financial statements for the year ended December 31, 2017. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions Kodak has made, additional regulatory guidance that may be issued, and actions Kodak may take as a result of the 2017 Tax Act. The accounting is expected to be complete when the 2017 U.S. corporate income tax return is filed in 2018.

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

	Year Ended December 31,		
	2017	2016	2015
(Loss) earnings from continuing operations before income taxes:			
U.S.	\$ (84)	\$ (66)	\$ (169)
Outside the U.S.	71	117	134
Total	<u>\$ (13)</u>	<u>\$ 51</u>	<u>\$ (35)</u>
U.S. income taxes:			
Current provision	\$ 1	\$ 2	\$ 1
Deferred (benefit) provision	(31)	6	9
Income taxes outside the U.S.:			
Current provision	15	14	22
Deferred (benefit) provision	(94)	11	—
State and other income taxes:			
Current benefit	(1)	—	—
Total provision	<u>\$ (110)</u>	<u>\$ 33</u>	<u>\$ 32</u>

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

	Year Ended December 31,		
	2017	2016	2015
Amount computed using the statutory rate	\$ (5)	\$ 18	\$ (12)
Increase (reduction) in taxes resulting from:			
Unremitted foreign earnings	2	6	26
Impact of goodwill and intangible impairments	(21)	—	—
Operations outside the U.S.	13	20	28
Legislative tax law and rate changes	150	6	—
Valuation allowance	(259)	(58)	(71)
Tax settlements and adjustments, including interest	(11)	2	2
Discharge of debt and other reorganization related items	39	40	60
Embedded derivative liability conversion	(17)	—	—
Other, net	(1)	(1)	(1)
(Benefit) provision for income taxes	<u>\$ (110)</u>	<u>\$ 33</u>	<u>\$ 32</u>

The significant components of deferred tax assets and liabilities were as follows (in millions):

	As of December 31,	
	2017	2016
Deferred tax assets		
Pension and postretirement obligations	\$ 96	\$ 162
Restructuring programs	1	1
Foreign tax credit	343	335
Inventories	10	10
Investment tax credit	58	71
Employee deferred compensation	25	41
Depreciation	68	63
Research and development costs	80	144
Tax loss carryforwards	307	435
Other deferred revenue	4	11
Other	74	80
Total deferred tax assets	\$ 1,066	\$ 1,353
Deferred tax liabilities		
Leasing	\$ 2	\$ 1
Goodwill/intangibles	16	48
Unremitted foreign earnings	20	76
Total deferred tax liabilities	38	125
Net deferred tax assets before valuation allowance	1,028	1,228
Valuation allowance	856	1,209
Net deferred tax assets	\$ 172	\$ 19

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

	As of December 31,	
	2017	2016
Deferred income taxes	\$ 188	\$ 35
Other long-term liabilities	(16)	(16)
Net deferred tax assets	\$ 172	\$ 19

As of December 31, 2017, Kodak had available domestic and foreign NOL carry-forwards for income tax purposes of approximately \$1,375 million, of which approximately \$542 million have an indefinite carry-forward period. The remaining \$833 million expire between the years 2018 and 2037. As of December 31, 2017, Kodak had unused foreign tax credits and investment tax credits of \$343 million and \$58 million, respectively, with various expiration dates through 2032.

Utilization of post-emergence NOL carry-forwards and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period.

The 2017 Tax Act includes a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. The one-time transition tax as of December 31, 2017 resulted in the recognition of a previously recorded deferred tax liability on the undistributed foreign earnings and was fully offset by Kodak's U.S. valuation allowance, resulting in no net tax benefit. Kodak had a deferred tax liability (net of related foreign tax credits) of \$56 million on the foreign subsidiaries' undistributed earnings as of December 31, 2016. Kodak has a deferred tax liability of \$20 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2017 and 2016.

Kodak's valuation allowance as of December 31, 2017 was \$856 million. Of this amount, \$159 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$353 million, and \$697 million related to Kodak's net deferred tax assets in the U.S. of \$675 million, for which Kodak believes it is not more likely than not that the assets will be realized.

During 2017, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would be realized as a result of increased profits in a location outside the U.S. and accordingly, recorded a benefit of \$101 million associated with the release of a valuation

allowance on those deferred tax assets. Additionally, during 2017, 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 \$7 million associated with the establishment of a valuation allowance on those deferred tax assets.

Kodak's valuation allowance as of December 31, 2016 was \$1,209 million. Of this amount, \$237 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$312 million, and \$972 million related to Kodak's net deferred tax assets in the U.S. of \$916 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 \$172 million and \$19 million as of December 31, 2017 and 2016, respectively, relate primarily to NOL 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.

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):

	Year Ended December 31,		
	2017	2016	2015
Balance as of January 1	\$ 84	\$ 85	\$ 92
Tax positions related to the current year:			
Additions	7	—	1
Tax positions related to prior years:			
Additions	6	1	—
Reductions	(28)	(2)	(7)
Settlements with taxing jurisdictions	(4)	—	—
Lapses in statute of limitations	(4)	—	(1)
Balance as of December 31	<u>\$ 61</u>	<u>\$ 84</u>	<u>\$ 85</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 had approximately \$17 million and \$23 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2017 and 2016, respectively.

Kodak had uncertain tax benefits of approximately \$29 and \$36 million as of December 31, 2017 and 2016, respectively, that, if recognized, would affect the effective income tax rate. 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.

The 2017 Tax Act corporate tax rate decrease from 35% to 21% resulted in the re-measurement of uncertain tax positions ("UTPs"), reducing a reserve held in the U.S. by approximately \$22 million. Unrecognized tax benefits are presented in the financial statements as a reduction to deferred tax assets for a NOL carryforward, a similar tax loss or a tax credit carryforward. As a result, the reduction of this UTP has been recorded as a reduction in Kodak's deferred tax asset and is fully offset by valuation allowance, therefore there is no net tax provision associated with this change.

During 2017, Kodak agreed to terms with a tax authority outside of the U.S. and settled audits for calendar years 2008 through 2012. For these years, Kodak originally recorded liabilities for a UTP totaling \$6 million (plus interest of approximately \$2 million). The settlement resulted in a reduction in Other current liabilities in the Consolidated Statement of Financial Position and the recognition of a \$1 million tax benefit.

Kodak is subject to taxation and files 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 2012 with respective tax authorities. Kodak is currently under examination by the Internal Revenue Service for years 2013 and 2014. With respect to countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2010 with respective foreign tax jurisdiction authorities.

NOTE 16: 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.

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, 2017 were as follows (in millions):

	Severance Reserve ⁽¹⁾	Exit Costs Reserve ⁽¹⁾	Long-lived Asset Impairments and Inventory Write-downs ⁽¹⁾	Accelerated Depreciation ⁽¹⁾	Total
Balance as of December 31, 2014	\$ 22	\$ 5	\$ —	\$ —	\$ 27
Charges	33	4	1	8	46
Utilization/cash payments	(36)	(5)	(1)	(8)	(50)
Other adjustments & reclasses ⁽²⁾	(12)	—	—	—	(12)
Balance as of December 31, 2015	7	4	—	—	11
Charges	14	1	1	—	16
Utilization/cash payments	(14)	(2)	(1)	—	(17)
Other adjustments & reclasses ⁽³⁾	(2)	—	—	—	(2)
Balance as of December 31, 2016	5	3	—	—	8
Charges	26	3	9	—	38
Utilization/cash payments	(13)	(2)	(9)	—	(24)
Other adjustments & reclasses ⁽⁴⁾	(12)	—	—	—	(12)
Balance as of December 31, 2017	\$ 6	\$ 4	\$ —	\$ —	\$ 10

(1) 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.

(2) The \$(12) million includes \$(9) million of severance related charges for pension plan special termination benefits, which were reclassified to Pension and other postretirement liabilities and \$(3) million of foreign currency translation adjustments.

(3) The \$(2) million represents severance related charges for pension plan curtailments and special termination benefits, which were reclassified to Pension and other postretirement liabilities.

(4) The \$(12) million includes \$(13) million of severance related charges for pension plan special termination benefits, which were reclassified to Pension and other postretirement liabilities, and \$1 million of foreign currency translation adjustments.

2015 Activity

The \$46 million of charges for the year ended December 31, 2015 included \$8 million for accelerated depreciation which was reported in Cost of revenues, \$38 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2015 severance costs related to the elimination of approximately 600 positions, including approximately 250 manufacturing/service, 250 administrative and 100 research and development positions. The geographic composition of these positions included approximately 275 in the U.S. and Canada, and 325 throughout the rest of the world.

Severance relating to these initiatives was paid in periods through 2016 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 2017.

2016 Activity

The \$16 million of charges for the year ended December 31, 2016 included \$1 million for inventory write-downs which was reported in Cost of revenues and \$15 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2016 severance costs related to the elimination of approximately 200 positions, including approximately 100 administrative, 75 manufacturing/service, and 25 research and development positions. The geographic composition of these positions included approximately 75 in the U.S. and Canada, and 125 throughout the rest of the world.

Severance relating to these initiatives was paid in periods through 2017 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 2017.

2017 Activity

Restructuring actions taken in 2017 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included actions associated with the Prosper business cost reduction, voluntary workforce transition plans in the U.S., an office closure in Switzerland, the cancellation of the copper touch screen program, as well as various targeted reductions in manufacturing, service, sales, research and development and other administrative functions.

As a result of these actions, for the year ended December 31, 2017 Kodak recorded \$38 million of charges, including \$7 million for inventory write-downs which was reported in Cost of revenues and \$31 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2017 severance costs related to the elimination of approximately 475 positions, including approximately 225 administrative, 150 manufacturing/service, and 100 research and development positions. The geographic composition of these positions included approximately 325 in the U.S. and Canada, and 150 throughout the rest of the world.

As a result of these initiatives, the majority of severance payments will be completed by the end of the first half of 2018. However, in some 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 throughout 2017 and beyond.

Prosper Business Cost Reduction

On January 12, 2017, Kodak announced an action to streamline costs in its Prosper business. This action is pursuant to Kodak's initiative to focus the Prosper business on developing next generation Ultrastream technology with solutions that place writing systems in original equipment manufacturer and hybrid applications and the continued placement of Prosper 6000 presses and components in suitable high volume applications. The action has been substantially completed as of December 31, 2017.

Under this program for the year ended December 31, 2017, Kodak recorded severance charges of \$4 million, long-lived asset impairment charges of \$2 million, and inventory write-downs of \$6 million.

NOTE 17: 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 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 were generally based on a formula recognizing length of service and final average earnings. KRIP included a separate cash balance formula for all U.S. employees hired after February 1999, as well as employees hired prior to that date who opted in to the cash balance formula during a special election period. Effective January 1, 2015 the KRIP was amended to provide that all participants accrue benefits under a single, revised cash balance formula (the "Cash Balance Plan"). The Cash Balance Plan credits employees' hypothetical accounts with an amount equal to either 7% or 8% of their pay, plus interest based on the 30-year Treasury bond rate.

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.

Information on the major funded and unfunded U.S. and Non-U.S. defined benefit pension plans is presented below. The composition of the major plans may vary from year to year. If the major plan composition changes, prior year data is conformed to ensure comparability.

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.

(in millions)	Year Ended December 31, 2017		Year Ended December 31, 2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in Benefit Obligation				
Projected benefit obligation at beginning of period	\$ 3,908	\$ 816	\$ 4,099	\$ 800
Service cost	12	3	12	3
Interest cost	115	12	113	14
Benefit payments	(352)	(48)	(395)	(48)
Actuarial loss	170	37	76	61
Special termination benefits	13	—	3	—
Currency adjustments	—	65	—	(14)
Projected benefit obligation at end of period	<u>\$ 3,866</u>	<u>\$ 885</u>	<u>\$ 3,908</u>	<u>\$ 816</u>
Change in Plan Assets				
Fair value of plan assets at beginning of period	\$ 3,653	\$ 693	\$ 3,793	\$ 728
Gain on plan assets	503	27	255	19
Employer contributions	—	5	—	4
Benefit payments	(352)	(48)	(395)	(48)
Currency adjustments	—	45	—	(10)
Fair value of plan assets at end of period	<u>\$ 3,804</u>	<u>\$ 722</u>	<u>\$ 3,653</u>	<u>\$ 693</u>
Under Funded Status at end of period	<u>\$ (62)</u>	<u>\$ (163)</u>	<u>\$ (255)</u>	<u>\$ (123)</u>
Accumulated benefit obligation at end of period	<u>\$ 3,864</u>	<u>\$ 874</u>	<u>\$ 3,907</u>	<u>\$ 806</u>

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,			
	2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$ —	\$ 35	\$ —	\$ 34
Pension and other postretirement liabilities	(62)	(198)	(255)	(157)
Net amount recognized	<u>\$ (62)</u>	<u>\$ (163)</u>	<u>\$ (255)</u>	<u>\$ (123)</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,			
	2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$ 3,866	\$ 617	\$ 3,908	\$ 541
Accumulated benefit obligation	3,864	606	3,907	532
Fair value of plan assets	3,804	419	3,653	384

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

	As of December 31,			
	2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	\$ 36	\$ 3	\$ 39	\$ 4
Net actuarial loss	(271)	(110)	(356)	(76)
Total	<u>\$ (235)</u>	<u>\$ (107)</u>	<u>\$ (317)</u>	<u>\$ (72)</u>

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

	2017		Year Ended December 31, 2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established (loss) gain	\$ 90	\$ (37)	\$ (83)	\$ (70)	\$ (126)	\$ 25
Amortization of:						
Prior service credit	(7)	—	(7)	—	(8)	—
Net actuarial loss	—	3	7	—	—	2
Total (loss) income recognized in Other comprehensive income	<u>\$ 83</u>	<u>\$ (34)</u>	<u>\$ (83)</u>	<u>\$ (70)</u>	<u>\$ (134)</u>	<u>\$ 27</u>

The Company expects to recognize \$8 million of prior service credits and \$10 million of net actuarial losses as components of net periodic benefit cost over the next year.

Pension income for all defined benefit plans included (in millions):

	2017		Year Ended December 31, 2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:						
Service cost	\$ 12	\$ 3	\$ 12	\$ 3	\$ 17	\$ 3
Interest cost	115	12	113	14	148	17
Expected return on plan assets	(243)	(27)	(262)	(28)	(272)	(30)
Amortization of:						
Prior service credit	(7)	—	(7)	—	(8)	—
Actuarial loss	—	3	7	—	—	2
Pension income before special termination benefits	(123)	(9)	(137)	(11)	(115)	(8)
Special termination benefits	13	—	3	—	9	—
Net pension income for major defined benefit plans	(110)	(9)	(134)	(11)	(106)	(8)
Other plans including unfunded plans	—	—	—	(2)	—	4
Net pension income	<u>\$ (110)</u>	<u>\$ (9)</u>	<u>\$ (134)</u>	<u>\$ (13)</u>	<u>\$ (106)</u>	<u>\$ (4)</u>

Beginning in 2016, Kodak changed the method used to estimate the service and interest cost components of the net periodic pension costs. The new method uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows. Prior to 2016, the service and interest costs were determined using a single weighted-average discount rate based on the AA yield curves used to measure the benefit obligation at the measurement date. Kodak changed to the new method to provide a more precise measure of interest and service costs by improving the correlation between the projected benefit cash flows and the discrete spot yield curve rates. Kodak accounted for this change prospectively as a change in estimate beginning in the first quarter of 2016.

As a result of the methodology change, the 2016 interest cost for the major U.S. and non-U.S. defined benefit pension plans decreased by approximately \$31 million and \$4 million, respectively. The methodology change did not have a material impact on service cost for Kodak's major defined benefit plans.

The special termination benefits of \$13 million, \$3 million and \$9 million for the years ended December 31, 2017, 2016 and 2015, 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 periods.

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:

	2017		Year Ended December 31, 2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.34%	1.90%	3.74%	2.04%	3.89%	2.50%
Salary increase rate	3.50%	2.17%	3.43%	1.99%	3.37%	1.91%

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:

	2017		Year Ended December 31, 2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Effective rate for service cost	3.68%	2.66%	3.49%	2.81%	3.50%	2.09%
Effective rate for interest cost	3.06%	1.56%	2.82%	1.90%	3.50%	2.09%
Salary increase rate	3.43%	2.09%	3.37%	1.91%	3.34%	1.95%
Expected long-term rate of return on plan assets	7.00%	4.21%	7.40%	4.65%	7.40%	4.69%

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, 2017 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, 2017, 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 6.4%.

As with KRIP, the EROA assumptions for certain of Kodak's other pension plans were reassessed as of December 31, 2017. The annual expected return on plan assets for the major non-U.S. pension plans range from 2.6% to 5.3% based on the plans' respective asset allocations as of December 31, 2017.

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. 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 and long duration investment grade bonds to partially hedge the liability risk of the plans. As of December 31, 2017 and 2016, there were no significant concentrations (defined as greater than 10% of plan assets) of risk in Kodak's defined benefit plan assets.

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,		2017 Target
	2017	2016	
Equity securities	10%	16%	7-13%
Debt securities	42%	33%	35-45%
Real estate	2%	3%	0-6%
Cash and cash equivalents	1%	3%	0-6%
Global balanced asset allocation funds	16%	14%	12-18%
Other	29%	31%	27-39%
Total	100%	100%	

Kodak'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,		2017 Target
	2017	2016	
Equity securities	3%	4%	0-6%
Debt securities	32%	31%	30-40%
Real estate	1%	1%	0-6%
Cash and cash equivalents	2%	3%	0-6%
Global balanced asset allocation funds	5%	4%	2-8%
Other	57%	57%	55-65%
Total	100%	100%	

Fair Value Measurements

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2017 and 2016 are presented in the tables below for Kodak's major defined benefit plans. Kodak's plan assets are accounted for at fair value and are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, with the exception of investments for which fair value is measured using the net asset value per share expedient. 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.

Assets not utilizing the net asset value per share expedient are valued as follows: Equity and debt securities traded on an active market are valued using a market approach based on the closing price on the last business day of the year. Real estate investments are valued primarily based on independent appraisals and discounted cash flow models, taking into consideration discount rates and local market conditions. Cash and cash equivalents are valued utilizing cost approach valuation techniques. Other investments are valued using a combination of market, income, and cost approaches, based on the nature of the investment. 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. For investments with lagged pricing, Kodak uses the available net asset values, and also considers expected return, subsequent cash flows and relevant material events.

Major U.S. Plans December 31, 2017

(in millions)	U.S.				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 30	\$ 30
Equity Securities	60	—	—	322	382
Debt Securities:					
Government Bonds	—	—	—	1,179	1,179
Investment Grade Bonds	—	421	—	—	421
Real Estate	—	—	26	68	94
Global Balanced Asset Allocation Funds	—	—	—	597	597
Other:					
Absolute Return	—	—	—	489	489
Private Equity	—	—	14	601	615
Derivatives with unrealized losses	(3)	—	—	—	(3)
	<u>\$ 57</u>	<u>\$ 421</u>	<u>\$ 40</u>	<u>\$ 3,286</u>	<u>\$ 3,804</u>

Major U.S. Plans
December 31, 2016

(in millions)	U.S.				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	\$ 1	\$ —	\$ —	\$ 106	\$ 107
Equity Securities	—	—	—	582	582
Debt Securities:					
Government Bonds	—	—	—	849	849
Investment Grade Bonds	—	373	—	—	373
Real Estate	—	—	32	84	116
Global Balanced Asset Allocation Funds	—	—	—	511	511
Other:					
Absolute Return	—	—	—	457	457
Private Equity	—	—	14	645	659
Derivatives with unrealized losses	(1)	—	—	—	(1)
	<u>\$ —</u>	<u>\$ 373</u>	<u>\$ 46</u>	<u>\$ 3,234</u>	<u>\$ 3,653</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 investment-grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, retail and apartment properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. 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. Private equity investments are primarily comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital, leveraged buyouts and special situations. Natural resource investments in oil and gas partnerships and timber funds are also included in this category.

Major Non-U.S. Plans
December 31, 2017

(in millions)	Non - U.S.				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	\$ 6	\$ —	\$ —	\$ 5	\$ 11
Equity Securities	—	—	—	24	24
Debt Securities:					
Government Bonds	—	—	—	79	79
Inflation-Linked Bonds	—	—	—	5	5
Investment Grade Bonds	—	62	—	76	138
Global High Yield & Emerging Market Debt	—	—	—	11	11
Real Estate	—	—	—	10	10
Global Balanced Asset Allocation Funds	—	—	—	33	33
Other:					
Absolute Return	—	—	—	8	8
Private Equity	—	—	—	43	43
Insurance Contracts	—	358	—	—	358
Derivatives with unrealized gains	1	—	—	—	1
	<u>\$ 7</u>	<u>\$ 420</u>	<u>\$ —</u>	<u>\$ 294</u>	<u>\$ 721</u>

Major Non-U.S. Plans
December 31, 2016

(in millions)	Non - U.S.				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	\$ 9	\$ —	\$ —	\$ 9	\$ 18
Equity Securities	—	—	—	28	28
Debt Securities:					
Government Bonds	—	—	—	86	86
Inflation-Linked Bonds	—	—	—	5	5
Investment Grade Bonds	—	59	—	57	116
Global High Yield & Emerging Market Debt	—	—	—	11	11
Real Estate	—	—	—	6	6
Global Balanced Asset Allocation Funds	—	—	—	29	29
Other:					
Absolute Return	—	—	—	8	8
Private Equity	—	—	—	56	56
Insurance Contracts	—	333	—	—	333
Derivatives with unrealized gains	(3)	—	—	—	(3)
	<u>\$ 6</u>	<u>\$ 392</u>	<u>\$ —</u>	<u>\$ 295</u>	<u>\$ 693</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 government and investment grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, and retail properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. 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. Private equity investments are comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital and leveraged buyouts. Insurance contracts are typically annuities from life insurance companies covering specific pension obligations.

For Kodak's major defined benefit pension plans, certain investment managers are authorized to invest in derivatives such as futures, swaps, and currency forward contracts. Investments in derivatives are used to obtain desired exposure to a particular asset, index or bond duration and require only a portion of the total exposure to be invested as cash collateral. In instances where exposures are obtained via derivatives, the majority of the exposure value is available to be invested, and is typically invested, in a diversified portfolio of hedge fund strategies that generate returns in addition to the return generated by the derivatives. Of the December 31, 2017 investments shown in the major U.S. plans table above, 2% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 31% of the total pension assets represented U.S. government bond exposure, at 18 years target duration, obtained via derivatives and are reported in government bonds. Of the December 31, 2016 investments shown in the major U.S. plans table above, 10% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 23% of the total pension assets represented U.S. government bond exposure, at 18 years target duration, obtained via derivatives and are reported in government bonds.

Of the December 31, 2017 investments shown in the major Non-U.S. plans table above, 0% and 7% of the total pension assets represented derivative exposures to equity securities and government bonds (at 13 years target duration) and are reported in those respective classes. Of the December 31, 2016 investments shown in the major Non-U.S. plans table above, 0% and 9% of the total pension assets represented derivative exposures to equity securities and government bonds (at 13 years target duration) and are reported in those respective classes.

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:

	U.S.			
(in millions)	Balance at January 1, 2017	Net Realized and Unrealized Gains and (Losses) Relating to Assets Still Held	Net Transfer Into/(Out of) Level 3	Balance at December 31, 2017
Real Estate	\$ 32	\$ 5	\$ (11)	\$ 26
Private Equity	14	3	(3)	14
Total	<u>\$ 46</u>	<u>\$ 8</u>	<u>\$ (14)</u>	<u>\$ 40</u>

	U.S.			
(in millions)	Balance at January 1, 2016	Net Realized and Unrealized Gains and (Losses) Relating to Assets Still Held	Net Transfer Into/(Out of) Level 3	Balance at December 31, 2016
Real Estate	\$ 34	\$ 7	\$ (9)	\$ 32
Private Equity	24	(6)	(4)	14
Total	<u>\$ 58</u>	<u>\$ 1</u>	<u>\$ (13)</u>	<u>\$ 46</u>

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

	U.S.	Non-U.S.
2018	\$ 335	\$ 50
2019	321	50
2020	311	50
2021	299	49
2022	289	49
2023 - 2027	1,290	228

NOTE 18: OTHER POSTRETIREMENT BENEFITS

Kodak provides continued access to medical and dental benefits through lifetime COBRA coverage for certain eligible U.S. retirees and long-term disability recipients who elected such coverage, along with their spouses, dependents and survivors. In Canada, Kodak provides medical, dental, life insurance, and survivor income benefits to eligible retirees. In the U.K., Kodak provides medical benefits to eligible retirees. The other postretirement benefit plans in the U.S., Canada, and the U.K. are closed to new participants. Information on the U.S., Canada and U.K. other postretirement plans is presented below.

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 were as follows (in millions):

	Year Ended December 31,	
	2017	2016
Net benefit obligation at beginning of period	\$ 74	\$ 78
Interest cost	2	2
Plan participants' contributions	3	5
Actuarial loss	1	1
Benefit payments	(8)	(10)
Currency adjustments	2	(2)
Net benefit obligation at end of period	<u>\$ 74</u>	<u>\$ 74</u>
Underfunded status at end of period	<u>\$ (74)</u>	<u>\$ (74)</u>

Amounts recognized in the Consolidated Statement of Financial Position consist of (in millions):

	As of December 31,	
	2017	2016
Other current liabilities	\$ (5)	\$ (5)
Pension and other postretirement liabilities	(69)	(69)
	<u>\$ (74)</u>	<u>\$ (74)</u>

Amounts recognized in Accumulated other comprehensive loss consist of (in millions):

	As of December 31,	
	2017	2016
Net actuarial gain	\$ (2)	\$ (5)

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

	Year Ended December 31,	
	2017	2016
Newly established loss	\$ 1	\$ 1
Amortization of:		
Net actuarial gain	2	2
Total loss recognized in Other comprehensive (loss) income	<u>\$ 3</u>	<u>\$ 3</u>

Other postretirement benefit cost included:

	Year Ended December 31,		
	2017	2016	2015
Components of net postretirement benefit cost:			
Service cost	\$ —	\$ —	\$ —
Interest cost	2	2	3
Amortization of:			
Actuarial gain	(2)	(2)	—
Other postretirement benefit cost from continuing operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3</u>

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

	Year Ended December 31,	
	2017	2016
Discount rate	3.20%	3.44%
Salary increase rate	2.35%	2.35%

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

	Year Ended December 31,		
	2017	2016	2015
Effective rate for interest cost	2.87%	2.85%	3.49%
Salary increase rate	2.35%	1.80%	2.60%

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

	2017	2016
Healthcare cost trend	5.40%	5.68%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.38%	4.38%
Year that the rate reaches the ultimate trend rate	2022	2022

Assumed healthcare cost trend rates effect the amounts reported for the healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	1% increase	1% decrease
Effect on total service and interest cost	\$ —	\$ —
Effect on postretirement benefit obligation	5	(4)

The following other postretirement benefits, which reflect expected future service, are expected to be paid (in millions):

2018	\$ 5
2019	5
2020	4
2021	4
2022	4
2023-2027	19

NOTE 19: EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share calculations include any dilutive effect of potential common shares. In periods with a net loss from continuing operations, diluted earnings per share are calculated using weighted-average basic shares for that period, as utilizing diluted shares would be anti-dilutive to loss per share.

A reconciliation of the amounts used to calculate basic and diluted earnings per share for the years ended December 31, 2017 and 2016 follows (in millions):

	Year Ended December 31,	
	2017	2016
Earnings from continuing operations attributable to Eastman Kodak Company	\$ 96	\$ 17
Less: Series A convertible preferred stock cash dividends	(11)	(2)
Less: Series A convertible preferred stock deemed dividends	(8)	(1)
Earnings from continuing operations available to common shareholders - basic and diluted	<u>\$ 77</u>	<u>\$ 14</u>
Net income attributable to Eastman Kodak Company	\$ 94	\$ 15
Less: Series A convertible preferred stock cash dividends	(11)	(2)
Less: Series A convertible preferred stock deemed dividends	(8)	(1)
Net income available to common shareholders - basic and diluted	<u>\$ 75</u>	<u>\$ 12</u>
Weighted-average common shares outstanding - basic	42.5	42.2
Effect of dilutive securities:		
Unvested restricted stock units	0.2	0.3
Weighted-average common shares outstanding - diluted	<u>42.7</u>	<u>42.5</u>

The computation of diluted earnings per share for the years ended December 31, 2017 and 2016 excluded the impact of (1) the assumed conversion of 2.0 million shares of Series A convertible preferred shares, (2) the assumed conversion of net share settled warrants to purchase 1.8 million shares of common stock at an exercise price of \$14.93, (3) the assumed conversion of net share settled warrants to purchase 1.8 million shares of

common stock at an exercise price of \$16.12 and (4) the assumed conversion of 4.8 million and 2.2 million, respectively, outstanding employee stock options because they would have been anti-dilutive.

As a result of the net loss from continuing operations for the year ended December 31, 2015 Kodak calculated diluted earnings per share using weighted-average basic shares outstanding for those periods. If Kodak had reported earnings from continuing operations for the year ended December 31, 2015, the following potential shares of its common stock would have been dilutive in the computation of diluted earnings per share:

(in millions of shares)	Year Ended December 31, 2015
Unvested share-based awards	0.2
Warrants to purchase common shares	0.3
Total	0.5

The computation of diluted earnings per share for the year ended December 31, 2015 also excluded outstanding employee stock options of 1.6 million because the effects would have been anti-dilutive.

NOTE 20: STOCK-BASED COMPENSATION

Kodak's stock incentive plan is the 2013 Omnibus Incentive Plan (the "2013 Plan"). The 2013 Plan is administered by the Executive Compensation Committee of the Board of Directors.

Officers, directors and employees of the Company and its consolidated subsidiaries are eligible to receive awards. Stock options are generally non-qualified, are at exercise prices equal to or greater than the closing price of Kodak's stock on the date of grant and expire seven years after the grant date. Stock-based compensation awards granted under Kodak's stock incentive plan are generally subject to a three-year vesting period from the date of grant, or a later date as determined by the Executive Compensation Committee. Awards are subject to settlement in newly-issued shares of common stock. 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 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.

Compensation expense is recognized on a straight-line basis over the service or performance period for each separately vesting tranche of the award and is adjusted for actual forfeitures before vesting. 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.

Restricted Stock Units

Restricted stock units are payable in shares of the Company common stock upon vesting. The fair value is based on the closing market price of the Company's stock on the grant date. Compensation cost related to restricted stock units was \$4 million, \$5 million and \$7 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The weighted average grant date fair value of restricted stock unit awards granted for the years ended December 31, 2017, 2016 and 2015 was \$9.20, \$13.85 and \$14.86, respectively. The total fair value of restricted stock units that vested was \$7 million for the years ended December 31, 2017 and 2016 and \$5 million for the year ended December 31, 2015. As of December 31, 2017, there was \$2 million of unrecognized compensation cost related to restricted stock units. The cost is expected to be recognized over a weighted average period of 1.5 years.

The following table summarizes information about restricted stock unit activity for the year ended December 31, 2017:

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Values
Outstanding on December 31, 2016	651,544	\$ 16.57
Granted	222,853	9.20
Vested	399,527	17.56
Forfeited	6,189	17.26
Outstanding on December 31, 2017	<u>468,681</u>	<u>12.21</u>

Stock Options

The following table summarizes information about stock option activity for the year ended December 31, 2017:

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (\$ millions)
Outstanding on December 31, 2016	2,214,459	\$ 17.10		
Granted	2,605,051	11.93		
Forfeited	<u>11,655</u>	<u>16.80</u>		
Outstanding on December 31, 2017	4,807,855	14.30	5.75	-
Exercisable on December 31, 2017	1,400,690	18.73	4.31	-
Expected to vest December 31, 2017	3,407,165	12.48	6.28	-

The aggregate intrinsic value represents the total pretax intrinsic value that option holders would have received had all option holders exercised their options on the last trading day of the year. The aggregate intrinsic value is the difference between the Kodak closing stock price on the last trading day of the year and the exercise price, multiplied by the number of in-the-money options.

There was no intrinsic value of options outstanding, exercisable or expected to vest due to the fact that the market price of the Company's common stock as of December 31, 2017 was below the weighted average exercise price of options. There were no options exercised in 2017.

The weighted average grant date fair value of options granted for the years ended December 31, 2017, 2016 and 2015 was \$2.26, \$5.56 and \$5.94, respectively. The total fair value of options that vested during the year ended December 31, 2017, 2016 and 2015 was \$4 million, \$3 million and \$2 million, respectively. Compensation cost related to stock options for the years ended December 31, 2017, 2016 and 2015 was \$5 million, \$4 million and \$4 million, respectively.

As of December 31, 2017, there was \$6 million of unrecognized compensation cost related to stock options. The cost is expected to be recognized over a weighted average period of 1.7 years.

Kodak utilizes the Black-Scholes option valuation model to estimate the fair value of stock options. Public trading of the Company's common stock began on September 23, 2013, providing limited historical data upon which to base assumptions. The expected term of options granted is the period of time the options are expected to be outstanding and is calculated using a simplified method based on the option's vesting period and original contractual term. Until late in 2016 the Company estimated expected volatility by taking the average of the historical volatility of the Company's stock (measured using the daily closing stock prices since public trading in the Company's stock began) and the implied volatility of exchange traded options on the Company's equity over the two-week period prior to the valuation date. The Company now uses only the historical volatility of the Company's stock to estimate expected volatility. The risk-free rate was based on the yield on U.S. Treasury notes with a term equal to the option's expected term.

The following inputs were used for the valuation of option grants issued in each year:

	Year Ended December 31,		
	2017	2016	2015
Weighted-average fair value of options granted	\$ 2.26	\$ 5.56	\$ 5.94
Weighted-average risk-free interest rate	1.77%	1.32%	1.46%
Range of risk-free interest rates	1.64% - 2.11%	0.93% - 1.96%	1.26% - 1.60%
Weighted-average expected option lives	4.5 years	4.6 years	4.5 years
Expected option lives	4.5 years	4.5 - 4.9 years	4.5 years
Weighted-average volatility	46%	47%	46%
Range of expected volatilities	46% - 49%	44% - 51%	40% - 49%
Weighted-average expected dividend yield	0.0%	0.0%	0.0%

Stock-based Awards Classified as Liabilities

Kodak settled a portion of its 2015 incentive compensation plans in 2016 with 188,584 shares of common stock with a pre-tax fair value of \$2 million on the date of issuance. The shares were issued under the 2013 Omnibus Incentive Plan. Stock compensation expense associated with the incentive compensation plans was approximately \$5 million for the year ended December 31, 2015.

NOTE 21: SHAREHOLDERS' EQUITY

The 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, 2017 there were 42.6 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding. As of December 31, 2016 there were 42.4 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding.

Net Share Settled Warrants

Upon emergence from bankruptcy in September 2013, 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 at emergence (\$24 million). As of December 31, 2017, there were warrants outstanding to purchase 3.6 million shares of common stock. The warrants terminate at the close of business on September 3, 2018.

Treasury Stock

During the years ended December 31, 2017 and 2016, the Company repurchased shares of common stock for approximately \$1 million and \$3 million, respectively, to satisfy tax withholding obligations in connection with the issuance of stock to employees under the 2013 Plan. Treasury stock consisted of approximately 0.6 million shares and 0.5 million shares at December 31, 2017 and 2016, respectively.

Backstop Registration Rights Agreement

Upon emergence from bankruptcy on September 3, 2013 ("Effective Date"), the Company and 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") executed a registration rights agreement (the "Backstop Registration Rights Agreement"). The Backstop Registration Rights Agreement, among other rights, provides the Backstop Parties with certain registration rights with respect to common stock offered to the Backstop Parties (and other eligible creditors) as part of a rights offering (the "Backstop registrable securities"). 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.

Stockholders holding Backstop registrable securities representing 10% of the outstanding common stock at emergence may require the Company to facilitate a registered offering of Backstop registrable securities (such offering, the "Initial Registration"). The Backstop registrable securities requested to be sold in the Initial Registration must have an aggregate market value of at least \$75 million. On October 20, 2016, the Initial Registration, in the form of a shelf registration statement registering all Backstop registerable securities, was declared effective by the SEC.

Following the Initial Registration, stockholders holding 10% or more of the outstanding Backstop 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 Backstop registrable securities as set forth in the Registration Rights Agreement. Stockholders also have the right to include their Backstop 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.

NOTE 22: OTHER COMPREHENSIVE LOSS

The changes in Other comprehensive loss by component, were as follows:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Currency translation adjustments	\$ 11	\$ (29)	\$ (35)
Reclassification adjustment for (gains) losses included in Other charges, net, before tax	—	(2)	2
Reclassification adjustment for (gains) losses included in Other charges, net, net of tax	—	(2)	2
Pension and other postretirement benefit plan changes			
Newly established prior service credit		—	4
Newly established net actuarial gain (loss)	35	(148)	(88)
Tax benefit (provision)	11	14	(5)
Newly established prior service credit and net actuarial loss, net of tax	46	(134)	(89)
Reclassification adjustments:			
Amortization of prior service credit (a)	(8)	(7)	(8)
Amortization of actuarial (gains) losses (a)	(3)	1	(2)
Recognition of (gains) losses due to settlements and curtailments (a)	—	(1)	1
Total reclassification adjustments	(11)	(7)	(9)
Tax provision	1	1	—
Reclassification adjustments, net of tax	(10)	(6)	(9)
Pension and other postretirement benefit plan changes, net of tax	36	(140)	(98)
Other comprehensive income (loss)	\$ 47	\$ (171)	\$ (131)

(a) Reclassified to Pension (income) expense - refer to Note 17, "Retirement Plans" and Note 18, "Other Postretirement Benefits" for additional information.

NOTE 23: ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss is composed of the following:

(in millions)	As of December 31,	
	2017	2016
Currency translation adjustments	\$ (85)	\$ (96)
Pension and other postretirement benefit plan changes	(306)	(342)
Ending balance	<u>\$ (391)</u>	<u>\$ (438)</u>

NOTE 24: SEGMENT INFORMATION

Effective January 1, 2017, Kodak changed its organizational structure. Micro 3D Printing, within the Micro 3D Printing and Packaging segment, was moved into the Intellectual Property Solutions segment, which has been renamed the Advanced Materials and 3D Printing Technology segment. The Flexographic Packaging business, formerly part of the Micro 3D Printing and Packaging segment, is now being reported as a dedicated segment.

Effective April 1, 2017, Kodak made another change to its organizational structure. Digital front-end controllers within the Prosper business in the Enterprise Inkjet Systems segment was moved to the Unified Workflow Solutions business within the Software and Solutions segment.

Prior period segment results have been revised to conform to the current period segment reporting structure.

Financial information is reported for seven reportable segments: Print Systems, Enterprise Inkjet Systems, Flexographic Packaging, Software and Solutions, Consumer and Film, Advanced Materials and 3D Printing Technology and Eastman Business Park. A description of the reportable segments follows.

Print Systems: The Print Systems segment is comprised of two lines of business: Prepress Solutions and Electrophotographic Printing Solutions.

Enterprise Inkjet Systems: The Enterprise Inkjet Systems segment is comprised of two lines of business: the Prosper business and the Versamark business.

Flexographic Packaging: The Flexographic Packaging segment is comprised of the Packaging line of business.

Software and Solutions: The Software and Solutions segment is comprised of two lines of business: Unified Workflow Solutions and Kodak Technology Solutions.

Consumer and Film: The Consumer and Film segment is comprised of three lines of business: Industrial Film and Chemicals, Motion Picture and Consumer Products (which includes Consumer Inkjet Solutions).

Advanced Materials and 3D Printing Technology: The Advanced Materials and 3D Printing Technology segment includes the Kodak Research Laboratories and associated new business opportunities and intellectual property licensing not directly related to other business segments.

Eastman Business Park: The Eastman Business Park segment includes the operations of the Eastman Business Park, a more than 1,200 acre technology center and industrial complex.

All Other: All Other was primarily composed of the RED utilities variable interest entity until deconsolidation in December 2016, (refer to Note 1 "Summary of Significant Accounting Policies – Basis of Consolidation").

Segment financial information is shown below. Asset information by segment is not disclosed as this information is not separately identified and reported to the Chief Operating Decision Maker.

Net Revenues from Continuing Operations by Reportable Segment

	Year Ended December 31,		
	2017	2016	2015
(in millions)			
Print Systems	\$ 942	\$ 1,018	\$ 1,107
Enterprise Inkjet Systems	144	166	165
Flexographic Packaging	145	132	127
Software and Solutions	85	90	120
Consumer and Film	198	221	269
Advanced Materials and 3D Printing Technology	1	1	2
Eastman Business Park	16	15	13
Consolidated total	<u>\$ 1,531</u>	<u>\$ 1,643</u>	<u>\$ 1,803</u>

Segment Measure of Profit and Loss

Kodak's segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization ("Operational EBITDA"). As demonstrated in the table below, Operational EBITDA represents the earnings (loss) from continuing operations excluding the provision (benefit) for income taxes; corporate components of pension and OPEB income; depreciation and amortization expense; restructuring costs; overhead costs no longer absorbed by discontinued operations; stock-based compensation expense; the 2015 changes in the U.S. vacation benefits; consulting and other costs; idle costs; manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production; other operating expense, net (unless otherwise indicated); loss on early extinguishment of debt; interest expense; other charges, net and reorganization items, net.

Kodak's segments are measured using Operational EBITDA both before and after allocation of corporate selling, general and administrative expenses ("SG&A"). The segment earnings measure reported is after allocation of corporate SG&A as this most closely aligns with U.S. GAAP. Research and development activities not directly related to the other segments are reported within the Advanced Materials and 3D Printing Technology segment.

Change in Segment Measure of Profit and Loss

During the first quarter of 2017 the segment measure was changed to exclude internal costs associated with corporate strategic initiatives. The segment measure already excluded external costs associated with those initiatives. Additionally, third party costs associated with incremental idle building space has been added to idle costs.

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

(in millions)	Year Ended December 31,		
	2017	2016	2015
Print Systems	\$ 58	\$ 106	\$ 99
Enterprise Inkjet Systems	5	(16)	(27)
Flexographic Packaging	31	24	24
Software and Solutions	1	1	10
Consumer and Film	(16)	16	52
Advanced Materials and 3D Printing Technology	(26)	(26)	(35)
Eastman Business Park	4	2	2
Total of reportable segments	57	107	125
All Other ⁽¹⁾	—	3	5
Corporate components of pension and OPEB income ⁽²⁾	144	161	133
Depreciation and amortization	(80)	(105)	(145)
Restructuring costs and other	(38)	(16)	(38)
Stock-based compensation	(9)	(8)	(18)
Consulting and other costs ⁽³⁾	(5)	(7)	(14)
Idle costs ⁽⁵⁾	(3)	(3)	(3)
Change in U.S. vacation benefits ⁽⁴⁾	—	—	17
Manufacturing costs originally planned to be absorbed by silver halide touch screen production ⁽⁶⁾	—	(3)	(2)
Costs previously allocated to discontinued operations ⁽⁷⁾	—	—	(1)
Other operating (expense) income, net excluding gain related to Unipixel termination ⁽⁸⁾	(28)	(16)	3
Goodwill impairment loss ⁽⁹⁾	(56)	—	(8)
Interest expense ⁽⁹⁾	(32)	(60)	(63)
Loss on early extinguishment of debt, net ⁽⁹⁾	—	(4)	—
Other income (charges), net ⁽⁹⁾	37	(4)	(21)
Reorganization items, net ⁽⁹⁾	—	6	(5)
Consolidated (loss) earnings from continuing operations before income taxes	\$ (13)	\$ 51	\$ (35)

(1) RED utilities variable interest entity which was deconsolidated as of December 31, 2016 (interest and depreciation of RED are included in the respective lines below).

(2) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailments and settlement components of pension and other postretirement benefit expenses.

(3) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.

(4) In the fourth quarter of 2015, Kodak changed the timing of when affected U.S. employees earn their vacation benefits, which reduced Kodak's obligation to employees and the related accrual by \$17 million as of December 31, 2015. The reduction in the accrual impacted gross profit by approximately \$9 million, SG&A by approximately \$5 million and R&D by approximately \$3 million.

(5) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

(6) Consists of manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production that are now excluded from the measure of segment profit and loss.

(7) Includes indirect costs originally associated with businesses that are now included in discontinued operations. When the businesses met the criteria to be reported as discontinued operations, the allocated indirect costs were removed and recorded in continuing operations.

(8) In 2015 a \$3 million gain was recognized related to assets that were acquired for no monetary consideration as a part of the termination of the relationship with Unipixel. The gain was reported in Other operating expense (income), net in the Consolidated Statement of Operations. Other operating expense (income), net is typically excluded from the segment measure. However, this particular gain was included in the Advanced Materials and 3D Printing Technology segment's earnings in 2015.

(9) As reported in the Consolidated Statement of Operations.

Kodak reduced workers' compensation reserves by approximately \$8 million in both 2016 and 2015, primarily driven by changes in discount rates. The reduction in reserves impacted gross profit by approximately \$4 million, SG&A by approximately \$3 million and R&D by approximately \$1 million in both years.

Amortization and depreciation expense by segment are not included in the segment measure of profit and loss but are regularly provided to the CODM.

(in millions)	Year Ended December 31,		
Intangible asset amortization expense from continuing operations:	2017	2016	2015
Print Systems	\$ 8	\$ 9	\$ 9
Enterprise Inkjet Systems	3	1	4
Flexographic Packaging Division	1	1	1
Software & Solutions	1	2	2
Consumer & Film	1	—	1
Advanced Materials and 3D Printing	4	6	8
Consolidated total	<u>\$ 18</u>	<u>\$ 19</u>	<u>\$ 25</u>

(in millions)	Year Ended December 31,		
Depreciation expense from continuing operations:	2017	2016	2015
Print Systems	\$ 36	\$ 36	\$ 39
Enterprise Inkjet Systems	8	5	11
Flexographic Packaging Division	3	3	3
Software & Solutions	1	2	2
Consumer & Film	7	15	30
Advanced Materials and 3D Printing	4	5	5
Eastman Business Park	3	4	6
Sub-total	<u>62</u>	<u>70</u>	<u>96</u>
Other	<u>—</u>	<u>16</u>	<u>16</u>
Restructuring-related depreciation	<u>—</u>	<u>—</u>	<u>8</u>
Consolidated total	<u>\$ 62</u>	<u>\$ 86</u>	<u>\$ 120</u>

Geographic Information

(in millions)	Year Ended December 31,		
Net sales to external customers attributed to ⁽¹⁾ :	2017	2016	2015
The United States	\$ 504	\$ 559	\$ 627
Europe, Middle East and Africa	527	555	597
Asia Pacific	369	397	402
Canada and Latin America	131	132	177
Non U.S. countries total	<u>1,027</u>	<u>1,084</u>	<u>1,176</u>
Consolidated total	<u>\$ 1,531</u>	<u>\$ 1,643</u>	<u>\$ 1,803</u>

- ⁽¹⁾ Sales are reported in the geographic area in which they originate. No non-U.S. country generated more than 10% of net sales in the years ended December 31, 2017, 2016 and 2015.

(in millions)	Year Ended December 31,		
Long-lived assets ⁽¹⁾ located in:	2017	2016	2015
The United States ⁽²⁾	\$ 126	\$ 143	\$ 217
Europe, Middle East and Africa	51	55	55
Asia Pacific	53	57	76
Canada and Latin America	84	87	78
Non U.S. countries total ⁽³⁾	<u>188</u>	<u>199</u>	<u>209</u>
Consolidated total	<u>\$ 314</u>	<u>\$ 342</u>	<u>\$ 426</u>

- ⁽¹⁾ Long-lived assets are comprised of property, plant and equipment, net.

- (2) The decrease in property, plant and equipment, net in the United States in 2016 was primarily due to the deconsolidation of RED, which had \$52 million in property, plant and equipment, net as of December 31, 2015.
- (3) Of the total non U.S. property, plant and equipment in 2017, \$71 million are located in Brazil and \$38 million are located in China. Of the total non U.S. property, plant and equipment in 2016, \$75 million are located in Brazil and \$43 million are located in China. Of the total non U.S. property, plant and equipment in 2015, \$64 million are located in Brazil and \$60 million are located in China.

Major Customers

No single customer represented 10% or more of Kodak's total net revenue in any year presented.

NOTE 25: DISCONTINUED OPERATIONS

Discontinued operations of Kodak include the Prosper Business and the PI/DI Business (excluding the consumer film business, for which Kodak entered into an ongoing supply arrangement with one or more parties).

KODAK PROSPER Enterprise Inkjet Business

The results of the Prosper business were previously presented as discontinued operations. However, the held for sale criteria were no longer met as of March 31, 2017. The assets and liabilities of the Prosper business, previously presented as held for sale, have been reclassified to held and used in the Consolidated Statement of Financial Position as of December 31, 2016, and the results of the Prosper business have been reclassified from discontinued operations to continuing operations for all periods presented. The Prosper business' assets and liabilities as of March 31, 2017 were measured at the carrying amount before the assets were classified as held for sale, reduced by \$12 million representing the depreciation and amortization expense that would have been recognized had the assets been continuously classified as held for use. The \$12 million reduction to the carrying value of the Prosper assets was reported in Other operating expense (income), net in the first quarter of 2017.

The reclassification of the results of the Prosper Business to continuing operations had the following impacts on the Consolidated Statement of Operations:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Revenues	\$ —	\$ 94	\$ 89
Cost of sales	—	75	86
Selling, general and administrative expenses	—	26	22
Research and development expenses	—	20	17
Restructuring costs and other	12	-	1
Earnings (loss) from continuing operations before income taxes	(12)	(27)	(37)
Provision for income taxes	—	(1)	(2)
Earnings (loss) from continuing operations	<u>\$ (12)</u>	<u>\$ (28)</u>	<u>\$ (39)</u>

Personalized Imaging and Document Imaging Businesses

On September 3, 2013, Kodak consummated the sale of certain assets and the assumption of certain liabilities of the PI/DI Business to the trustee of the U. K. pension plan (and/or its subsidiaries, collectively the "KPP Purchasing Parties") for net cash consideration of \$325 million. Up to \$35 million in aggregate of the purchase price is subject to repayment if the PI/DI Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. The PI/DI Business did not achieve the adjusted annual EBITDA target for 2016 or 2015. As a result, \$7 million and \$4 million of the purchase price, representing the maximum amount that could be owed for 2016 and 2015, respectively, was paid in 2017 and 2016, respectively. Certain assets and liabilities of the PI/DI Business in certain jurisdictions were not transferred at the initial closing on September 3, 2013, but were transferred at a series of deferred closings. The final deferred closing occurred in September 2015. Kodak operated the PI/DI Business related to the deferred closing jurisdictions, subject to certain covenants, until the applicable deferred closing occurred, and delivered to (or received from) a KPP subsidiary at each deferred closing a true-up payment that reflected the actual economic benefit (or detriment) to the PI/DI 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 PI/DI Business were being reported as Loss from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

On March 17, 2014, the KPP Purchasing Parties agreed to pay Kodak \$20 million of incremental consideration (\$13 million was paid in March 2014 and the remainder was paid in March 2015) in lieu of working capital adjustments.

The significant components of revenues and (loss) earnings from discontinued operations, net of income taxes are as follows:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Revenues from Personalized Imaging and Document Imaging	\$ —	\$ —	\$ 1
Pre-tax (loss) earnings from Personalized Imaging and Document Imaging	\$ —	\$ (2)	\$ (5)
Provision for income taxes related to discontinued operations	—	—	(3)
(Loss) earnings from discontinued operations, net of income taxes	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ (8)</u>

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.

QUARTERLY SALES AND EARNINGS DATA (UNAUDITED)

(in millions, except per share data)

	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
2017				
Net revenues from continuing operations	\$ 414	\$ 379	\$ 381	\$ 357
Gross profit from continuing operations	94	87	91	83
Earnings (loss) from continuing operations	128 ⁽⁶⁾	(46) ⁽⁵⁾	7 ⁽⁴⁾	7 ⁽³⁾
Income (loss) from discontinued operations ⁽⁷⁾	1	—	(3)	—
Net earnings (loss) attributable to Eastman Kodak Company	129	(46)	4	7
Basic net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁸⁾				
Continuing operations	\$ 2.89	\$ (1.20)	\$ 0.05	\$ 0.05
Discontinued operations	0.02	—	(0.07)	—
Total	<u>\$ 2.91</u>	<u>\$ (1.20)</u>	<u>\$ (0.02)</u>	<u>\$ 0.05</u>
Diluted net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁸⁾				
Continuing operations	\$ 2.88	\$ (1.20)	\$ 0.05	\$ 0.05
Discontinued operations	0.02	—	(0.07)	—
Total	<u>\$ 2.90</u>	<u>\$ (1.20)</u>	<u>\$ (0.02)</u>	<u>\$ 0.05</u>

(in millions, except per share data)

	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
2016				
Net revenues from continuing operations	\$ 432	\$ 411	\$ 423	\$ 377
Gross profit from continuing operations	115	93	107	88
Earnings (loss) from continuing operations	11 ⁽²⁾	12	9	(14) ⁽¹⁾
Loss from discontinued operations ⁽⁷⁾	—	—	(1)	(1)
Net earnings (loss) attributable to Eastman Kodak Company	10	16	7	(18)
Basic net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁸⁾				
Continuing operations	\$ 0.17	\$ 0.38	\$ 0.19	\$ (0.41)
Discontinued operations	—	—	(0.02)	(0.02)
Total	<u>\$ 0.17</u>	<u>\$ 0.38</u>	<u>\$ 0.17</u>	<u>\$ (0.43)</u>
Diluted net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁸⁾				
Continuing operations	\$ 0.16	\$ 0.37	\$ 0.18	\$ (0.41)
Discontinued operations	—	—	(0.02)	(0.02)
Total	<u>\$ 0.16</u>	<u>\$ 0.37</u>	<u>\$ 0.16</u>	<u>\$ (0.43)</u>

(1) Includes an impairment charge of \$20 million due to Kodak's exit of its position in silver metal mesh touch screen development and \$10 million in income representing net litigation proceeds. Refer to Note 13, "Other Operating Expense (Income), net" in the Notes to Financial Statements.

(2) Includes \$15 million from the deconsolidation of RED. Refer to Note 1, "Summary of Significant Accounting Policies – Basis of Consolidation" in the Notes to Financial Statements.

(3) Includes \$22 million of income from the revaluation of the embedded conversion features derivative and \$12 million of expense from the reduction in the carrying value of Prosper assets, Refer to Note 12, "Financial Instruments and Note 25, "Discontinued Operations".

(4) Includes \$14 million of income from the revaluation of the embedded conversion features derivative, Refer to Note 12, "Financial Instruments.

(5) Includes a goodwill impairment charge of \$56 million and the associated tax benefit of \$18 million and an impairment charge of \$12 million due to the cancellation of the copper metal mesh touch screen program partially offset by \$7 million of income from the revaluation of embedded conversion features derivative. Refer to Note 13, "Other Operating Expense (Income), net" and Note 12, "Financial Instruments" in the Notes to Financial Statements.

(6) Includes the tax benefit of \$101 million associated with the release of a deferred tax valuation allowance in a location outside the U.S.

(7) Refer to Note 25, "Discontinued Operations", in the Notes to Financial Statements for a discussion regarding discontinued operations

(8) EPS for each quarter is computed using the weighted-average number of shares outstanding during the quarter, while EPS for the year is computed using the weighted-average shares outstanding during the year. Thus the sum of the EPS for each of the four quarters may not equal the EPS for the year.

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, 2017. 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" (2013). 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, 2017. The effectiveness of Kodak's internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, Kodak's independent registered public accounting firm, as stated in their report, refer to Item 8. Financial Statement and Supplementary Data.

Changes in Internal Control over Financial Reporting

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

Not applicable.

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 of Directors and Corporate Governance - Director Nominees" in the Company's Notice of 2018 Annual Meeting and Proxy Statement (the "Proxy Statement"), which will be filed within 120 days after December 31, 2017. The information required by Item 10 regarding audit committee composition and audit committee financial expert disclosure is incorporated by reference from the information under the caption "Board of Directors and Corporate Governance - Committees of the Board - 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". 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 - Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

We have adopted a Business Conduct Guide that applies to all of our officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions, as well as a Directors' Code of Conduct that applies to our directors and Board observers. Our Business Conduct Guide and Directors' Code of Conduct are posted on our website located at <http://ek.client.shareholder.com/supporting.cfm>. We intend to disclose future amendments to certain provisions of the Business Conduct Guide and waivers of the Business Conduct Guide granted to executive officers, on the website within four business days following the date of the amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference from the information under the following captions in the Proxy Statement: "Executive Compensation", "Director Compensation" and "Board of Directors and Corporate Governance – Executive Compensation Committee Interlocks and Insider Participation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from the information under the captions "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement. "Securities Authorized for Issuance Under Equity Compensation Plans" is shown below:

EQUITY COMPENSATION PLAN INFORMATION

As of December 31, 2017, information about the Company's equity compensation plans is as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units	Weighted- Average Exercise Price of Outstanding Options	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⁾	5,266,478	\$ 14.30	—

⁽¹⁾ The Company's equity compensation plan not approved by security holders is the 2013 Omnibus Incentive 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 Current Report on Form 8-K filed on September 10, 2013, and a copy of which was filed with the Quarterly Report on Form 10-Q for the period ending September 30, 2013 and is incorporated herein by reference.

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 "Certain Relationships and Related Transactions" and "Board of Directors and Corporate Governance - Director and Nominee Independence" in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated by reference from the information under the caption "Principal Accounting Fees and Services" in the Proxy Statement.

PART IV

ITEM 15. FINANCIAL STATEMENT SCHEDULES, EXHIBITS

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ITEM 16. FORM 10-K SUMMARY

None.

Schedule II

Eastman Kodak Company Valuation and Qualifying Accounts

(in millions)	Beginning Balance	Additions	Net Deductions and Other	Ending Balance
Year ended December 31, 2017				
Reserve for doubtful accounts	\$ 8	5	4	\$ 9
Deferred tax valuation allowance	\$ 1,209	140	493	\$ 856
Year ended December 31, 2016				
Reserve for doubtful accounts	\$ 10	4	6	\$ 8
Deferred tax valuation allowance	\$ 1,201	176	168	\$ 1,209
Year ended December 31, 2015				
Reserve for doubtful accounts	\$ 11	4	5	\$ 10
Deferred tax valuation allowance	\$ 1,127	182	108	\$ 1,201

Eastman Kodak Company
Index to Exhibits

**Exhibit
Number**

- (3.1) Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (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) Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company. (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed November 16, 2016).
- (3.3) Fourth Amended and Restated By-Laws of Eastman Kodak Company. (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed on May 25, 2017).
- (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).
- (4.3) Registration Rights Agreement by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, dated November 15, 2016. (Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K as filed November 16, 2016).
- (4.4) Shareholder Agreement, dated as of April 17, 2017, by and among Eastman Kodak Company, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited, Deseret Mutual Pension Trust and Southeastern Asset Management, Inc. (Incorporated by reference to Exhibit 4.6 of the Company's Amendment No. 2 to Registration Statement on Form S-3 as filed on May 5, 2017).
- *(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 Company 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. (Incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).
- *(10.4) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Nonqualified Stock Option Agreement. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 as filed on May 7, 2015).
- *(10.5) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Modified Accelerated Vesting). (Incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
- *(10.6) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Continued Vesting). (Incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
- *(10.7) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Forfeiture upon Termination). (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).

- *(10.8) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement (One Year Vesting). (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).
- *(10.9) Eastman Kodak Company Deferred Compensation Plan for Directors dated December 26, 2013. (Incorporated by reference to Exhibit 10.23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).
- *(10.10) Eastman Kodak Company Officer Severance Policy, effective as of November 10, 2015. (Incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed on March 15, 2016).
- *(10.11) Eastman Kodak Company Executive Compensation for Excellence and Leadership (as amended and restated January 1, 2014). (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- *(10.12) Eastman Kodak Company Administrative Guide for the 2016 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, 2016 as filed on August 9, 2016).
- *(10.13) Eastman Kodak Company Administrative Guide for the 2017 Performance Period under the Executive Compensation for Excellence and Leadership Plan. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 as filed on May 9, 2017).
- *(10.14) Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 10, 2014. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- *(10.15) Amendment to Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 14, 2016. (Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *(10.16) Amended and Restated Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, effective as of March 12, 2017. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 as filed on May 9, 2017).
- *(10.17) Eastman Kodak Company 2013 Omnibus Incentive Plan Award Agreement for Jeffrey J. Clarke, dated March 12, 2014. (Incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
- *(10.18) Employment Agreement with Brad Kruchten, dated July 30, 2013. (Incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).
- *(10.19) Employment Agreement between Eastman Kodak Sàrl and Philip Cullimore dated December 9, 2010. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *(10.20) Addendum to Employment Agreement between Eastman Kodak Sàrl and Philip Cullimore, effective January 1, 2013. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *(10.21) Amendment No. 1 to Employment Agreement dated December 9, 2010 between Eastman Kodak Sàrl and Philip Cullimore, dated September 9, 2013. (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *(10.22) Retention Letter between Eastman Kodak Sàrl and Philip Cullimore dated May 24, 2016. (Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).

- *(10.23) Separation and General Release Agreement between Eastman Kodak Sàrl and Philip Cullimore, dated April 24, 2017. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).
- *(10.24) Employment Agreement between Eastman Kodak Company and Eric Mahe, dated April 23, 2014. (Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *(10.25) Employment Agreement between Eastman Kodak Company and David E. Bullwinkle, dated June 20, 2016. (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).
- *(10.26) Employment Agreement between Eastman Kodak Company and Sharon Underberg, dated December 17, 2014, filed herewith.
- (10.27) 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).
- # (10.28) Senior Secured First Lien Term Credit Agreement dated September 3, 2013 among Eastman Kodak Company, as the Borrower, the lenders party thereto, 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).
- # (10.29) 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).
- # (10.30) Amended and Restated Credit Agreement, dated as of May 26, 2016, among Eastman Kodak Company, as Borrower, the guarantors named therein, as Guarantors, the lenders named therein, as Lenders, Bank of America, N.A., as Administrative and Collateral Agent, and Bank of America, N.A. and JPMorgan Chase Bank, N.A., as Joint Lead Arrangers and Joint Bookrunners. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).
- # (10.31) Amended and Restated Security Agreement, dated May 26, 2016, from the Grantors referred to therein, as Grantors, to Bank of America, N.A., as Agent. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).
- (10.32) Series A Preferred Stock Purchase Agreement, dated as of November 7, 2016, by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust. (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K as filed on November 7, 2016).
- (10.33) 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).
- (10.34) 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).
- (10.35) 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

- (12) Statement regarding Computation of Ratio of Earnings to Fixed Charges, filed herewith.
- (21) Subsidiaries of Eastman Kodak Company, filed herewith.
- (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 David E. Bullwinkle, 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 David E. Bullwinkle, 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.

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
March 15, 2018

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/ David E. Bullwinkle</u> David E. Bullwinkle	Chief Financial Officer (Principal Financial Officer)
By:	<u>/s/ Eric H. Samuels</u> Eric H. Samuels	Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
By:	<u>/s/ Richard Todd Bradley</u> Richard Todd Bradley	Director
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/ Jeffrey D. Engelberg</u> Jeffrey D. Engelberg	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

Date: March 15, 2018

NOTICE OF 2018 ANNUAL MEETING AND PROXY STATEMENT

Date of Notice: April 9, 2018

EASTMAN KODAK COMPANY
343 STATE STREET
ROCHESTER, NEW YORK 14650

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EXHIBIT A

Reconciliation of Non-GAAP Measures

APPENDIX A

2013 Omnibus Incentive Plan

APPENDIX B

First Amendment to the 2013 Omnibus Incentive Plan

NOTICE OF 2018 ANNUAL MEETING

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders on Tuesday, May 22, 2018 at 9:00 a.m., Eastern Time, at The Benjamin, 125 East 50th Street, New York, New York 10022. You will be asked to vote on Company proposals at the Annual Meeting.

Whether or not you attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the internet, as well as by telephone or by mailing a proxy card or voting instruction form. We encourage you to use the internet, as it is the most cost-effective way to vote.

We look forward to seeing you at the Annual Meeting and would like to take this opportunity to remind you that your vote is very important.

Sincerely,



James V. Continenza
Chairman of the Board

NOTICE OF THE 2018 ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Eastman Kodak Company will be held on Tuesday, May 22, 2018 at 9:00 a.m., Eastern Time, at The Benjamin, 125 East 50th Street, New York, New York 10022. We are asking our shareholders to vote on the following proposals at the Annual Meeting:

1. Election of the nine directors named in the Proxy Statement for a term of one year or until their successors are duly elected and qualified.
2. Advisory vote to approve the compensation of our named executive officers.
3. Vote to approve the First Amendment to the 2013 Omnibus Incentive Plan.
4. Ratification of the Audit and Finance Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm.
5. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors recommends you vote FOR each of the nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4.

If you held your shares at the close of business on March 28, 2018, you are entitled to vote at the Annual Meeting.

We follow the Securities and Exchange Commission's "e-proxy" rules that allow public companies to furnish proxy materials to their shareholders over the internet. These rules allow us to provide you with the information you need, while lowering the cost of delivery and reducing the environmental impact of our Annual Meeting.

If you have any questions about the Annual Meeting, please contact: Shareholder Services, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0235, (585) 724-4053, e-mail: shareholderservices@kodak.com. The Annual Meeting will be accessible by the handicapped. If you require special assistance, please contact Shareholder Services.

By Order of the Board of Directors



Sharon E. Underberg
General Counsel, Secretary and Senior Vice President
Eastman Kodak Company
April 9, 2018

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 22, 2018.
The Notice of 2018 Annual Meeting and Proxy Statement and 2017 Annual Report on Form 10-K
are available at www.edocumentview.com/KODK.

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PROXY STATEMENT

QUESTIONS & ANSWERS

Q. Why am I receiving these proxy materials?

- A. Our Board of Directors (the Board) is providing these proxy materials to you on the internet, or has delivered printed versions to you by mail, in connection with Kodak's 2018 Annual Meeting of Shareholders (the Annual Meeting), which will take place on Tuesday, May 22, 2018. As a shareholder, you are invited to attend the Annual Meeting and are entitled and requested to vote on the proposals described in this Proxy Statement. We are making these proxy materials available to you on or about April 9, 2018.

Q. What is included in these proxy materials?

- A. These proxy materials include:
- Our 2017 Annual Report on Form 10-K; and
 - Notice of 2018 Annual Meeting and Proxy Statement.

If you received printed versions of the proxy materials by mail, these proxy materials also include a proxy card.

Q. What am I voting on?

- A. The Board is soliciting your proxy in connection with the Annual Meeting to be held on Tuesday, May 22, 2018 at 9:00 a.m., Eastern Time, at The Benjamin, 125 East 50th Street, New York, New York 10022, and any adjournment or postponement thereof. You are voting on the following proposals:
1. Election of the nine directors named in this Proxy Statement for a term of one year or until their successors are duly elected and qualified.
 2. Advisory vote to approve the compensation of our named executive officers.
 3. Vote to approve the First Amendment to the 2013 Omnibus Incentive Plan.
 4. Ratification of the Audit and Finance Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

The Board recommends you vote FOR each of the director nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4.

Q. Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

- A. We follow the Securities and Exchange Commission's (the SEC) "e-proxy" rules that allow public companies to furnish proxy materials to shareholders over the internet. The "e-proxy" rules remove the requirement for public companies to automatically send shareholders a full, printed copy of proxy materials and allow them instead to deliver to their shareholders a "Notice of Internet Availability of Proxy Materials" (the Notice of Internet Availability) and to provide online access to the documents. As a result, we mailed the Notice of Internet Availability to many of our shareholders on or about April 9, 2018.

The Notice of Internet Availability provides instructions on how to:

- View our proxy materials for the Annual Meeting on the internet and vote; and
- Request a printed copy of the proxy materials.

In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the environmental impact of printed materials.

Q. Why didn't I receive a notice in the mail about the internet availability of the proxy materials?

- A. We are providing some of our shareholders, including those who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of the Notice of Internet Availability.

In addition, we are providing the Notice of Internet Availability by e-mail to those shareholders who have previously elected delivery of the proxy materials electronically. Those shareholders should have received an e-mail containing a link to the website where the proxy materials are available.

Q. Where can I view the proxy materials on the internet?

- A. We are making this Proxy Statement and voting instructions available to shareholders on or about April 9, 2018, at www.edocumentview.com/KODK. We are also making our 2017 Annual Report on Form 10-K available at the same

time and by the same method. The 2017 Annual Report on Form 10-K is not a part of the proxy solicitation material and is not incorporated herein by reference.

Q. How can I receive a printed copy of the proxy materials?

A. Shareholder of Record. You may request a printed copy of the proxy materials by any of the following methods:

- Telephone: within the U.S.A., U.S. territories and Canada, call toll-free at 1-866-641-4276; or outside of the U.S.A., U.S. territories and Canada, call collect at 1-781-575-3170;
- Internet at www.envisionreports.com/KODK; or
- E-mail at investorvote@computershare.com. Reference "Proxy Materials Eastman Kodak Company" in the subject line. In the message, include your full name and address, the number located in the shaded bar on the Notice of Internet Availability/proxy card, and state that you want to receive a paper copy of current and/or future meeting materials.

Beneficial Owner. You may request a printed copy of the proxy materials by following the instructions provided to you by your broker, trustee or nominee.

Q. What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A. Most of our shareholders hold their shares through a broker or other nominee (beneficial owner) rather than directly in their own name (shareholder of record). As summarized below, there are some distinctions between shareholders of record and beneficial owners.

Shareholder of Record. If your shares are registered in your name with our transfer agent, Computershare, you are considered the shareholder of record of these shares, and we are making these proxy materials available directly to you. As a shareholder of record, you have the right to give your voting proxy to our management or a third party, or to vote in person at the Annual Meeting.

Beneficial Owner. If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and your broker, trustee or nominee is making these proxy materials available to you together with a voting instruction form. As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote your shares. You are also invited to attend the Annual Meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee on how to vote your shares. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares in person at the Annual Meeting. In order to vote your shares, you must either: 1) obtain a legal proxy that gives you the right to vote the shares in person at the Annual Meeting, or 2) provide voting instructions to your broker.

Q. Will any other matters be voted on?

A. We are not aware of any other matters that shareholders will be asked to vote on at the Annual Meeting. If any other matter is properly brought before the Annual Meeting, the named proxies, James V. Continenza and Sharon E. Underberg, will vote for you on such matter in their discretion. New Jersey law (under which the Company is incorporated) requires that you be given notice of all matters to be voted on, other than procedural matters such as adjournment of the Annual Meeting.

Q. How do I vote?

A. Shareholder of Record. If you are a shareholder of record, there are four ways to vote:

- By internet at www.envisionreports.com/KODK. We encourage you to vote this way.
- By touch tone telephone: within the U.S.A., U.S. territories and Canada, call toll-free at 1-800-652-VOTE (8683); or outside the U.S.A., U.S. territories and Canada, call collect at 1-781-575-2300.
- By completing and mailing your proxy card.
- By written ballot at the Annual Meeting.

Beneficial Owner. If you are a beneficial owner, please follow the voting instructions sent to you by your broker, trustee or nominee.

Whether you are a shareholder of record or a beneficial owner, your shares will be voted as you indicate.

Q. What happens if I do not give specific voting instructions?

A. Shareholder of Record. If you are a shareholder of record and you:

- Indicate when voting on the internet or by telephone that you wish to vote as recommended by our Board; or
- Sign and return a proxy card without giving specific voting instructions,

then the named proxies, James V. Continenza and Sharon E. Underberg, will vote your shares in the manner recommended by our Board (i.e. FOR each of the director nominees named in Proposal 1 and FOR Proposals 2, 3 and 4) and in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owner. If you do not provide your broker, trustee or nominee with specific voting instructions, or if you do not obtain a legal proxy that gives you the right to vote the shares in person at the Annual Meeting, your shares will not be voted or counted with respect to Proposals 1, 2 and 3, which are non-routine proposals. Your broker, trustee or nominee has discretionary authority to vote your uninstructed shares with respect to Proposal 4, which is a routine proposal. Uninstructed shares with respect to which your broker does not have discretionary authority are known as “broker non-votes.”

Q. What is the deadline for voting my shares?

A. Shareholder of Record. If you are a shareholder of record and vote by internet or telephone, your vote must be received by 1:00 a.m., Eastern Time, on May 22, 2018, the morning of the Annual Meeting. If you are a shareholder of record and vote by mail or by written ballot at the Annual Meeting, your vote must be received before the polls close at the Annual Meeting.

Beneficial Owner. If you are a beneficial owner, please follow the voting instructions provided by your broker, trustee or nominee. You may vote your shares in person at the Annual Meeting only if you obtain a legal proxy from your broker, trustee or nominee and present it at the Annual Meeting before the polls close.

Q. Who can vote?

A. You must be a shareholder of record or a beneficial owner as of the close of business on March 28, 2018, the record date for the Annual Meeting. Each share of common stock is entitled to one vote. Holders of 5.50% Series A Convertible Preferred Stock (Series A convertible preferred stock) are entitled to vote upon all matters upon which holders of common stock have the right to vote, and are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series A convertible preferred stock could be converted at the then applicable conversion rate at the record date. Such votes will be counted together with shares of common stock and not separately as a class. As of the record date, each share of Series A convertible preferred stock is convertible into 5.7471 shares of common stock.

Q. How can I change my vote or revoke my proxy?

A. Shareholder of Record. If you are a shareholder of record, you can change your vote or revoke your proxy before the Annual Meeting by:

- Entering a timely new vote by internet or telephone;
- Returning a later-dated proxy card;
- Notifying Sharon E. Underberg, Secretary; or
- Completing a written ballot at the Annual Meeting.

Beneficial Owner. If you are a beneficial owner, please follow the voting instructions provided by your broker, trustee or nominee.

Q. What vote is required to approve each proposal?

A. The following table describes the voting requirements for each proposal:

Proposal 1 - Election of Directors	<p>As set forth in our By-laws, the Board has adopted a majority voting standard for uncontested director elections. Because the number of nominees properly nominated for the Annual Meeting is the same as the number of directors to be elected at the Annual Meeting, the 2018 election of directors is an uncontested election.</p> <p>To be elected in an uncontested election, a director nominee must be elected by a majority of the votes cast with respect to that director nominee. A majority of the votes cast means that the number of votes cast FOR a nominee's election must exceed the number of votes cast AGAINST the nominee's election. Each nominee receiving more votes FOR his or her election than votes AGAINST his or her election will be elected.</p>
Proposal 2 - Advisory Vote to Approve the Compensation of our Named Executive Officers	<p>To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.</p>
Proposal 3 - Vote to Approve the First Amendment to the 2013 Omnibus Incentive Plan	<p>To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.</p>
Proposal 4 - Ratification of the Audit and Finance Committee's Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm	<p>To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.</p>

Q. How are votes counted?

A. For Proposal 1, you may vote "FOR," "AGAINST" or "ABSTAIN" with respect to each of the nominees. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted. If you elect to abstain in the election of directors, the abstention will not impact the outcome of the election. Broker non-votes are not counted and will not impact the outcome of the vote.

You may vote "FOR," "AGAINST" or "ABSTAIN" with respect to Proposals 2, 3 and 4. In tabulating the voting results for these proposals, "FOR" and "AGAINST" votes are counted. For Proposals 2 and 4, abstentions are not counted and will not impact the outcome of the vote. For Proposal 3, under NYSE rules, abstentions are treated as votes that are cast but not counted as being in favor of the proposal. With respect to Proposals 2 and 3, broker non-votes are not counted and will not impact the outcome of the vote.

Q. Who will count the vote?

A. Computershare will count the votes. A representative from Computershare will serve as the inspector of election.

Q. Who can attend the Annual Meeting?

A. If you held your shares as of the close of business on March 28, 2018, the record date for the Annual Meeting, you can attend the Annual Meeting.

Q. What do I need to do to attend the Annual Meeting?

- A.** To attend the Annual Meeting, please follow these instructions:
- If you vote by internet or telephone, follow the instructions provided for attendance.
 - If you vote by using a proxy card, check the appropriate box on the card.
 - If you are a beneficial owner, bring your legal proxy from your broker, trustee or nominee as well as proof of identity in the form of a government issued ID to the registration area.
 - To enter the Annual Meeting, bring the Admission Ticket attached to your proxy card or printed from the internet as well as proof of identity in the form of a government issued ID to the registration area.
 - If you do not have an Admission Ticket, go to the registration area upon arrival.

Seating at the Annual Meeting is limited and will be on a first-come, first-served basis. We may take photographs and videotape at the Annual Meeting, which we may use in publications. If you attend the Annual Meeting, we assume we have your permission to use your image.

Q. Can I bring a guest?

- A. Yes. If you plan to bring a guest to the Annual Meeting, follow the instructions on the internet or telephone or check the appropriate box on your proxy card. When you go through the registration area at the Annual Meeting, your guest must register with you and must present proof of identity in the form of a government issued ID.

Q. What is the quorum requirement of the Annual Meeting?

- A. The holders of shares entitled to cast a majority of the votes on March 28, 2018 will constitute a quorum for voting at the Annual Meeting. If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum. On March 28, 2018, there were 42,642,450 shares of our common stock outstanding and 2,000,000 shares of our Series A convertible preferred stock outstanding. As of the record date, each share of Series A convertible preferred stock is convertible into 5.7471 shares of common stock and holders are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series A convertible preferred stock could be converted.

Q. Where can I find the voting results of the Annual Meeting?

- A. We intend to announce preliminary voting results at the Annual Meeting and disclose final results in a Form 8-K to be filed with the SEC within four business days of the Annual Meeting. If final results are not available at such time, the Form 8-K will disclose preliminary results, to be followed with an amended Form 8-K when final results are available.

Q. Can I nominate someone to the Board?

- A. Our By-laws provide that any shareholder can nominate a person for election to the Board so long as the shareholder follows the procedure outlined in our By-laws as summarized below. This is the procedure to be followed for direct nominations, as opposed to recommendations of nominees for consideration by our Corporate Governance and Nominating Committee. The complete description of the procedure for shareholder nominations of director candidates is contained in our By-laws. You can request a copy of the full text of this By-law provision by writing to our Secretary at our principal executive offices. Our By-laws can also be accessed at <http://ek.client.shareholder.com/supporting.cfm>.

For purposes of summarizing this procedure, we have assumed: 1) the date of the upcoming annual meeting is within 30 days of the anniversary of the annual meeting for the previous year and 2) if the size of the Board is to be increased, that both the name of the director nominee and the size of the increased Board are publicly disclosed at least 100 days prior to the first anniversary of the previous year's annual meeting. Based on these assumptions, a shareholder desiring to nominate one or more candidates for election at the next annual meeting must deliver written notice of such nomination to our Secretary, at our principal executive office, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Accordingly, for our 2019 Annual Meeting of Shareholders (the 2019 Annual Meeting), notice of nomination must be delivered to our Secretary no earlier than January 22, 2019 and no later than February 21, 2019.

The written notice to our Secretary must contain the following information with respect to each nominee: 1) the proposing shareholder's name and address; 2) the number of shares owned of record and beneficially by the proposing shareholder; 3) the name of the person to be nominated; 4) the number of shares owned of record and beneficially by the nominee; 5) a description of all relationships, arrangements and understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareholder; 6) such other information regarding the nominee as would have been required to be included in the proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the Board, such as the nominee's name, age and business experience; and 7) the nominee's signed consent to serve as a director if so elected.

Persons nominated in accordance with this procedure will be eligible for election as directors at the 2019 Annual Meeting.

Q. What is the deadline to propose actions for consideration at the 2019 Annual Meeting?

- A. For a shareholder proposal to be considered for inclusion in our proxy statement for the 2019 Annual Meeting, the Secretary must receive the written proposal at our principal executive office no later than the close of business on December 10, 2018. Proposals received after this date will be considered untimely. Proposals must comply with SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Secretary
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0224

For a shareholder proposal that is not intended to be included in our proxy statement under Rule 14a-8, the shareholder must provide the information required by our By-laws and give timely notice to the Secretary in accordance with our By-laws, which, in general, require that the notice be received by the Secretary:

- No earlier than the close of business on January 22, 2019; and
- No later than the close of business on February 21, 2019.

If the date of the shareholder meeting is moved more than 30 days before or 30 days after the anniversary of the 2018 Annual Meeting, then notice of a shareholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the anniversary of the 2018 Annual Meeting and no later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and
- 10 days after public announcement of the meeting date.

You may contact our Secretary at our principal executive office for a copy of the relevant By-law provisions regarding the requirements for shareholder proposals. Our By-laws can also be accessed at <http://ek.client.shareholder.com/supporting.cfm>.

Q. Who will pay the cost of this proxy solicitation?

- A.** We will bear all costs related to this proxy solicitation. We will reimburse brokerage houses and other custodians, nominees, trustees and fiduciaries representing beneficial owners of shares for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to such beneficial owners. Our directors, officers and employees may also solicit proxies and voting instructions in person, by telephone or by other means of communication. These directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with these solicitations. In addition, we have retained Georgeson Inc. to assist us in delivering the Notice of Internet Availability or proxy materials, as applicable, for a fee of approximately \$2,500, plus reasonable out-of-pocket expenses.

Q. What other information about us is available?

- A.** The following information is available on our website at <http://ek.client.shareholder.com/supporting.cfm>:
- Corporate Responsibility Principles
 - Corporate Governance Guidelines
 - Business Conduct Guide
 - Eastman Kodak Company By-laws
 - Charters of the Board's Committees (Audit and Finance Committee, Corporate Governance and Nominating Committee, and Executive Compensation Committee)
 - Directors' Code of Conduct
 - Board of Directors Policy on Recoupment of Executive Bonuses in the Event of Certain Restatements
 - Majority Vote Policy
 - Anti-Hedging and Pledging Policy
 - Related Party Transactions Policies and Procedures
 - Corporate Political Contributions and Expenditures Policy
 - Health, Safety and Environment Sustainability Reports are available on our website at www.kodak.com/go/sustainability
 - 2017 Annual Report on Form 10-K is available on our website at <http://ek.client.shareholder.com/financials.cfm>

You may request printed copies of any of these documents by contacting:

Shareholder Services
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0235
(585) 724-4053

E-mail: shareholderservices@kodak.com

The address of our principal executive office is:

Eastman Kodak Company
343 State Street
Rochester, NY 14650

HOUSEHOLDING OF DISCLOSURE DOCUMENTS

We are sending a Notice of Internet Availability or set of proxy materials to each shareholder of record. This year, we have elected not to take advantage of the SEC's householding rules that allowed us to deliver a single set of the Notice of Internet Availability or proxy materials to shareholders of record who share the same address. If you are a beneficial owner, your broker or other nominee may continue to send a single set of the Notice of Internet Availability or proxy materials to your household. Please contact your broker or other nominee if you wish to adjust your preferences regarding the delivery of the Notice of Internet Availability or proxy materials.

AUDIO WEBCAST OF ANNUAL MEETING

The Annual Meeting will be webcast live. If you have internet access, you can listen to the webcast by going to our Investor Center webpage at www.kodak.com/go/invest. This webcast is listen only. You will not be able to ask questions. The Annual Meeting audio webcast will remain available on our website for a short period of time after the Annual Meeting.

Information included on our website, other than our Proxy Statement and proxy card, is not part of the proxy solicitation materials.

PRINTED COPY OF 2017 ANNUAL REPORT ON FORM 10-K

We will provide you, without charge, upon request, a printed copy of our 2017 Annual Report on Form 10-K. To receive a printed copy of the 2017 Annual Report on Form 10-K, please contact:

Shareholder Services
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0235
(585) 724-4053

E-mail: shareholderservices@kodak.com

PROPOSAL 1

PROPOSAL 1 - ELECTION OF DIRECTORS

Our By-laws require us to have at least seven but no more than 13 directors. The number of directors, which is set by the Board, is currently nine. Mr. Clarke is the only director who is an employee of the Company.

The following eight directors are standing for re-election, having been elected at the previous annual meeting: Mark S. Burgess, Jeffrey J. Clarke, James V. Continenza, Matthew A. Doheny, Jeffrey D. Engelberg, George Karfunkel, Jason New and William G. Parrett.

In addition to the directors standing for re-election, upon the recommendation of the Corporate Governance and Nominating Committee (Governance Committee), the Board has nominated Richard Todd Bradley as a director of the Company. Mr. Bradley was appointed to the Board on June 27, 2017. Messrs. Bradley and Engelberg are nominees designated in connection with the Purchase Agreement, dated as of November 7, 2016, among Kodak, Southeastern Asset Management, Inc. (Southeastern) and Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern (such investment funds collectively, the Purchasers), whereby the Purchasers have the right to nominate at the Company's annual meetings members to the Company's Board of Directors proportional to the Purchasers' share ownership on an as-converted basis, currently allowing the Purchasers to nominate two members to the Board.

If elected, all of the nominees for director will serve a one-year term. Information about the director nominees is provided in the section entitled "Board of Directors and Corporate Governance" in this Proxy Statement.

If a nominee is unable to stand for election, the Board may reduce the number of directors or choose a substitute. If the Board chooses a substitute, the shares represented by proxies will be voted for the substitute. If a director retires, resigns, dies or is unable to serve for any reason, the Board may reduce the number of directors or elect a new director to fill the vacancy.

Director nominees are elected by a majority of votes cast. Each director nominee who receives more "FOR" than "AGAINST" votes cast for his election will be elected.

If a director nominee receives a greater number of votes "AGAINST" his election than votes "FOR" such election, the Board will decide whether to accept the irrevocable letter of resignation the nominee submitted as a condition of being nominated to the Board in accordance with our Majority Vote Policy.

The Board of Directors recommends a vote FOR the election of each of the director nominees.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

DIRECTOR NOMINEES

The Governance Committee and the Board seek to ensure that the Board is composed of members who bring an appropriate mix of skills and experience across a variety of disciplines, including strategic planning, organizational management, technology, corporate finance, mergers and acquisitions, marketing, digital technologies, public policy, economics, executive compensation, risk management, international operations, corporate governance and internal controls, each of which is an important area of responsibility for the Board and its committees.

The Board and the Governance Committee believe that each of the director nominees possesses important experience and skills that provide the Board with an optimal balance of leadership, competencies and qualifications in areas that are important to our company. Each of our director nominees has high ethical standards, acts with integrity and exercises careful, mature judgment. Each is committed to employing his skills and abilities to aid the long-term interests of our shareholders.

In addition to the biographical information in each director nominee's profile below, the Board and Governance Committee considered the listed *Key Experience, Skills and other Qualifications* in its evaluation and determination to nominate each director for re-election or election, as the case may be.

RICHARD TODD BRADLEY *Director since June 2017*

Mr. Bradley, 59, was the Chief Executive Officer and a board member of Mozido, LLC, a Texas-based provider of white-label mobile-payment systems, from October 2015 to June 2017. From June 2014 to December 2014, Mr. Bradley served as President of TIBCO Software, Inc. (TIBCO), a leading integration and process management software company, where he held global responsibility for customer-facing functions, such as sales, marketing and professional services. Prior to TIBCO, Mr. Bradley was an Executive Vice President for Hewlett-Packard Company, a leading global provider of products, technologies and software, from July 2005 to June 2014. Mr. Bradley served on the board of directors of TrueCar, Inc., an automotive pricing and information website for new and used car buyers and dealerships, from September 2013 through October 2016.

Key Experience, Skills and other Qualifications:

Mr. Bradley brings to the Board extensive experience in the technology sector and has significant experience in strategic planning, organizational management, digital technology, international business operations, and mergers and acquisitions, all of which are critical to the success of our business. He also brings substantial corporate governance, corporate development, business strategy and executive compensation expertise to the Board.

MARK S. BURGESS *Director since September 2013*

Mark S. Burgess, 59, is the Chief Executive Officer of Signode Industrial Group (SIG), a manufacturer of industrial packaging consumables, tools and equipment. Mr. Burgess joined SIG in March 2014 upon The Carlyle Group's acquisition of SIG from Illinois Tool Works, Inc. Previously, Mr. Burgess served as the Chief Executive Officer of Graham Packaging Company, Inc. from January 2009 to April 2012 and served on its Board of Directors from February 2010 to April 2012. Prior to that, Mr. Burgess served as Graham Packaging's Chief Financial Officer from December 2006 until May 2009, and Chief Operating Officer from April 2008 to December 2008. Mr. Burgess served as President and Chief Executive Officer, as well as Chief Financial Officer, of Anchor Glass Container Corporation from May 2005 until September 2006. He previously served as Executive Vice President and Chief Financial Officer of Clean Harbors Environmental Services, Inc. from April 2003 to April 2005. Between 1990 and 2003, Mr. Burgess held senior financial and operational management roles at JL French Automotive Castings and Trailmobile Corporation, and prior to that, he served as a Vice President at Chase Manhattan Bank. Mr. Burgess was previously the Chairman of the Clondalkin Group, a global manufacturer of flexible and specialty plastic packaging solutions, where he served as a director from December 2012 (becoming chairman in June 2013) until December 2016, and is a former director of the Polymer Group, where he served from March 2011 to June 2013.

Key Experience, Skills and other Qualifications:

Mr. Burgess' extensive experience in the packaging solutions industry directly relates to our technology and business. Mr. Burgess brings significant experience in the management, operations and governance of companies in this industry, all of which are critical in developing our strategic growth and market presence. Based on his managerial, financial and operational experience, Mr. Burgess contributes skills in corporate finance, marketing, risk management, international operations, executive compensation and strategic planning. In addition, as a former chief financial officer of a public company, Mr. Burgess is well-versed and experienced in helping companies with accounting and internal controls guidance.

JEFFREY J. CLARKE*Director since March 2014*

Jeffrey J. Clarke, 56, is our Chief Executive Officer. Prior to joining us in March 2014, Mr. Clarke was a Managing Partner of Augusta Columbia Capital, a private investment firm he co-founded in 2012. From 2012 to 2014, Mr. Clarke was the Chairman of Travelport, Inc., a private travel technology firm, where he served as Chief Executive Officer from 2006 to 2011, after leading its sale from Cendant Corporation to The Blackstone Group L.P. for \$4.3 billion in 2006. Mr. Clarke was the Chief Operating Officer of CA, Inc. (now called CA Technologies), an enterprise software company, from 2004 to 2006. At CA, he was responsible for sales, services, distribution, corporate finance, mergers and acquisitions, information technology, corporate strategy and planning.

From 2002 to 2003, Mr. Clarke was Executive Vice President of Global Operations at Hewlett-Packard (HP). 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, Mr. Clarke was the Chief Financial Officer of Compaq Computer, which he joined in 1998 following the merger of Compaq with Digital Equipment Corporation (DEC). Mr. Clarke was with DEC from 1985 to 1998, serving in management roles in international operations, finance and manufacturing.

In November 2017, Mr. Clarke joined the board of directors of Docker Inc., a leading software company for building, securing and managing applications on a global container platform. Mr. Clarke served on the board of directors of Autodesk, Inc., a 3D design, engineering and entertainment software company, from March 2016 through June 2017 and on the board of directors of Red Hat, Inc., an enterprise software company, from November 2008 through July 2016. He served as Chairman of Orbitz Worldwide, Inc., a global online travel agency, after leading the company's IPO in July 2007, until April 2014, and was also a director of the Compuware Corporation, an enterprise software company, from November 2013 until December 2014. Mr. Clarke served on the board of directors of UTStarcom, which designs and manufactures communications equipment, from 2005 to 2010. Mr. Clarke serves as a Trustee of Northeastern University.

Key Experience, Skills and other Qualifications:

Mr. Clarke brings to the Board extensive experience in managing and operating digital technology companies, which is directly relevant to our business. He has in-depth knowledge and expertise in leading companies that are in growth and transformational stages and that conduct operations on a worldwide basis. Mr. Clarke's extensive background in strategic business planning at companies that develop and distribute products and services in the technology sector benefits the Board and our company as we seek to grow and sustain profitability as a technology company. Mr. Clarke also has a deep background in corporate finance and operations, as well as financial planning and strategies. Additionally, through his service on the boards of other public companies, he has developed expertise in governance and risk management.

JAMES V. CONTINENZA*Director since April 2013, Chairman since September 2013*

James V. Continenza, 55, has extensive executive and board experience with high-tech companies and with companies that successfully emerged from or are in various stages of corporate restructuring. Since September 2012, Mr. Continenza has served as the Chairman and Chief Executive Officer of Vivial Holdings LLC (the parent company of Vivial Inc.) a holding company that acquires and manages advertising, marketing and technology companies that provide a wide range of digital and legacy leads-generating products to local and national advertisers. He served as the President of STI Prepaid, LLC, a telecommunications company, from June 2010 to February 2011. Mr. Continenza served as Interim Chief Executive Officer of Anchor Glass Container Corp., a leading manufacturer of glass containers, from September 2006 to December 2006. He served as President and Chief Executive Officer of Teligent, Inc., which provides communications services including voice, data, and internet access, from September 2002 to June 2004, served as its Chief Operating Officer from May 2001 to September 2002, and served as its Senior Vice President of Strategic Operations from September 2000 to May 2001. From April 1999 to September 2000, he was the President and Chief Executive Officer of Lucent Technologies Product Finance, a global leader in telecom equipment, and served as its Senior Vice President of Worldwide Sales and Marketing from September 1997 to April 1999. Mr. Continenza served at AT&T from 1991 until September 1997.

In addition to his management experience, Mr. Continenza currently serves on the board of Nil Holdings, Inc. (since August 2015), a provider of wireless communication services under the Nextel brand™ in Brazil. Mr. Continenza served on the board of Tembec, Inc., a manufacturer of specialty products, acetates and ethers, from February 2008 to November 2017. He also serves or has served on the boards of a number of private companies.

Key Experience, Skills and Other Qualifications:

Mr. Continenza has extensive experience in the management and governance of a wide range of companies, including technology companies, with a particular focus on companies that have undergone significant corporate restructuring. He brings to the Board valuable expertise in technology, marketing, operations, strategic planning, mergers and acquisitions, and executive compensation. In addition, Mr. Continenza brings corporate governance and risk management expertise to the Board through his past and current executive positions and service as a board member of diverse companies.

MATTHEW A. DOHENY *Director since September 2013*

Matthew A. Doheny, 47, is President and founder of North Country Capital LLC, an advisory and investment firm focusing on board advisory assignments and investing in alternative investments, a position in which he has served since 2011. Mr. Doheny also served as a Managing Director and Co-Head of Special Situation Trading at HSBC Securities, Inc. from January 2016 to June 2017. Mr. Doheny served as Portfolio Manager of Fintech Advisory Inc., a fund focusing on operational turnarounds and undervalued securities, from June 2008 to October 2010. He previously served as Managing Director and helped lead the Distressed Assets Group of Deutsche Bank Securities Inc. for nine years until March 2008. Prior to his career with financial institutions, Mr. Doheny was an attorney in the Corporate Restructuring Departments of Orrick LLP and Kelley Drye & Warren LLP and in the Business and Corporate Department of Hancock & Estabrook LLP.

Mr. Doheny currently serves on the board of YRC Worldwide, Inc. (since July 2011) and served as a director of Affinity Gaming (from May 2013 until January 2017). In addition, Mr. Doheny has served on the boards of several private companies in the financial services and venture capital industries.

Key Experience, Skills and other Qualifications:

Based on his experience in financial restructuring and turnaround management, Mr. Doheny brings valuable skills to the Board as we seek to grow as a technology company. Mr. Doheny has expertise in the areas of corporate finance, risk management and investments, along with the legal experience he brings to the Board.

JEFFREY D. ENGELBERG *Director since May 2017*

Jeffrey Engelberg, 41, is a co-founder and managing member since May 2016 of Additive Advisory and Capital, LLC, a CFTC registered commodity pool operator and SEC registered investment advisor to C2W Partners Master Fund, a \$230 million global hedge fund. From July 2007 until April 2016, Mr. Engelberg was a principal and senior trader for Southeastern Asset Management, Inc. He was head trader at Fir Tree Partners from 2005 to 2007, a convertible bond trader at KBC Financial Products from 2001 to 2005, director of business development in 2000 for TLX Trading Network, Inc., and a listed equity trader in the Institutional Equity Division for Morgan Stanley Dean Witter & Co. from 1999 to 2000.

Mr. Engelberg was the co-founder of financial-tech startup, Plia, that merged with SJ Levinson and Sons in June 2014 to create Plia/Trade Informatics. He served as an expert witness to the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues after the 2010 “flash crash.”

Key Experience, Skills and other Qualifications:

Mr. Engelberg brings to the Board valuable expertise in investment strategies and opportunities, capital markets, risk management and technology, all of which are useful to our business. He also has an understanding of investor mindsets and expectations. Mr. Engelberg's background in the areas of finance and investments is considered directly relevant to our business strategies and management.

GEORGE KARFUNKEL *Director since September 2013*

George Karfunkel, 69, has been the Chairman of Sabr Group, a consulting company, since 2010. Mr. Karfunkel was a director, Senior Vice President and co-owner of American Stock Transfer & Trust Company, LLC, a stock transfer company, which he co-founded in 1971. Mr. Karfunkel is a co-owner of Worldwide TechServices, LLC, a computer maintenance and services company.

Mr. Karfunkel serves as vice chairman of Upstate Bank, a nationally-chartered community bank; a director of Berkshire Bank; and a director at AmTrust Financial Services, Inc.

Key Experience, Skills and other Qualifications:

Mr. Karfunkel has expertise in financial planning, investment strategies, cost structuring, and internal controls, all of which are relevant to our business. He also possesses skills in governance and risk management based upon his experience as a director on the boards of several financial and consulting institutions.

JASON NEW *Director since September 2013*

Jason New, 49, has been Senior Managing Director of The Blackstone Group L.P., a global investment and advisory firm, and Head of Special Situation Investing for GSO Capital Partners LP, a credit-oriented alternative asset manager, since 2005. Mr. New focuses on managing GSO's public investment portfolio with a specific emphasis on stressed and distressed companies and on sourcing direct special situation investment opportunities. He is a member of the GSO Investment Committee. Mr. New joined The Blackstone Group L.P. in 2008 in connection with its acquisition of GSO. Before joining GSO in 2005, Mr. New was a senior member of Credit Suisse's distressed finance group. Mr. New joined Credit Suisse in 2000 when it acquired Donaldson,

Lufkin & Jenrette (DLJ), where he was a member of DLJ's restructuring group. Prior to joining DLJ in 1999, he was an associate with the law firm Sidley Austin LLP, where he practiced in the firm's corporate reorganization group.

Mr. New served as a director of MPM Holdings Inc. from October 2014 to August 2016. Mr. New also served as a director of Cheniere Energy, Inc. from August 2008 to December 2010 and as a director of Global Aviation Holdings Inc. from September 2009 to January 2012.

Key Experience, Skills and other Qualifications:

Mr. New is an expert in investment strategies and opportunities, with a particular focus on companies that have experienced distressed economic conditions or are in various stages of restructuring. He brings to the Board skills in developing creative financial solutions and strategies, which are critical to our ability to sustain growth and profitability as a technology company in a competitive environment. Mr. New is highly experienced in complex financial and investment transactions. He also has a legal background, which is useful in the governance and risk management issues facing our company.

WILLIAM G. PARRETT *Director since November 2007*

Mr. Parrett, 72, served as the Chief Executive Officer of Deloitte Touche Tohmatsu from 2003 until May 2007. Mr. Parrett co-founded the Global Financial Services industry practice of Deloitte and served as its first Chairman. Mr. Parrett joined Deloitte in 1967 and served in a series of roles of increasing responsibility until his retirement in 2007, including Managing Partner of Deloitte & Touche USA.

Mr. Parrett currently serves as a director of The Blackstone Group L.P. (since 2007), Thermo Fisher Scientific Inc. (2008 to May 2018), UBS AG (2008 to May 2018) and Conduent Incorporated (since January 2017). He also served as a director of iGATE Corporation from April 2013 until July 2015.

Mr. Parrett is a member of the Board of Trustees of Carnegie Hall, a Senior Trustee of the United States Council for International Business and a past Chairman of the Board of Trustees of United Way Worldwide. He also served on the Board of the International Chamber of Commerce from 2006 until 2008. Mr. Parrett is a Certified Public Accountant with an active license.

Key Experience, Skills and other Qualifications:

Mr. Parrett has extensive experience in corporate finance, operations, strategic planning and management of international operations. Mr. Parrett is highly skilled in the fields of auditing, accounting and internal controls, and risk management. In addition, through his service on other public company boards, Mr. Parrett brings to the Board significant experience in corporate governance and the regulatory framework in which public companies must operate.

DIRECTOR AND NOMINEE INDEPENDENCE

The Board has determined that each of the following directors that served during our last fiscal year has no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) and is independent under our Director Independence Standards and the independence standards of the New York Stock Exchange (NYSE): Richard Todd Bradley, Mark S. Burgess, James V. Continenza, Matthew A. Doheny, Jeffrey D. Engelberg, John A. Janitz, George Karfunkel, Jason New, William G. Parrett and Derek Smith. As our employee, Jeffrey J. Clarke, our Chief Executive Officer, is not independent. In determining the independence of the non-management directors, the Board considered Mr. Karfunkel's shareholdings and the affiliations of Messrs. Bradley, Engelberg and New, as affiliates of entities that hold an equity interest in our company (discussed under Certain Relationships and Related Transactions), and determined that such shareholdings and affiliations did not affect the independence of these directors and nominees.

The Board has adopted Director Independence Standards for use in determining whether a director is independent. The Director Independence Standards are consistent with NYSE independence standards. The Board also uses the NYSE independence standards in determining whether members of specific committees are independent. The Director Independence Standards are part of our Corporate Governance Guidelines, which are posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

BOARD LEADERSHIP STRUCTURE

The Board recognizes that one of its key responsibilities is to determine the most appropriate leadership structure for our company and to ensure independent oversight of management. James V. Continenza, an independent director, serves as our Chairman of the Board and Jeffrey J. Clarke serves as our Chief Executive Officer. The Board currently believes that it is appropriate to keep the roles of Chairman and Chief Executive Officer separate in order to best ensure independent oversight of our company and management.

COMMITTEES OF THE BOARD

The Board has established an Audit and Finance Committee, Executive Compensation Committee and Corporate Governance and Nominating Committee. We describe below the composition and functions of, and number of meetings held during 2017 by, each of these committees.

Board Committee Membership

Director Name	Audit and Finance Committee	Corporate Governance and Nominating Committee	Executive Compensation Committee
Richard Todd Bradley		Member	Member
Mark S. Burgess	Member ⁽¹⁾	Member ⁽¹⁾	Chair ⁽¹⁾
James V. Continenza		Member	Member
Matthew A. Doheny	Member		
Jeffrey D. Engelberg	Member		
John A. Janitz ⁽²⁾		Member ⁽²⁾	Member ⁽²⁾
George Karfunkel	Member		
Jason New		Chair	Member
William G. Parrett	Chair		
Derek Smith ⁽²⁾		Member ⁽²⁾	Former Chair ⁽²⁾
Total Meetings in 2017	6	3	7

⁽¹⁾ Mr. Burgess served on the Audit and Finance Committee until the 2017 Annual Meeting of Shareholders on May 23, 2017 (the 2017 Annual Meeting) and began service on the Corporate Governance and Nominating Committee and Executive Compensation Committee at such time.

⁽²⁾ Messrs. Janitz and Smith served as directors until the 2017 Annual Meeting.

Audit and Finance Committee

The current members of the Audit and Finance Committee are Matthew A. Doheny, Jeffrey D. Engelberg, George Karfunkel and William G. Parrett, Chair. The Audit and Finance Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Board has determined that all members of the Audit and Finance Committee are independent and financially literate under NYSE listing standards. The Board has also determined that William G. Parrett possesses the qualifications of an "audit committee financial expert," as defined by SEC rules.

The Board has determined that William G. Parrett's simultaneous service on the audit committees of three other public companies does not impair his ability to effectively serve on the Audit and Finance Committee.

The Audit and Finance Committee assists the Board in overseeing and making recommendations to the Board on such matters as: the integrity of our financial statements; our compliance with legal and regulatory requirements; our independent registered public accounting firm's selection, qualifications, performance and independence; our systems of disclosure controls and procedures and internal controls over financial reporting; and the performance of our internal audit function. The Audit and Finance Committee charter is posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

Corporate Governance and Nominating Committee

The current members of the Corporate Governance and Nominating Committee (Governance Committee) are Richard Todd Bradley, Mark S. Burgess, James V. Continenza, and Jason New, Chair. The primary duties of the Governance Committee are to oversee our corporate governance, which includes the development of our Corporate Governance Guidelines, recommend individuals to the Board for nomination as members of the Board and its committees, determine director independence, lead the Board in its periodic review of Board performance and review "Interested Transactions" in accordance with our Related Party Transactions Policies and Procedures. The Governance Committee charter is posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

Executive Compensation Committee

The current members of the Executive Compensation Committee are Richard Todd Bradley, Mark S. Burgess, Chair, James V. Continenza and Jason New, all of whom the Board has determined are independent under NYSE listing standards.

The Executive Compensation Committee assists the Board in fulfilling its responsibilities in connection with the compensation of our Section 16 Executive Officers, including our named executive officers. The Executive Compensation Committee also reviews and makes recommendations to the Board from time to time regarding compensation of directors. The Executive Compensation Committee charter is posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

For more information regarding the role of the Executive Compensation Committee and management in determining executive and director compensation, please see “Compensation Discussion and Analysis” and “Director Compensation” in this Proxy Statement.

The Executive Compensation Committee may delegate authority to one or more subcommittees or management as it deems fit. The Executive Compensation Committee has delegated limited authority to our Chief Human Resources Officer to assist in the administration of executive compensation and equity-based compensation plans. Except as a plan may otherwise provide, the Executive Compensation Committee has authorized the Chief Human Resources Officer to amend any executive compensation or equity-based compensation plan in which our named executive officers participate, other than to materially increase the benefits accruing to a participant under the plan, increase the number of shares available for issuance under the plan or substantially modify the requirements as to eligibility for participation under the plans. In addition, the Chief Human Resources Officer is authorized to amend any award agreement and related documents under the plans, other than to increase the benefits accruing to a participant.

EXECUTIVE COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Bradley, Burgess, Continenza, Janitz, New and Smith served as members of the Executive Compensation Committee during 2017. There were no Executive Compensation Committee interlocks between our company and other entities involving our executive officers and directors.

CORPORATE GOVERNANCE OVERVIEW

Ethical business conduct and good corporate governance are well-established practices at Kodak. We practice good corporate governance and believe it to be a prerequisite to delivering sustained, long-term value to our shareholders. We continually monitor developments in the area of corporate governance to develop and implement best practices. Strong corporate governance is a fundamental goal of our Board.

Our Corporate Governance Guidelines reflect the principles by which our Board operates. From time to time, the Board reviews and revises our Corporate Governance Guidelines in response to regulatory requirements and evolving best practices. Our Corporate Governance Guidelines are posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

BUSINESS CONDUCT GUIDE AND DIRECTORS' CODE OF CONDUCT

Our reputation and our brand have been built by more than a century of ethical business conduct. All of our employees, including the Chief Executive Officer, the Chief Financial Officer, the Controller, all other senior financial officers and all other Section 16 Executive Officers, as defined under Section 16 of the Securities Exchange Act of 1934, as amended (a Section 16 Executive Officer), are required to comply with our code of conduct, the “Business Conduct Guide.” We also have a Directors’ Code of Conduct. Our Business Conduct Guide and our Directors’ Code of Conduct are posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

GOVERNANCE PRACTICES

Meeting Attendance

Our Board has a Director Attendance Policy that is part of our Corporate Governance Guidelines, which are posted on our website at <http://ek.client.shareholder.com/supporting.cfm>. Under this policy, all of our directors are strongly encouraged to attend all Board meetings and our Annual Meeting of Shareholders. In 2017, the Board held a total of 13 meetings. Each director attended more than 75% of the meetings of the Board and committees of the Board on which the director served, except Mr. New, who attended 74% of such meetings and Mr. Karfunkel, who was recused from two Board meetings as a matter of good corporate governance due to a potential conflict of interest related to the purpose of those meetings. Excluding the meetings from which he was recused, Mr. Karfunkel attended more than 75% of the meetings of the Board and the committee on which he served that were held during the year. All of our then serving directors, except Mr. New, attended the Annual Meeting of Shareholders held on May 23, 2017.

Executive Sessions

Executive sessions of our non-management directors are chaired by our independent Chairman, James V. Continenza.

Communications with Our Board

Shareholders and interested parties who wish to communicate with the Board, the independent directors as a group or an individual director, may send an e-mail to our Chairman at chairman@kodak.com or may send a letter to our Chairman c/o Corporate Secretary, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0224. Our Chairman will forward communications he receives to the Board, the independent directors as a group or the individual director as directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Chairman has authority to disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Consideration of Director Candidates

The Governance Committee will consider nominations for director candidates recommended by its members, other Board members, management, shareholders and the search firms it retains. The Governance Committee reviews all potential candidates under our Director Selection Process and Qualification Standards described below.

Shareholders wishing to recommend candidates for consideration by the Board may do so by providing the following information, in writing, to the Corporate Governance and Nominating Committee of the Board, c/o Secretary, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0224: 1) the name, address and telephone number of the shareholder making the request; 2) the number of shares owned, and, if such person is not a shareholder of record or if such shares are held by an entity, reasonable evidence of such person's ownership of such shares or such person's authority to act on behalf of such entity; 3) the full name, address and telephone number of the individual being recommended, together with a reasonably detailed description of the background, experience and qualifications of that individual; 4) a signed acknowledgement by the individual being recommended that he or she has consented to: a) serve as director if elected and b) the Company undertaking an inquiry into that individual's background, experience and qualifications; 5) the disclosure of any relationship of the individual being recommended with the Company, whether direct or indirect; and 6) if known to the shareholder, any material interest of such shareholder or individual being recommended in any proposals or other business to be presented at the next Annual Meeting of Shareholders (or a statement to the effect that no material interest is known to such shareholder).

Director Selection Process and Qualification Standards

The Governance Committee is responsible for identifying, screening and recommending candidates for Board membership. When reviewing a potential candidate for the Board, the Governance Committee looks to whether the candidate possesses the necessary qualifications to serve as a director. To assist it in these determinations, the Governance Committee has adopted Director Qualification Standards and a Director Selection Process, which are posted as part of our Corporate Governance Guidelines on our website at <http://ek.client.shareholder.com/supporting.cfm>.

The Director Qualification Standards specify that, in addition to any other factors described in the Company's Corporate Governance Guidelines, the Board should at a minimum consider the following factors, as more fully described in our Director Qualification Standards, in the nomination or appointment of members of the Board: integrity, reputation, judgment, knowledge, experience, maturity, commitment, skills, track record, diversity, age, independence and ownership stake. The Governance Committee, in accordance with its Director Selection Process, will then consider the candidate's qualifications in light of the needs of the Board and our company at that time, given the then-current mix of director attributes and the Board's projected strengths and future needs. Based on the Governance Committee's results of the assessment of Board needs, they may develop a target candidate profile. As provided in our Corporate Governance Guidelines, the Governance Committee seeks to create a multi-disciplinary Board that, as a whole, is strong in both its knowledge and experience. The Governance Committee may use the services of a third-party executive search firm, as well as the personal network of the Board and senior management, and considers any previously recommended nominees when identifying and evaluating possible nominees for director. The search firm assists in identifying candidates who meet the skills and qualifications specified by the Governance Committee. A list of preferred candidates is developed and presented to the full Board and the Chief Executive Officer for review and input. Interest on the part of the potential candidate is gauged and an interview and reference check are performed. The full Board makes a determination with respect to the candidate. Candidates that are successfully elected to the Board participate in orientation sessions to familiarize them with our business. The Board has a mandatory retirement age of 72, unless an extension is approved by the Board, but in no event above age 75. In February 2018, the Board approved a waiver of the mandatory retirement age for Mr. Parrett for a one-year period.

Although the Governance Committee does not have a formal policy regarding the consideration of diversity in the selection of candidates, the Governance Committee considers diversity when evaluating possible nominees under our Director Qualification Standards, which provide that the Board should be a diverse body, with diversity reflecting gender, ethnic background, country of citizenship and professional experience. In addition, the Governance Committee and the Board evaluate diversity as part of the Board's annual evaluation process.

Strategic Role of Board

The Board plays a key role in developing, reviewing and overseeing the execution of our business strategy. The Board receives progress reports from management throughout the year on the implementation of the strategic plan, including business segment performance and strategy reviews for each of our key businesses, product line reviews and presentations regarding research and development initiatives and our intellectual property portfolio.

Succession Planning

The entire Board reviews our succession plans for our Chief Executive Officer and other key senior management positions and oversees our activities in the areas of leadership and executive development. To assist the Board, management periodically reports to the Board on succession planning to ensure that it is a continuous and ongoing effort.

Majority Voting for Directors

Our By-laws provide for majority voting in uncontested director elections.

We also maintain a Majority Vote Policy that requires a director nominee, in connection with his or her nomination to the Board, to submit a resignation letter in which the director nominee irrevocably elects to resign if he or she fails to receive the required majority vote in the next election and the Board accepts the resignation. The policy requires the Board to nominate for election or re-election as a director only those candidates who agree to execute such a letter upon his or her nomination. The Majority Vote Policy is posted on our website at <http://ek.client.shareholder.com/supporting.cfm>.

If a director nominee fails to receive a majority vote in an uncontested election, the Majority Vote Policy provides that the Governance Committee will consider the resignation letter and recommend to the Board whether to accept it. The Governance Committee, in making its recommendation to the Board, and the Board, in reaching its decision, may consider relevant factors, including any stated reason why shareholders voted against the election of the director, the director's qualifications, the director's past and expected future contributions to us, the overall composition of the Board and whether accepting the resignation letter would cause us to fail to comply with any applicable rule, such as the NYSE's listing standards.

The policy provides that the Board will act on the Governance Committee's recommendation and publicly disclose its decision whether to accept the director's letter of resignation within 90 days following the certification of the shareholder vote. If the letter of resignation is not accepted by the Board within this 90-day period, the resignation will not be effective until the next annual meeting.

All nine director nominees standing for election at the Annual Meeting have submitted an irrevocable letter of resignation as a condition of nomination pursuant to the Majority Vote Policy.

Risk Management

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of our objectives, including strategic objectives, to improve long-term performance and enhance shareholder value. A fundamental part of risk management is not only identifying and prioritizing the risks we face and monitoring the steps management is taking to manage those risks, but also determining the level of risk that is appropriate for us. As an integral part of its review and approval of our strategic plan, the Board considers the appropriate level of risk that is acceptable. Through this process, the Board assesses risk throughout the Company, focusing on four primary risk categories: strategic, operational (including with respect to cybersecurity), legal/compliance and financial reporting. The Audit and Finance Committee is responsible for reviewing the results of our enterprise risk assessment on an annual basis. The Board also receives reports on management's progress in mitigating key risks.

The Board has delegated to its committees responsibility for the oversight of risk management in specific risk areas. For example, in 2017, the committees of the Board oversaw:

- Risk management relating to our financial reporting (including internal controls).
- Risk management relating to our compensation programs and awards.
- Risk management relating to our capital structure.
- Risk management relating to our insurance and pension programs.
- Risk management relating to cybersecurity.

REPORT OF THE AUDIT AND FINANCE COMMITTEE

Management is responsible for our internal control over financial reporting, disclosure controls and procedures, and preparation of our consolidated financial statements. Our independent registered public accounting firm (independent accountants), PricewaterhouseCoopers LLP (PwC), is responsible for performing an independent audit of the consolidated financial statements and of our internal control over financial reporting in accordance with standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and for issuing a report of the results. As outlined in its charter, the Audit and Finance Committee is responsible for overseeing these processes.

During 2017, the Audit and Finance Committee met and held discussions with management and the independent accountants on a regular basis. Management represented to the Audit and Finance Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit and Finance Committee reviewed and discussed the audited consolidated financial statements and significant accounting matters with management and the independent accountants.

The Audit and Finance Committee discussed with the independent accountants the matters required to be discussed under auditing standards established from time to time by the PCAOB and by SEC rules. The Audit and Finance Committee has received from the independent accountants the written disclosures and letter required by the applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit and Finance Committee concerning independence. The Audit and Finance Committee discussed with the independent accountants their independence.

The Audit and Finance Committee also received reports from our Chief Compliance Officer on the implementation and effectiveness of our compliance program.

The Audit and Finance Committee discussed with the director of internal audit and independent accountants the plans for their audits. The Audit and Finance Committee met with the director of internal audit and independent accountants, with and without management present. The director of internal audit and independent accountants discussed with or provided to the Audit and Finance Committee the results of their examinations, their evaluations of our internal control over financial reporting, disclosure controls and procedures, and the quality of our financial reporting.

Based on these reviews, discussions and reports, the Audit and Finance Committee recommended that the Board approve the audited financial statements for inclusion in our Annual Report on Form 10-K for the year ended December 31, 2017, and the Board accepted the Audit and Finance Committee's recommendations.

The Audit and Finance Committee, with the approval of the Board and the ratification of our shareholders, appointed PwC as our independent accountants in 2017. In addition, the Audit and Finance Committee approved certain non-audit services provided by PwC and the estimated budget for those services. The Audit and Finance Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy.

William G. Parrett, Chair
Matthew A. Doheny
Jeffrey D. Engelberg
George Karfunkel

EXECUTIVE COMPENSATION

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the Committee) has reviewed and discussed with management the following Compensation Discussion and Analysis prepared by the Company.

Based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Mark S. Burgess, Chair
Todd Bradley
James V. Continenza
Jason New

COMPENSATION DISCUSSION AND ANALYSIS

Our Named Executive Officers

This Compensation Discussion and Analysis discusses compensation awarded to, earned by, or paid to the following named executive officers during 2017 (whom we sometimes refer to as NEOs):

- **Jeffrey J. Clarke**, Chief Executive Officer (CEO)
- **David E. Bullwinkle**, Chief Financial Officer and Senior Vice President (CFO)
- **Sharon E. Underberg**, General Counsel, Secretary, and Senior Vice President
- **Eric-Yves Mahe**, President, Software and Solutions Division, and Senior Vice President
- **Terry R. Taber**, Chief Technology Officer, President, Advanced Materials and 3D Printing, and Senior Vice President
- **Philip Cullimore**, former President, Enterprise Inkjet Systems Division, former President, Micro 3D Printing and Packaging, and former Senior Vice President
- **Brad W. Kruchten**, President, Print Systems Division, and Senior Vice President
- **John O'Grady**, President, Consumer and Film Division, and Senior Vice President

Mr. Cullimore separated from the Company on April 30, 2017, but he is included as a named executive officer because he would have been among the three most highly compensated executive officers (other than the CEO and CFO) if he had been employed by the Company on the last day of 2017.

Messrs. Kruchten and O'Grady are included as additional named executive officers for 2017 for consistency in our reported named executive officers. They typically would have total compensation resulting in them being among the three most highly compensated executive officers (other than the CEO and CFO); however, due to certain equity awards made to them in 2016 instead of 2017, their 2017 total compensation was lower.

EXECUTIVE SUMMARY

2017 Business Highlights

Our executive compensation programs are designed to provide appropriate incentives to our leaders to execute our strategy.

Kodak's strategy is to:

- Use Kodak's divisional structure to drive accountability, transparency, and speed of decision making;
- Focus product investment in growth engines - Sonora, Prosper and Ultrastream, FLEXCEL NX Systems and Plates, Advanced Materials and 3D Printing and Software and Services;
- Maintain market leadership position and cash flows associated with Print Systems;
- Manage the expected decline in and maximize cash generated by mature businesses;
- Continue to streamline processes to drive cost reductions and improve operating leverage; and
- Continue to explore opportunities to monetize the asset base.

For the year ending December 31, 2017, Kodak continued to make good progress in executing on its strategy. During 2017, the Company achieved the following operating results:

- Net earnings were \$94 million, an improvement of \$78 million as compared to 2016. Net earnings for 2017 includes a tax benefit of \$101 million due to the release of a valuation allowance in the fourth quarter of 2017 as a result of increased profits in a location outside the U.S.
- Total Company revenues for 2017 were \$1.531 billion, a decline of \$112 million from 2016 and within guidance of \$1.5 billion to \$1.6 billion for the year.
- Net cash interest and dividend savings of \$17 million in 2017. These savings were achieved through the issuance of \$200 million of Series A Convertible Preferred Stock and the repayment in full of 10.75% Senior Secured Second Lien Term debt at the end of 2016.
- The Company ended 2017 with \$344 million of cash, which was down \$90 million from December 31, 2016.
- From a product perspective:
 - In the Flexographic Packaging Division, volume for KODAK FLEXCEL NX Plates grew by 17%.
 - In the Printing Systems Division, volume for KODAK SONORA Process Free Plates grew by 21%.

In 2017, our compensation awards to our named executive officers reflected both the progress we made in our business strategy and the areas where our results did not meet our performance goals.

Annual Variable Pay (EXCEL)

For 2017, we provided our named executive officers an annual variable incentive opportunity, known as Executive Compensation for Excellence and Leadership (EXCEL). Payouts under EXCEL are based on a formula that represents results achieved against Company performance metrics. No named executive officers earned a 2017 EXCEL award.

Please see the discussion following “Annual Variable Pay: Executive Compensation for Excellence and Leadership (EXCEL)” beginning on page 22 for more information regarding our EXCEL program.

Long-Term Incentives

In 2017, we entered into an amended and restated employment agreement with Mr. Clarke, which entitles Mr. Clarke to receive an annual grant of stock options with a grant date Black-Scholes present value of \$1 million and an exercise price equal to the greater of \$15.00 or the fair market value of a share on the grant date. Pursuant to such amended and restated employment agreement, Mr. Clarke received a grant of equity in 2017 in the form of stock options with an exercise price of \$15.00 per share, which was higher than the fair market value of a share on the grant date. Pursuant to such amended and restated employment agreement, Mr. Clarke also received a contingent cash award in 2017 with a potential value of up to \$3M predicated on the achievement of Cumulative Cash Flow from Operations of \$100M over the performance period of 2017 through 2019.

As provided in their respective employment agreements, Mr. Mahe and Ms. Underberg each received a grant of equity, with one-half of the grant in the form of restricted stock units and the other half of the grant in the form of stock options. In addition, Mr. Bullwinkle and Dr. Taber received a management equity grant in the form of stock options with a strike price of \$12.50 per share, which was higher than the fair market value of a share on the grant date.

Messrs. Kruchten and O’Grady did not receive an equity grant in 2017 because of the additional equity award each of them received in November 2016. Mr. Cullimore did not receive an equity grant in 2017 due to his separation from the Company.

Please see “Long-Term Incentive Compensation” on page 25 for more information on the above long-term incentive awards.

Best Practices

We continually evaluate best practices in executive compensation and governance and consider modifications to our executive compensation programs that support our business strategies, provide an appropriate balance of risk and reward for our named executive officers, and align their compensation with long-term shareholder interests. Key compensation and governance practices include:

- *Prohibition on Hedging and Pledging.* Our executive officers and directors are prohibited from engaging in any hedging or pledging transactions involving our equity securities. Please see “Restrictions on Hedging and Pledging” on page 29 for a description.
- *Share Ownership Guidelines.* Our executive officers and directors are subject to share ownership guidelines. Please see “Share Ownership Guidelines” on page 29 for a description of executive officer guidelines and page 54 for a description of director guidelines.

- *Recoupment (“Clawback”) Policy.* We have a policy requiring the recoupment of performance-based bonuses paid to named executive officers in the event of certain financial restatements. Please see “Recoupment (“Clawback”) Policy” on page 28 for a description.
- *Double-Trigger Change in Control Benefits.* All arrangements with our named executive officers that provide change in control benefits contain a “double trigger” provision, which requires that the named executive officer experience a qualifying termination following a change in control in order to receive change in control benefits. Please see “Change in Control Arrangements” on page 28 for a description.
- *No Change in Control Excise Tax Gross-Ups.* None of our compensation arrangements provide for a gross-up to our named executive officers for any excise taxes incurred by them upon a change in control.

DETERMINING EXECUTIVE COMPENSATION

Compensation Philosophy

Our compensation philosophy is to provide a compensation and reward program that:

- Attracts, retains and motivates outstanding talent required to achieve our business objectives;
- Drives profitable growth and increases shareholder value;
- Incentivizes and rewards success in a diverse set of businesses;
- Rewards company, division and individual performance; and
- Provides an external market-based competitive compensation structure (base salary, variable pay and long-term incentives).

The guiding principles for our compensation philosophy are:

- Market competitiveness: aggregate total direct compensation (base salary, variable pay and long-term incentive) should be near the market median (if affordable), with flexibility to pay above the median where necessary to attract and retain specific talent. Please see “Elements of Compensation” beginning on page 21 for more details on each element of compensation, its objective and its key features.
- Reinforce a performance-based culture: create greater line-of-sight and reward for divisional performance, with significant performance-based differentiation.

Role of the Committee

The Committee annually reviews and approves goals and objectives relevant to the compensation of the CEO and evaluates, in conjunction with the full Board, the CEO’s performance in light of those goals and objectives, and sets the CEO’s individual elements of total compensation based on this evaluation. The Committee also approves all compensation and awards, including each component of total compensation, for each of our named executive officers and other Section 16 officers.

Role of the CEO and Management

Our CEO makes recommendations to the Committee regarding each compensation element for our named executive officers (other than the CEO himself), and reviews and discusses any changes to such compensation with the Committee. With respect to our performance-based plans, management (including our CEO and our CFO) develops performance goals based upon our strategic and operational imperatives and then proposes such performance goals to the Committee for its consideration. No member of management (including our CEO and our CFO) participates in the determination of his or her own compensation.

Role of the Compensation Consultant

During 2017, the Committee continued to engage Lyons, Benenson & Company Inc. (Lyons Benenson), a compensation consultant, to assist the Committee. Lyons Benenson attends all Committee meetings and makes recommendations regarding director and officer compensation. Lyons Benenson did not provide any other services to the Company during 2017. The Committee assessed the independence of Lyons Benenson pursuant to SEC rules and concluded that their work did not raise any conflicts of interest.

Use of Market Reference Data

We review national survey data to provide a competitive frame of reference for compensation decisions and we compare the compensation of our named executive officers to the market median as a reference point to assist us in evaluating the competitiveness of their compensation. However, we do not necessarily adjust the compensation of any named executive officer to any specific percentile or other absolute measure.

We use national survey data as a reference because it offers a reasonable representation of the cost to hire and retain talent. We compare our compensation to the market median as a reference because it enables us to attract and retain high quality talent and ensures that our executives generally receive competitive levels of compensation. In 2017, we used the Aon Hewitt U.S. Total Compensation Measurement (TCM™) Survey, the Willis Towers Watson Compensation Data Bank (CDB) General Industry Executive Compensation Survey – US, the Radford Global Technology Survey and the Radford Global Sales Survey.

Our peer group consists of selected companies drawn from a broad group of public companies from similar industries (commercial services and supplies, IT services, media, software and technology hardware, and storage and peripherals) that meet minimum performance tests and have similar business models to ours. The companies considered for the peer group had to (1) be incorporated in the United States, (2) be traded on a stock exchange in the U.S., (3) have revenues between \$1.2 billion and \$6.6 billion, and (4) be categorized in a complementary GICS Sub-Industry. We then considered the total return, business alignment and other financial measurements of the companies in the selected group in order to achieve a group with closer alignment to us. In 2014, we approved a peer group consisting of the 15 companies listed below. In 2017, we continued to assess our NEO compensation levels against the Committee-approved peer group.

3D Systems Corporation	Electronics for Imaging, Inc.	Quad/Graphics, Inc.
Adobe Systems Incorporated	Lexmark International, Inc.	SanDisk Corporation
Advanced Micro Devices, Inc.	Nuance Communications, Inc.	Silicon Graphics International Corp.
ARRIS Group, Inc.	NVIDIA Corporation	Synopsis, Inc.
Ciena Corporation	OmniVision Technologies, Inc.	Xilinx, Inc.

We compared the base salaries and total target cash compensation of our named executive officers to survey market data in August 2017, and did not make any changes as their cash compensation was generally competitive to the market. We also reviewed survey market data in September 2017 as one consideration when determining the value of the equity grants to be made to Mr. Bullwinkle and Dr. Taber. We may use the peer group, as well as survey market data, as a competitive frame of reference for compensation decisions in the future, but as noted above, we do not target any specific percentile.

ELEMENTS OF COMPENSATION

We use base salary, annual variable pay and long-term incentives as our primary elements of direct compensation to be competitive with market practice. These elements have the following objectives and features:

Compensation Element	Objective	Key Features
Base Salary	Provide a regular source of income to our named executive officers to compensate them for fulfilling the regular duties and responsibilities of their positions.	We typically review base salaries annually, but do not automatically increase salaries. Rather, base salaries are adjusted only if deemed appropriate by us in consideration of: (1) experience; (2) responsibilities; (3) the importance of the position relative to our other senior management positions; (4) external relative scope or changes in the competitive marketplace; and (5) years elapsed since the last base salary change. Any change in an executive's base salary will affect an executive's target opportunity under our annual variable pay plan, which is based on a percentage of base salary.
Annual Variable Pay (EXCEL)	Drive the annual performance of our named executive officers to align their financial interests with our business strategy and the interests of our shareholders.	Annual variable pay is considered at risk. Payouts are based on a formula that represents results achieved against performance metrics.
Long-Term Incentives (restricted stock units, stock options or cash)	Align executive compensation with shareholder interests; create incentives for executive retention; encourage long-term performance; and promote stock ownership.	Our long-term incentives are mainly in the form of equity-based compensation awards, which tie our named executive officers' wealth creation to the performance of our stock and provide a retention incentive with multi-year vesting schedules.

Additionally, we provide indirect compensation to our named executive officers that includes retirement benefits (except Mr. Mahe), severance protection and limited perquisites. Our U.S. named executive officers are also eligible to participate in the benefit plans and programs that are generally available to our U.S. employees. Mr. Mahe participates in the benefit plans, policies and arrangements (other than severance) that are provided to employees under local Singapore practice. Mr. Cullimore participated in the benefit plans, policies and arrangements (other than severance) that were provided to similarly situated executives in Switzerland. Please see “Other Compensation” beginning on page 26 for more information on the indirect compensation of our named executive officers.

2017 COMPENSATION DECISIONS

Base Salary

The annual base salary rate for each named executive officer in 2017 is set forth in the “2017 Annual Base Rates and 2017 EXCEL Target Opportunities” table below. No changes were made to the base salaries of our named executive officers during 2017.

Annual Variable Pay: Executive Compensation for Excellence and Leadership (EXCEL)

For 2017, we provided an annual variable incentive opportunity to drive annual performance aligned to success in our business strategy, known as Executive Compensation for Excellence and Leadership (EXCEL). Payouts under EXCEL are based on a formula that represents results achieved against performance metrics. The maximum award for any named executive officer is the lesser of 10% of the EXCEL aggregate award pool (without discretion), 500% of the named executive officer’s base salary on the last day of the previous year, or \$5 million. We may not exercise positive discretion to increase the size of a named executive officer’s award above the maximum award level established under EXCEL.

We assign target opportunities under EXCEL based on a percentage of base salary. In establishing the target percentages, we reference market total target cash compensation data to determine whether base salary and variable pay opportunities are competitive with the market. It is important that both the total target compensation and the mix between base salary and annual variable pay are competitive. The target variable pay opportunities for Messrs. Clarke, Bullwinkle and Mahe and Ms. Underberg were determined as part of their employment agreements. The target variable pay opportunities for Messrs. Cullimore, Kruchten and O’Grady and Dr. Taber were determined in the same manner as prior years under the terms of their individual agreements prior to the expiration of such agreements.

No adjustments were made to the target variable pay opportunities for any named executive officer in 2017.

The following table shows the 2017 annual base salary rates and the 2017 full-year EXCEL target opportunity as a percentage of base salary for each of our named executive officers:

2017 Annual Base Rates and 2017 EXCEL Target Opportunities

Name	Annual Base Salary Rate	EXCEL % Target Opportunity	EXCEL \$ Target Opportunity
J.J. Clarke	\$1,000,000	100%	\$1,000,000
D.E. Bullwinkle	\$400,000	65%	\$260,000
S.E. Underberg	\$375,000	50%	\$187,500
E. Mahe ⁽¹⁾	\$434,520	50%	\$217,260
T.R. Taber	\$365,100	65%	\$237,315
B.W. Kruchten	\$465,000	75%	\$348,750
J. O’Grady	\$365,000	50%	\$182,500
P. Cullimore ⁽²⁾	\$548,456	50%	\$274,228

⁽¹⁾ Mr. Mahe’s base salary is SGD 600,000. The amount shown was converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242.

⁽²⁾ Mr. Cullimore’s base salary was CHF 540,000. The amount shown was converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.

EXCEL Design and Performance Results

Performance Gates

For 2017, we established the following three performance gates as part of the EXCEL program:

- (a) compliance with our financial covenants contained in the September 3, 2013 exit financing arrangements;
- (b) Cash Usage/Generation no greater than (\$10M) (from year-end reported cash of \$433M); and
- (c) Operational EBITDA after Variable Pay Accrual of at least \$112M.

We used these performance gates to ensure that no award would be earned absent achievement of all three performance gates.

The Operational EBITDA performance gate was initially set as \$130M, which was before a \$25M reduction of our Operational EBITDA guidance range for 2017 (\$18M for the retention of the Prosper business and \$7M for the higher cost of aluminum). Management recommended, and the Committee approved, a reduction to the Operational EBITDA performance gate of \$18M to reflect the retention of the Prosper business, but no adjustment for the higher cost of aluminum.

Please see “EXCEL: Definitions of Metrics” beginning on page 36 for more information about the performance gates.

Performance Metrics Design and Results

We continued to use Company-wide metrics for the 2017 EXCEL performance period so that the 2017 EXCEL metrics would align to our external guidance, which is reported on a Company-wide basis. The performance factor, associated weight, performance metrics and adjustments are set forth in the following table:

Performance Factor	Weight	Threshold (10%)	Target (100%)	Stretch (200%)
Operational EBITDA after Variable Pay Accrual ⁽¹⁾	100%	\$112M	\$177M	\$352M
Cash Usage/Generation	[see explanation below for how this metric affects achievement levels]	(\$10M)	\$70M	\$190M

⁽¹⁾ These levels of Operational EBITDA reflect the restated metrics approved by the Committee, which are described below.

We established the targets based on our annual commitment plan for 2017, and we used payout slopes that reflected a reasonable contribution from Operational EBITDA over performance to fund the variable pay pool.

When we restated our external financial guidance in May 2017, the Committee also adjusted the Operational EBITDA metrics and added Cash Usage/Generation tiers as an additional performance factor for determining payment amounts. The following table shows the Cash Usage/Generation tiers applicable to the various ranges of Operational EBITDA and the associated percentage of target variable pay for such tiers and ranges:

Operational EBITDA After Variable Pay Accrual		Cash Usage/Generation Required ⁽¹⁾	% of Target Variable Pay	
Range			Range	
Low	High		Low	High
\$112M	\$116M	(\$10M)	10%	17%
\$117M	\$121M	\$0M	19%	27%
\$122M	\$126M	\$5M	29%	37%
\$127M	\$131M	\$10M	39%	49%
\$132M	\$136M	\$15M	52%	62%
\$137M	\$141M	\$20M	65%	77%
\$142M	\$146M	\$25M	80%	83%
\$147M	\$151M	\$30M	83%	85%
\$152M	\$156M	\$35M	86%	88%
\$157M	\$161M	\$40M	89%	91%
\$162M	\$166M	\$45M	92%	94%
\$167M	\$172M	\$50M	95%	97%
\$172M	\$176M	\$55M	97%	100%
\$177M	\$187M	\$70M	100%	106%
\$267M	\$277M	\$140M	151%	157%
\$342M	\$352M	\$170M	194%	199%

⁽¹⁾ At each tier of the matrix, if the Cash Usage/Generation was below the required amount for that tier, the percentage of target variable pay range would drop to that for the next lower tier. For example, if Operational EBITDA were between \$137M to \$141M, but Cash Usage/Generation was less than \$20M, then based on the table above, the percentage of target variable pay range would be 52% to 62%, instead of 65% to 77%.

We selected Operational EBITDA after Variable Pay Accrual as a performance factor to maintain focus on earnings from our operational performance. Operational EBITDA after Variable Pay Accrual is a non-GAAP measure. The reasons for using non-GAAP measures and reconciliations of non-GAAP measures to the most closely comparable GAAP measures are presented in Exhibit A to this Proxy Statement. Please see “EXCEL: Definitions of Metrics” beginning on page 36 for more information about the performance metrics.

We selected Cash Usage/Generation as a performance factor to ensure the appropriate level of affordability for variable pay amounts earned. Cash Usage/Generation is a non-GAAP measure. The reasons for using non-GAAP measures and reconciliations of non-GAAP measures to the most closely comparable GAAP measures are presented in Exhibit A to this Proxy Statement. Please see “EXCEL: Definitions of Metrics” beginning on page 36 for more information about the performance metrics.

Determination of 2017 Named Executive Officer EXCEL Awards

Achievement of the Performance Gates

Only one of the three performance gates for 2017 EXCEL awards was achieved. We complied with the financial covenants contained in the September 3, 2013 exit financing arrangements. However, our cash usage of \$83M did not satisfy the performance gate of Cash Usage/Generation no greater than (\$10M) and our Operational EBITDA performance of \$57M did not satisfy the minimum Operational EBITDA requirement of \$112M.

Actual Performance

The following table shows the results for the Operational EBITDA after Variable Pay Accrual and Cash Usage/Generation performance factors for 2017. The result for the Operational EBITDA after Variable Pay Accrual performance factor was below the threshold amount. The result for the Cash Usage/Generation performance factor was also below the threshold amount.

Performance Factor	Weight	Result	% of Target Variable Pay
Operational EBITDA after Variable Pay Accrual	100%	\$57M ⁽¹⁾	0%
Cash Usage/Generation	[see explanation below for how this metric affects achievement levels]	(\$83M)	N/A

⁽¹⁾ Given that the Operational EBITDA and Cash Usage/Generation performance gates were not achieved, there was no variable pay accrual subtracted from the Operational EBITDA result (both pre- and post-accrual amount was \$57M).

EXCEL Awards Paid to NEOs for 2017

None of our named executive officers earned an EXCEL payment for 2017 because two of the three performance gates were not achieved.

Long-Term Incentive Compensation

Equity Awards

Long-term incentives, mainly in the form of equity, are a significant part of our compensation program for our named executive officers.

Pursuant to his amended and restated employment agreement, Mr. Clarke received a grant of stock options under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2017 with a grant date value of \$1 million and an above-market exercise price of \$15.00 per share, which vest one-third on March 12, 2018, March 12, 2019 and March 12, 2020.

Mr. Bullwinkle received a one-time management grant of stock options under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2017 with a grant date value of \$700,000 and an above-market exercise price of \$12.50 per share, which vest one-third upon the first, second and third anniversary of the grant date. The grant date value of the long-term incentive for Mr. Bullwinkle was determined by the committee as an amount generally competitive to the market, after a review of survey market data of the median long-term incentive of an officer in a similar position. The Committee set the exercise price of the stock options above the share price on the grant date to create an enhanced incentive for performance.

Pursuant to her employment agreement and the increased annual award value approved by the Committee in 2016, Ms. Underberg received a grant of equity under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2017 with a grant date value of \$500,000, with one-half of the grant date value in the form of RSUs and the other half of the grant date value in the form of stock options with an exercise price equal to the closing share price on the grant date, both of which vest one-third upon the first, second and third anniversary of the grant date.

Pursuant to his employment agreement and the increased annual award value approved by the Committee in 2015, Mr. Mahe received a grant of equity under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2017 with a grant date value of \$350,000, with one-half of the grant date value in the form of RSUs and the other half of the grant date value in the form of stock options with an exercise price equal to the closing share price on the grant date, both of which vest one-third upon the first, second and third anniversary of the grant date.

Dr. Taber received a one-time management grant of stock options under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2017 with a grant date value of \$360,000 and an above-market exercise price of \$12.50 per share, which vest one-third upon the first, second and third anniversary of the grant date. The grant date value of the long-term incentive for Dr. Taber was determined by the committee as an amount generally competitive to the market, after a review of survey market data of the median long-term incentive of an officer in a similar position. The Committee set the exercise price of the stock options above the share price on the grant date to create an enhanced incentive for performance.

Messrs. Kruchten, O'Grady and Cullimore did not receive any equity grants in 2017.

Please see the “Grants of Plan-Based Awards Table” on page 35 for the number and grant date fair value of these equity awards.

Contingent Cash Award

Pursuant to his amended and restated employment agreement, Mr. Clarke received a contingent cash award in 2017 with a target value of \$3M and vesting predicated on the achievement of Cumulative Cash Flow from Operations in the normal course of business, subject to adjustment for acquisitions, divestitures and other material items, as determined at the discretion of the Committee (Cumulative Cash Flow) of \$100M for the three-year performance period of 2017 through 2019, with the following performance metrics:

Cumulative Cash Flow *	Payout %	Payment Amount
<85%	0%	\$0
85% (threshold) (\$85M)	50%	\$1.5M
>=100% (target) (\$100M)	100%	\$3M

* The percentage of the target amount that vests between 85% and 100% achievement will be based on straight-line interpolation.

Measurement of the performance achieved will occur annually and at the conclusion of the three-year performance period, with vesting to be determined only at the conclusion of the three-year performance period. If earned, the contingent cash award will be settled in fully vested restricted stock units, with the number of restricted stock units determined by dividing the amount of the award that vests by the closing share price on the last day of the performance period, and such restricted stock units will be paid as soon as administratively practicable after the measurement date. In the event of Mr. Clarke's termination of employment for any reason during the performance period, the contingent cash award will be forfeited and cancelled.

We selected Cumulative Cash Flow from Operations as a performance factor to align with the key Company challenges associated with cash generation to fund future growth. The grant of the contingent cash award and the amount of the award were determined as part of the negotiations with Mr. Clarke in connection with his amended and restated employment agreement.

OTHER COMPENSATION

Tax-Qualified Retirement Plans: KRIP and SIP

We offer tax-qualified retirement plans in the U.S. that are designed and intended to attract and retain employees. Our tax-qualified defined benefit plan, comprised of a cash balance component and a traditional defined benefit component (KRIP), and our tax-qualified 401(k) defined contribution plan (SIP), cover all U.S. employees. Benefit accruals in the traditional defined benefit component of KRIP and employer contributions to SIP were frozen as of January 1, 2015. Effective as of January 1, 2015, the cash balance accrual component of KRIP was increased from 4% to 7% to reflect the corresponding 3% decrease in the SIP match. The details of KRIP are described following the “Pension Benefits Table” beginning on page 40.

Switzerland Pension

Participating employees in the Kodak EK Sarl Switzerland Cash Balance Plan (including Mr. Cullimore) are provided an old-age savings account balance, and for every month the participating employee works, an amount is credited to the account. The amount credited to the account from the employer is dependent upon the participating employee's age and ranges from 3.5% to 11% of pensionable earnings, which generally includes base salary, target variable pay and car allowance, not to exceed a statutory threshold of \$406,264 (CHF 400,000). (The Swiss francs were converted to U.S. dollars using a 2017 average exchange rate of 1.01566). The old-age savings account balance earns interest monthly based upon a statutory rate determined by the Federal Council. A participating employee may retire at any time after age 58. The amount of the annual retirement pension is determined on the basis of the old-age savings account balance at the time of retirement, including interest, and is payable for the remainder of the participating employee's life, with a reduced portion payable to a surviving beneficiary. The calculation basis for converting the lump sum to an annual retirement pension shall be based upon rates provided by the Swiss Financial Market Supervisory Authority (FINMA) at the time of the calculation. A participating employee may alternatively request payment in the form of a lump sum or partial lump sum in exchange for their retirement pension.

Non-Qualified Retirement Plan: KURIP

Until September 3, 2013, we provided non-qualified retirement benefits to our eligible U.S. employees under the Kodak Unfunded Retirement Income Plan (KURIP). KURIP was an unfunded retirement plan designed to provide our eligible U.S.

employees with pension benefits that (1) made up for the Internal Revenue Code's (Code) limitations on allocations and benefits that may be paid under KRIP and SIP, and (2) recognize deferred compensation that is ignored when calculating benefits under KRIP and SIP.

Eligible U.S. employees continued to earn benefits under KURIP after our Chapter 11 filing date. KURIP was terminated upon our emergence from bankruptcy. KURIP benefits earned after the filing date and prior to emergence from bankruptcy on September 3, 2013 were frozen and are payable as a lump sum upon the employee's termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A).

Ms. Underberg, Dr. Taber, and Messrs. Kruchten and O'Grady are the only named executive officers with a benefit under KURIP. The details of KURIP are described following the "Pension Benefits Table" on page 40.

Perquisites

Prior to his 2017 amended and restated employment agreement, Mr. Clarke received a housing and travel allowance of \$5,000 per month for travel to and from Rochester, New York, with a gross-up payment for the income and employment taxes associated with the allowance. Any expenses for other business-related travel were separately reimbursed. We entered into an amended and restated employment agreement with Mr. Clarke effective March 12, 2017, which eliminated the housing and travel allowance as of such date.

During 2017, Mr. Mahe received a housing allowance of \$82,559 (SGD 114,000) and company car allowance of \$43,452 (SGD 60,000) in accordance with local Singapore practice. (The Singapore dollars were converted to U.S. dollars using a 2017 average exchange rate of 0.7242). We also provided disability and life insurance benefits to Mr. Mahe, for which we paid the premiums, and an executive physical benefit, for which we paid the cost.

While he was still employed, Mr. Cullimore received a monthly car allowance of \$5,281 (CHF 5,200), which was paid directly to him as a monthly lump sum subject to tax. (The Swiss francs were converted to U.S. dollars using a 2017 average exchange rate of 1.01566). We also provided disability and life insurance benefits to Mr. Cullimore while he was employed, for which we paid the premiums.

The value of these perquisites is included in the "All Other Compensation" column of the "Summary Compensation Table" on page 31.

Severance Arrangements

We provide our named executive officers with severance provisions designed to serve as a retention tool and to provide incentive for the named executive officers to focus on the best interests of shareholders in connection with the transformational components of our strategic plan given that, in certain instances, an executive's successful completion of his or her responsibilities may result in the elimination of his or her job. These severance provisions also provide an incentive for the named executive officers to sign a release of claims against us, to refrain from competing with us and to cooperate with us both before and after their employment is terminated. When approving any agreement for employment or retention, we focus on the reasons for which severance may be triggered relative to the named executive officer's position and responsibilities.

Each of the employment agreements with Messrs. Clarke, Bullwinkle and Mahe and Ms. Underberg provide severance benefits in the event his or her employment is terminated by us without "cause" or if he or she terminates for "good reason." The definitions of "cause" and "good reason" as applicable to these severance provisions are set forth below in the "Potential Payments upon Termination or Change in Control" discussion beginning on page 42. Mr. Clarke's employment agreement also provides that if his employment terminates by reason of the expiration of his scheduled employment term, he is entitled to certain benefits as more fully described under "Individual Termination Arrangements" beginning on page 43.

The severance benefits for Dr. Taber and Messrs. Kruchten and O'Grady are provided under the Company's Officer Severance Policy, as discussed below under "Officer Severance Policy" on page 28.

The individual retention agreement with Mr. Cullimore provided for severance benefits in the event his employment is terminated by us without "cause" or if he terminated for "good reason." The definitions of "cause" and "good reason" as applicable to these severance provisions are set forth below in the "Potential Payments upon Termination or Change in Control" discussion beginning on page 42. Please see "Individual Termination Arrangements" beginning on page 43 for more details on the severance provisions for Mr. Cullimore under his individual retention agreement. Upon Mr. Cullimore's separation from the Company in 2017, he received payment of his severance benefits under his individual retention agreement, which is described in footnote 6 to the "Summary Compensation Table" beginning on page 31.

Officer Severance Policy

In order to provide severance benefits to certain officers and employees, we maintain an Officer Severance Policy (Policy) which provides for compensation to eligible corporate officers in the event of a qualifying termination without “cause” or with “good reason.”

Under the Policy, “cause” is generally defined to include a participant’s failure to perform his or her duties or follow proper direction, violation of Company rules, possession, use or sale of controlled substances, certain actions that result in a penalty against the Company or could result in violation of law, conviction of a crime, misrepresentation or concealment of a material fact from the Company or breach of our Business Conduct Guide or his or her Eastman Kodak Company Employee’s Agreement. “Good reason” is generally defined to include a material diminution in compensation, authority or responsibilities, transfer to a new work site that increases the participant’s one-way commute by more than 75 miles, and failure of an acquirer or successor entity to offer the participant employment with comparable severance protection.

By its terms, the Policy does not apply to (1) our chief executive officer, or (2) a corporate officer with an employment agreement with an indefinite term. It also does not provide benefits to any employee who, at the time of termination, is covered by another severance agreement or arrangement with the Company. Accordingly, Messrs. Clarke, Bullwinkle and Mahe and Ms. Underberg are not eligible for benefits under the Policy. Mr. Cullimore was also not eligible for benefits under the Policy.

The Policy provides that a participant is generally entitled to receive separation pay equal to his or her base salary in effect as of the date of termination. However, Mr. Kruchten and Mr. O’Grady are eligible for grandfathered benefits under the Policy and are entitled to separation pay at the same level as specified under their prior respective individual agreements (1.5 times total target cash compensation for Mr. Kruchten and 1 times total target cash compensation for Mr. O’Grady). Dr. Taber is also eligible for grandfathered benefits under the Policy and is entitled to separation pay at a reduced prior level (1 times total target cash compensation) of the separation pay specified under his prior individual agreement (his individual agreement provided for 1.5 times total target cash compensation). Payment under the Policy is conditioned on the participant’s execution of a general waiver and release and his or her compliance with the Policy’s non-disparagement provisions.

For additional information regarding the potential severance benefits payable to our named executive officers under various circumstances, please see the discussion preceding the “Severance Payments Table” beginning on page 49.

Change in Control Arrangements

The employment agreements with Messrs. Clarke, Bullwinkle and Mahe and Ms. Underberg allow for payment of severance under certain conditions upon a termination following a change in control (double trigger). These provisions were designed to protect against the possible loss of certain benefits after a change in control. Please see “Individual Termination Arrangements” beginning on page 43 for more details on these provisions. We believe that a double trigger is appropriate for such payments because it helps to ensure that these individuals do not receive an unintended benefit by receiving severance payments while continuing in their position following a change in control.

Additionally, under our 2013 Omnibus Incentive Plan, we may provide for accelerated exercisability, lapse of restrictions or deemed satisfaction of performance goals with respect to any outstanding awards upon a change in control. While we do not believe that automatic acceleration of vesting is appropriate upon a change in control because an executive may continue in his position, we do believe that allowing the Committee the discretion to accelerate vesting of equity awards upon a change in control is appropriate because it may not be possible to continue vesting of existing equity awards or to replace existing equity awards with comparable awards of the acquiring company’s equity, and the acceleration of vesting would provide the executives with the same rights as other shareholders to sell their equity in the Company at the time of a change in control.

PROGRAM GOVERNANCE

Risk Mitigating Policies

Recoupment (“Clawback”) Policy

The Board has a policy requiring the recoupment of bonuses paid to named executive officers in the event of certain financial restatements. Under this policy, which is posted on our website at <http://ek.client.shareholder.com/supporting.cfm>, we require reimbursement of a certain portion of any amounts paid to a named executive officer under EXCEL when:

- The payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement;
- In the Board’s view, the officer engaged in fraud or misconduct that caused the need for the restatement; and
- A lower payment would have been made to the officer based upon the restated financial results.

In each such instance, we will, to the extent practicable, seek to recover the amount by which the named executive officer's annual incentive payment for the relevant period exceeded the lower payment that would have been made based on the restated financial results, plus a reasonable rate of interest.

Restrictions on Hedging and Pledging

Our executive officers and directors are prohibited from engaging in any transactions (such as puts, calls, options or other derivative securities) with respect to our equity securities held by them to hedge or offset any decrease in the market value of those equity securities.

Our executive officers and directors are also prohibited from purchasing our equity securities on margin, borrowing against our equity securities on margin or pledging our equity securities as collateral for a loan.

Share Ownership Guidelines

Our executive officers are expected to accumulate certain levels of ownership of our equity securities within five years of the adoption of our stock ownership guidelines on May 12, 2015, or first becoming an executive officer, as follows:

Title	Target Share Ownership	Holding Requirement	
		Before Target Met	After Target Met
CEO	5X base salary	50% of net-settled shares	None
Executive Vice President	3X base salary		
Senior Vice President	2X base salary		
Vice President and Other Officers	1X base salary		

The holding requirement does not pertain to grants already received at the time of the adoption of the guidelines or to grants of equity awards made in satisfaction of the 2015 EXCEL or other variable pay program.

If an executive officer receives a promotional salary increase, we may extend that executive officer's time to meet the ownership guidelines by one year, at our discretion.

Tax Deductibility of Compensation

Section 162(m) of the Code generally places a \$1 million deduction limit on the amount of compensation paid by a publicly traded company in any one year to certain executive officers. Prior to January 1, 2018, this deduction limit applied to the compensation paid to the CEO and the three most highly compensated executive officers (other than the CEO and CFO) who were employed on the last day of the year. This \$1 million deduction limit did not apply to compensation that met the Section 162(m) requirements for "qualifying performance-based compensation." When designing all aspects of compensation, we have considered the deductibility of executive compensation under Section 162(m) of the Code. However, we have reserved the right to administer our compensation arrangements in a manner that does not satisfy the requirements of Section 162(m) as we determine to be appropriate.

The "Tax Cuts and Jobs Act" eliminates the "qualified performance-based compensation" exception under Section 162(m) of the Code for taxable years beginning on or after January 1, 2018, but provides transition relief for compensation paid under binding written contracts that were in effect as of November 2, 2017, so long as the contract is not materially modified after such date. As a result, compensation paid to our covered executive officers (including the income recognized upon the exercise of stock options) in excess of \$1 million will not be deductible by us unless it qualifies for the transition relief. The Tax Cuts and Jobs Act also expanded the executive officers subject to the Section 162(m) \$1 million deduction limit, which now include anyone who has ever been our CEO, CFO or one of the three highest paid named executive officers (other than the CEO and CFO) in any fiscal year beginning on or after January 1, 2017. Due to the lack of regulatory and other guidance pertaining to the future interpretation of Section 162(m) of the Code and the transition relief, no assurance can be given that compensation intended to qualify for the performance-based exception in fact will so qualify.

We make no representation that the compensation of our named executive officers will be fully deductible for federal income tax purposes, and we continue to reserve the right to award compensation that is not fully deductible under Section 162(m) of the Code and to administer our compensation arrangements in a manner that does not satisfy the requirements of Section 162(m) as we determine to be appropriate.

Say-On-Pay

In 2017, we held an advisory vote on our compensation program for our named executive officers, commonly referred to as the say-on-pay vote, which resulted in 99.5% of the votes cast approving our compensation program for our named executive officers. We evaluated the results of this vote as part of our overall assessment of our compensation program for our named

executive officers. Based on this overall assessment and the strong support expressed by our shareholders, we did not make any related material changes to our compensation program for our named executive officers in 2017.

In 2014, we held an advisory vote on the frequency of our say-on-pay vote, which resulted in 99.8% of the votes cast recommending an annual frequency for the say-on-pay vote. After considering that recommendation, the Board determined that the say-on-pay vote will be held annually until the next required vote on the frequency of the say-on-pay vote to be held at our Annual Meeting of Shareholders in 2020.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Comp. (\$) ⁽⁴⁾	Change in Pension Value and Non-Qualified Deferred Comp. Earnings (\$) ⁽⁵⁾	All Other Comp. (\$) ⁽⁶⁾	Total (\$)
J.J. Clarke CEO	2017	996,516	0	0	1,000,001	0	20,754	36,397	2,053,668
	2016	996,516	0	0	1,000,001	0	19,056	164,855	2,180,428
	2015	1,034,843	0	0	1,000,000	0	17,581	162,610	2,215,034
D.E. Bullwinkle CFO	2017	398,607	0	0	700,000	0	24,713	0	1,123,320
	2016	331,840	0	300,002	300,001	0	22,176	0	954,019
S.E. Underberg SVP	2017	373,693	0	250,000	250,001	0	158,449	0	1,032,143
E. Mahe ⁽⁷⁾ SVP	2017	434,520	0	175,010	175,002	0	0	127,739	912,271
	2016	434,844	0	175,006	175,001	0	0	128,050	912,901
	2015	436,830	0	175,020	175,008	39,973	0	128,157	954,988
T.R. Taber SVP	2017	363,828	0	0	360,002	0	57,667	0	781,497
B.W. Kruchten ⁽⁸⁾ SVP	2017	463,380	0	0	0	0	196,256	0	659,636
	2016	463,380	0	840,012	840,010	0	127,718	0	2,271,120
	2015	481,203	0	420,010	420,003	55,808	16,882	0	1,393,906
J. O'Grady ⁽⁹⁾ SVP	2017	363,728	0	0	0	0	28,272	0	392,000
	2016	359,171	0	425,020	425,007	0	25,931	0	1,235,129
P. Cullimore ⁽¹⁰⁾ Former SVP	2017	182,819	0	0	0	0	0	844,607	1,027,426
	2016	548,434	0	100,008	100,000	0	0	64,991	813,433
	2015	561,696	0	100,008	100,004	15,177	0	77,527	854,412

⁽¹⁾ This column reports the base salary paid to each of our NEOs during each year reported.

⁽²⁾ This column reports the grant date fair value (as calculated for financial reporting purposes), without any reduction for risk of forfeiture, for all RSUs granted during each year reported. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718. For 2017, the grant date fair value of each RSU granted to Ms. Underberg on December 15, 2017 was \$3.35; the grant date fair value of each RSU granted to Mr. Mahe on April 28, 2017 was \$11.00. The grant date fair value of each RSU granted to Mr. O'Grady on November 15, 2016 was \$15.20.

⁽³⁾ This column reports the grant date fair value (as calculated for financial reporting purposes), without any reduction for risk of forfeiture, for all stock option awards granted during each year reported. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718. The assumptions used to calculate the grant date fair value of stock options granted in 2017 are included in the table below. For additional information regarding the valuation assumptions with respect to our stock option grants, please see Note 20 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2017.

Grant Date	NEOs Receiving Award	Grant Date Fair Value of Stock Option (\$)	Strike Price (\$)	Risk-Free Rate (%)	Expected Option Life (years)	Expected Volatility (%)	Expected Dividend Yield (%)
3/30/2017	J.J. Clarke	11.40	15.00	1.86	4.5	46.01	0.00
9/14/2017	D.E. Bullwinkle	7.70	12.50	1.72	4.5	46.26	0.00
12/15/2017	S.E. Underberg	3.35	3.35	2.11	4.5	49.36	0.00
4/28/2017	E. Mahe	11.00	11.00	1.94	4.5	45.96	0.00
9/14/2017	T.R. Taber	7.70	12.50	1.72	4.5	46.26	0.00

⁽⁴⁾ The amounts in this column reflect payments under EXCEL for performance in 2017, 2016 and 2015. Please see the “Grants of Plan-Based Awards Table” on page 35 for the potential payouts for fiscal year 2017 for each NEO, which depend on performance. For a description of the performance criteria, please see “EXCEL Design and Performance Results” beginning on page 23. For 2015, Mr. Clarke requested that no payment of his 2015 EXCEL award be made to him to allow for the allocation of his earned amount to other participants in our 2015 variable incentive arrangements (excluding our NEOs and other Section 16 officers). Although the Committee was willing to approve payment to Mr. Clarke of his 2015 EXCEL award for an amount of \$168,000, the Committee honored Mr. Clarke’s request and did not approve payment of his 2015 EXCEL award to him. Payment of 2015 EXCEL awards to our other NEOs was made by granting fully vested RSUs, with the number of shares determined by dividing the specified amount by the closing price of our stock on March 18, 2016 (\$12.41). The RSUs granted to our NEOs in payment of their 2015 EXCEL awards were for the following number of shares: Mr. Kruchten, 4,497; Mr. Mahe, 3,221 shares; and Mr. Cullimore, 1,223 shares; and were paid in April 2016.

⁽⁵⁾ This column reports the aggregate change in the present value of the NEO’s accumulated benefits under their applicable pension plan (KRIP, KURIP), to the extent the NEO participates in such arrangement. Messrs. Clarke, Bullwinkle, Kruchten, and O’Grady, Ms. Underberg and Dr. Taber participate in KRIP. Ms. Underberg, Dr. Taber and Messrs. Kruchten and O’Grady also have a frozen benefit under KURIP. Mr. Mahe does not participate in a Company-sponsored pension plan. Mr. Cullimore participated in the Switzerland Pension, which is a defined contribution plan. The determination of the Change in Pension Value is highly dependent upon the discount rate and/or interest rate utilized, which may change based on the interest rate environment, thereby impacting the reported Change in Pension Value from year to year. The breakdown of these figures is shown in the table below:

Name	2015			2016			2017		
	Change in Pension Value (\$)	Above-Market Interest (\$)	Total Value (\$)	Change in Pension Value (\$)	Above-Market Interest (\$)	Total Value (\$)	Change in Pension Value (\$) ^(a)	Above-Market Interest (\$)	Total Value (\$)
J.J. Clarke	17,581	0	17,581	19,056	0	19,056	20,754	0	20,754
D.E. Bullwinkle	N/A	N/A	N/A	22,176	0	22,176	24,713	0	24,713
S.E. Underberg	N/A	N/A	N/A	N/A	N/A	N/A	158,449	0	158,449
E. Mahe ^(b)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
T.R. Taber	N/A	N/A	N/A	N/A	N/A	N/A	57,667	0	57,667
B.W. Kruchten	16,882	0	16,882	127,718	0	127,718	196,256	0	196,256
J. O’Grady	N/A	N/A	N/A	25,931	0	25,931	28,272	0	28,272
P. Cullimore ^(c)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

^(a) The primary actuarial assumption changes used to calculate Pension Values for 2017 were a decrease in the discount rate for KRIP, a decrease in the lump sum interest rate and cash balance interest crediting rate and an update to the mortality table used to calculate the present value of annuities for KRIP. The Pension Values for Messrs. Clarke, Bullwinkle, Kruchten, and O’Grady, Ms. Underberg and Dr. Taber were driven primarily by their respective cash balance accruals under KRIP during 2017 as well as increases in present value of the traditional KRIP benefits due to the decrease in discount rate.

^(b) Mr. Mahe does not participate in a Company-sponsored pension plan.

^(c) Mr. Cullimore participated in the Switzerland Pension, a defined contribution plan.

(6) The table below shows the components of the All Other Compensation column for 2017:

Name	Amount (\$)
J.J. Clarke ^(a)	36,397
D.E. Bullwinkle	0
S.E. Underberg	0
E. Mahe ^(b)	127,739
T.R. Taber	0
B.W. Kruchten	0
J. O'Grady	0
P. Cullimore ^(c)	844,607

(a) Other compensation for Mr. Clarke includes \$12,500 for housing and travel expense allowances for January, February and the first half of March of 2017, and \$23,897 for an income and employment tax gross-up payment on the amount of the housing and travel expense allowances for 2017. The housing and travel expense allowance was discontinued under Mr. Clarke's amended and restated employment agreement, effective March 12, 2017.

(b) Other compensation for Mr. Mahe includes \$82,559 (SGD 114,000) paid as a housing allowance, \$43,452 (SGD 60,000) paid as a car allowance, \$1,438 (SGD 1,986) in insurance premiums that the Company paid to provide disability and life insurance benefits to Mr. Mahe and \$290 (SGD 400) to provide an executive physical benefit to Mr. Mahe. The amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242.

(c) Other compensation for Mr. Cullimore includes \$822,685 (CHF 810,000) for severance pay which was paid to him in a lump sum upon his separation from the Company. While still employed in 2017, he received a car allowance of \$5,281 (CHF 5,200), which was paid directly to him as a monthly lump sum subject to tax. We also contributed \$15,674 (CHF 15,432) to the Switzerland Pension on behalf of Mr. Cullimore, which includes life (disability and death) insurance coverage, and paid \$967 (CHF 952) in premiums for accident (disability and death) insurance for Mr. Cullimore. The amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.

(7) Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242.

(8) Mr. Kruchten has responsibility for the largest division in the Company. Recent proxy filings have included him as an NEO given his compensation arrangements under his employment agreement. In 2017, his total compensation reflected on the Summary Compensation Table is lower due to the fact that Mr. Kruchten received an additional equity grant in 2016 in lieu of an equity grant in 2017. If not for the lack of an equity grant in 2017, Mr. Kruchten would likely have been includible as an NEO in this proxy statement.

(9) In 2017, Mr. O'Grady's total compensation reflected in the Summary Compensation Table is lower due to the fact that he received an additional equity grant in 2016 in lieu of an equity grant in 2017. This second grant required that Mr. O'Grady remain actively employed with the Company for one year, and vests in substantially equal installments on the first, second and third anniversaries of September 3, 2017.

(10) The amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.

EMPLOYMENT AGREEMENTS

The material terms of employment agreements that named executive officers have with us are described below. The levels of salary, annual variable pay and long-term incentive compensation, as well as the material considerations that we take into account in establishing target levels for each of these elements, are described in the "Compensation Discussion and Analysis" beginning on page 18.

We did not have employment agreements with Dr. Taber or Messrs. Kruchten or O'Grady in 2017.

During 2017, the following named executive officers had or entered into an individual employment arrangement with us.

Jeffrey J. Clarke

We have employed Mr. Clarke under an employment agreement effective March 12, 2014, with a scheduled term ending March 12, 2017. Following the expiration of this employment agreement, Mr. Clarke entered into an amended and restated employment agreement with the Company in 2017, effective March 12, 2017, with a scheduled term ending March 12, 2020. This agreement was put in place given the mutual interest from both Mr. Clarke and the Board of

Directors in continuing Mr. Clarke's employment with the Company. The amended and restated employment agreement provides Mr. Clarke the following in 2017:

- An annual base salary of \$1 million;
- Participation in our EXCEL Plan, with an annual target opportunity of 100% of base salary and a maximum of 200% of target;
- A grant of stock options having an aggregate grant date fair value of \$1,000,000, which vest over a three-year period (33.3% vests each year) and with an exercise price equal to the greater of \$15 or the closing price of the Company's common stock on the date of grant;
- A grant of a contingent cash award with a target value of \$3M and vesting predicated on the achievement of Cumulative Cash Flow from Operations of \$100M over the three-year performance period of 2017 through 2019, subject to Mr. Clarke's continued employment through the end of the performance period;
- Participation in all benefit plans, policies and arrangements that are provided to employees generally; and
- Certain severance benefits as described under "Individual Termination Arrangements" beginning on page 43.

The prior employment agreement which expired on March 12, 2017 provided for an annual housing and travel allowance of \$5,000 with a tax gross-up. The amended and restated employment agreement eliminated the housing and travel allowance and associated tax gross-up effective as of March 12, 2017.

David E. Bullwinkle

We have employed Mr. Bullwinkle under an employment agreement effective July 1, 2016 with no scheduled term ending date. Under this employment agreement, Mr. Bullwinkle was eligible for the following in 2017:

- An annual base salary of \$400,000;
- Participation in our EXCEL Plan with an annual target opportunity of 65% of base salary and a maximum of 200% of target;
- Consideration for a grant of equity having a grant date value in an amount determined by the Committee each year in its discretion;
- Participation in all benefit plans, policies and arrangements that are provided to employees generally; and
- Certain severance benefits, as described under "Individual Termination Arrangements" beginning on page 43.

Sharon E. Underberg

We have employed Ms. Underberg under an employment agreement effective January 6, 2015 with no scheduled term ending date. Under this employment agreement, Ms. Underberg was eligible for the following in 2017:

- An annual base salary of \$330,000, which the Committee increased to \$375,000 effective August 11, 2015;
- Participation in our EXCEL Plan with an annual target opportunity of 50% of base salary and a maximum of 200% of target;
- A grant of equity having an aggregate grant date fair value of \$400,000, which the Committee increased to \$500,000 effective in 2015;
- Participation in all benefit plans, policies and arrangements that are provided to employees generally; and
- Certain severance benefits, as described under "Individual Termination Arrangements" beginning on page 43.

Eric-Yves Mahe

We have employed Mr. Mahe under an employment agreement effective April 28, 2014 with no scheduled term ending date. Under this employment agreement, Mr. Mahe was eligible for the following in 2017:

- An annual base salary of SGD 600,000;
- Participation in our EXCEL Plan, with an annual target opportunity of 50% of base salary and a maximum of 200% of target;
- A grant of restricted stock units and stock options having an aggregate grant date fair value of \$250,000, which the Committee increased to \$350,000 beginning in 2016;
- A housing allowance and travel expenses under local Singapore practice;
- Participation in all benefit plans, policies and arrangements that are provided to employees under local Singapore practice; and
- Certain severance benefits, as described under "Individual Termination Arrangements" beginning on page 43.

Philip Cullimore

In May 2016, in connection with the planned sale of our Prosper enterprise inkjet printing business, we entered into an individual retention agreement with Mr. Cullimore. Under this retention agreement, Mr. Cullimore was eligible for certain severance benefits in 2017, as described under “Individual Termination Arrangements” beginning on page 43.

Mr. Cullimore was also eligible for a retention incentive in 2017 in the event of a successful closing of the planned sale of our Prosper enterprise inkjet printing business, but no retention incentive was earned since we decided to retain the Prosper business.

GRANTS OF PLAN-BASED AWARDS TABLE

The compensation included in the following table reflects our annual variable pay plan (EXCEL) and the equity granted under our 2013 Omnibus Incentive Plan during 2017.

Name	Award Description	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Max. (\$) ⁽²⁾				
J.J. Clarke	EXCEL	—	500,000	1,000,000	5,000,000				
	Special Award ⁽³⁾	—	1,500,000	3,000,000	3,000,000				
	2017 NQSO ⁽⁴⁾	3/30/17					277,778	15.00 ⁽⁵⁾	1,000,001
D.E. Bullwinkle	EXCEL	—	130,000	260,000	2,000,000				
	2017 NQSO ⁽⁶⁾	9/14/17					355,330	12.50 ⁽⁷⁾	700,000
S.E. Underberg	EXCEL	—	93,750	187,500	1,875,000				
	2017 RSU ⁽⁸⁾	12/15/17				74,627			250,000
	2017 NQSO ⁽⁶⁾	12/15/17					174,826	3.35	250,001
E. Mahe	EXCEL	—	108,630	217,260	2,172,600				
	2017 RSU ⁽⁸⁾	4/28/17				15,910			175,010
	2017 NQSO ⁽⁶⁾	4/28/17					39,683	11.00	175,002
T.R. Taber	EXCEL	—	118,658	237,315	1,825,500				
	2017 NQSO ⁽⁶⁾	9/14/17					182,742	12.50 ⁽⁷⁾	360,002
B.W. Kruchten	EXCEL	—	174,375	348,750	2,325,000				
J. O’Grady	EXCEL	—	91,250	182,500	1,825,000				
P. Cullimore	EXCEL	—	137,114	274,228	2,742,280				

⁽¹⁾ The amounts shown for the “threshold,” “target” and “maximum” levels represent the possible payouts for 2017 under EXCEL. As shown in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table, no amounts were earned for 2017 under EXCEL. Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242. Amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.

⁽²⁾ The maximum amounts for EXCEL represent the maximum payout permitted under the EXCEL Plan in accordance with the formula established under the EXCEL Plan and the Administrative Guide for the 2017 Awards. The maximum EXCEL payout for any NEO is the lesser of: (i) 10% of the EXCEL aggregate award pool (without discretion) as of May 22, 2017; (ii) 500% of a Covered Employee’s annual base salary as of the end of the previous year; or (iii) \$5 million. The maximum amount shown for EXCEL is the lesser of 500% of the NEO’s annual base salary or \$5 million since the amount representing 10% of the EXCEL aggregate award pool is not determinable as of the grant date.

⁽³⁾ The special award is a Contingent Cash Award with a target value of \$3M and vesting predicated on the achievement of Cumulative Cash Flow from Operations of \$100M over the three-year performance period of 2017 through 2019, subject to Mr. Clarke’s continued employment through the end of the performance period. At achievement of 85% of target (Cumulative Cash Flow from Operations of \$85M), 50% of the award is earned. If earned, the Contingent Cash Award will be settled in fully vested restricted stock units, with the number of RSUs determined by dividing the amount of the award that vests by the

closing share price on the last day of the performance period, and such RSUs will be paid as soon as administratively practicable after the measurement date.

- (4) The stock options on this row vest in substantially equal installments on March 12, 2018; March 12, 2019; and March 12, 2020.
- (5) The closing price of a share on the date of grant was \$11.40, but pursuant to Mr. Clarke's amended and restated employment agreement, the exercise price is \$15.
- (6) The stock options on this row vest in substantially equal installments on the first, second and third anniversaries of the grant date.
- (7) The closing price of a share on the date of grant was \$7.70, but the Committee decided to set the exercise price at \$12.50 to create an enhanced incentive for performance.
- (8) The RSUs on this row vest in substantially equal installments on the first, second and third anniversaries of the grant date.

EXCEL: Definitions of Metrics

Metric	Definition
Operational EBITDA	<p>Income (loss) from continuing operations excluding the provision (benefit) for income taxes; corporate components of pension and OPEB income; depreciation and amortization expense; restructuring costs; overhead costs no longer absorbed by discontinued operations; stock-based compensation expense; consulting and other costs; idle costs; manufacturing costs originally planned to be absorbed by silver halide touch screen production; other operating expense, net (unless otherwise indicated); interest expense; other charges, net and reorganization items, net.</p> <p>Operational EBITDA is a non-GAAP measure. Exhibit A to this Proxy Statement sets forth the reasons for using this non-GAAP measure and a reconciliation of Operational EBITDA to the most closely comparable GAAP measure of net income attributable to the Company.</p>
Cash Usage/Generation	<p>Change in cash balance excluding the repayment of emergence credit facilities.</p> <p>Cash Usage/Generation is a non-GAAP measure. Exhibit A to this Proxy Statement sets forth the reasons for using this non-GAAP measure and a reconciliation of Cash Usage/Generation to the most closely comparable GAAP measure of net decrease in cash and cash equivalents and restricted cash.</p>
Performance Gates	<p>Compliance with financial covenants contained in the exit financing arrangements,</p> <p>Cash Usage/Generation no greater than (\$10M) from year-end 2016 reported cash balance of \$433M, and</p> <p>Operational EBITDA after accruing for variable pay greater than or equal to \$112M.</p>

OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR-END TABLE⁽¹⁾

The following table sets forth additional information concerning equity awards held by named executive officers as of December 31, 2017.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock Held that Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock Held that Have Not Vested (\$) ⁽³⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
J.J. Clarke		277,778 ⁽⁴⁾	15.00	3/11/2024				
	76,452	152,906 ⁽⁵⁾	10.19	3/11/2023				
	101,470	50,737 ⁽⁶⁾	18.46	3/11/2022				
	114,943		27.20	3/11/2021				
D.E. Bullwinkle		355,330 ⁽⁷⁾	12.50	9/13/2024				
	15,313	30,629 ⁽⁸⁾	16.24	6/30/2023				
	5,308	2,657 ⁽⁹⁾	13.76	9/2/2022				
	5,349		20.25	12/14/2021				
	5,805		23.78	9/2/2021				
					13,427 ⁽²⁸⁾	41,624		
S.E. Underberg		174,826 ⁽¹⁰⁾	3.35	12/14/2024				
	12,512	25,026 ⁽¹¹⁾	16.35	12/14/2023				
	26,402	13,202 ⁽¹²⁾	12.63	12/14/2022				
	27,286		20.25	12/14/2021				
					90,102 ⁽²⁹⁾	279,316		
E. Mahe		39,683 ⁽¹³⁾	11.00	4/27/2024				
	11,153	22,308 ⁽¹⁴⁾	12.32	4/27/2023				
	4,668	2,335 ⁽¹⁵⁾	17.95	5/11/2022				
	11,670	5,838 ⁽¹⁶⁾	20.44	4/27/2022				
					28,351 ⁽³⁰⁾	87,888		
T.R. Taber		182,742 ⁽¹⁷⁾	12.50	9/13/2024				
	12,308	24,619 ⁽¹⁸⁾	15.58	9/2/2023				
	25,216	12,611 ⁽¹⁹⁾	13.76	9/2/2022				
	27,567		23.78	9/2/2021				
					14,579 ⁽³¹⁾	45,195		
B.W. Kruchten		65,935 ⁽²⁰⁾	15.20	11/14/2023				
	23,769	47,539 ⁽²¹⁾	15.58	9/2/2023				
	48,694	24,350 ⁽²²⁾	13.76	9/2/2022				
	53,232		23.78	9/2/2021				
					55,781 ⁽³²⁾	172,921		
J. O'Grady		39,247 ⁽²³⁾	15.20	11/14/2023				
	9,303	19,809 ⁽²⁴⁾	15.58	9/2/2023				
	16,810	8,408 ⁽²⁵⁾	13.76	9/2/2022				
	18,378		23.78	9/2/2021				
					27,451 ⁽³³⁾	85,098		

P. Cullimore	5,659	11,319 ⁽²⁶⁾	15.58	9/2/2023				
	11,594	5,798 ⁽²⁷⁾	13.76	9/2/2022				
	12,675		23.78	9/2/2021				
					6,704 ⁽³⁴⁾	20,782		

⁽¹⁾ This table includes only those awards outstanding as of December 31, 2017.

⁽²⁾ This column represents outstanding awards of RSUs.

⁽³⁾ The market value of shares, units or other rights that have not vested was calculated using a stock price of \$3.10, which was the closing price of our common stock as of December 29, 2017, the last trading day of the year.

⁽⁴⁾ This stock option was granted on March 30, 2017 and the first of three substantially equal installments vested on March 12, 2018, the second installment will vest on March 12, 2019, and the third installment will vest on March 12, 2020.

⁽⁵⁾ This stock option was granted on March 12, 2016 and the first two of three substantially equal installments vested on March 12, 2017 and March 12, 2018, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽⁶⁾ This stock option was granted on March 12, 2015 and vested in three substantially equal installments on March 12, 2016, March 12, 2017 and March 12, 2018.

⁽⁷⁾ This stock option was granted on September 14, 2017 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.

⁽⁸⁾ This stock option was granted on July 1, 2016 and the first of three substantially equal installments vested on July 1, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

⁽⁹⁾ This stock option was granted on September 3, 2015 and the first two of three substantially equal installments vested on September 3, 2016 and September 3, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽¹⁰⁾ This stock option was granted on December 15, 2017 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.

⁽¹¹⁾ This stock option was granted on December 15, 2016 and the first of three substantially equal installments vested on December 15, 2017, and the second and third installments will vest in substantially equal installments on the second and third anniversaries of the grant date.

⁽¹²⁾ This stock option was granted on December 15, 2015 and the first two of three substantially equal installments vested on December 15, 2016 and December 15, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽¹³⁾ This stock option was granted on April 28, 2017 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.

⁽¹⁴⁾ This stock option was granted on April 28, 2016 and the first of three substantially equal installments vested on April 28, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

⁽¹⁵⁾ This stock option was granted on May 12, 2015 and the first two of three substantially equal installments vested on May 12, 2016 and May 12, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽¹⁶⁾ This stock option was granted on April 28, 2015 and the first two of three substantially equal installments vested on April 28, 2016 and April 28, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽¹⁷⁾ This stock option was granted on September 14, 2017 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.

⁽¹⁸⁾ This stock option was granted on September 3, 2016 and the first of three substantially equal installments vested on September 3, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

⁽¹⁹⁾ This stock option was granted on September 3, 2015 and the first two of three substantially equal installments vested on September 3, 2016 and September 3, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽²⁰⁾ This stock option was granted on November 15, 2016 and will vest in substantially equal installments on the first, second, and third anniversaries of September 3, 2017.

⁽²¹⁾ This stock option was granted on September 3, 2016 and the first of three substantially equal installments vested on September 3, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

vested on September 3, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

OPTION EXERCISES AND STOCK VESTED TABLE

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized On Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized On Vesting ⁽¹⁾ (\$)
J.J. Clarke	0	0	36,767	428,336
D.E. Bullwinkle	0	0	8,557	71,870
S.E. Underberg	0	0	13,667	45,784
E. Mahe	0	0	12,695	138,578
T.R. Taber	0	0	10,040	101,182
B.W. Kruchten	0	0	25,047	195,367
J. O'Grady	0	0	9,290	72,462
P. Cullimore	0	0	5,965	46,527

⁽¹⁾ This column represents the value of RSUs that vested during 2017, based on the closing stock price on the vesting date.

PENSION BENEFITS FOR 2017

The "Pension Benefits Table" below shows the present value as of December 31, 2017 of the accumulated benefits payable to our named executive officers under KRIP and KURIP, including the number of years of service credited to each named executive officer, as applicable. The methods and assumptions for calculating the present value of accumulated benefits generally follow those set forth in FASB ASC Topic 715 and are consistent with those used in our financial statements as described in Note 17 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2017. The assumptions used to calculate the present value of accumulated benefits for each named executive officer are described below.

PENSION BENEFITS TABLE

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
J.J. Clarke ⁽¹⁾	KRIP	3.80	67,156	0
	KURIP (post-petition)	N/A	N/A	N/A
D.E. Bullwinkle ⁽²⁾	KRIP	13.35	135,481	0
	KURIP (post-petition)	N/A	N/A	N/A
S.E. Underberg ⁽³⁾	KRIP	28.25	1,509,725	0
	KURIP (post-petition)	1.62	25,200	0
E. Mahe ⁽⁴⁾	N/A	N/A	N/A	N/A
T.R. Taber ⁽⁵⁾	KRIP	37.25	2,073,648	0
	KURIP (post-petition)	1.62	58,593	0
B. W. Kruchten ⁽⁶⁾	KRIP	35.58	1,998,629	0
	KURIP (post-petition)	1.62	86,692	0
J. O'Grady ⁽⁷⁾	KRIP	15.50	204,900	0
	KURIP (post-petition)	1.62	13,355	0
P. Cullimore ⁽⁸⁾	Switzerland Pension	N/A	N/A	N/A

⁽¹⁾ Mr. Clarke had been employed with us for 3.80 years as of December 31, 2017. His accumulated benefit is the value of his account value under the cash balance arrangement in KRIP.

⁽²⁾ Mr. Bullwinkle had been employed with us for 13.35 years as of December 31, 2017. His accumulated benefit is the value of his account value under the cash balance arrangement in KRIP.

⁽³⁾ The present value of Ms. Underberg's accumulated benefit assumes she will remain in service until age 60. Her benefit from the traditional portion of KRIP is assumed to be payable as an annuity. Her benefit from the cash balance portion of KRIP is

assumed to be payable as a lump sum. Ms. Underberg's post-petition KURIP benefit of \$25,200 is payable to her as a lump sum upon her termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A). This amount was fixed following our emergence from bankruptcy.

- (4) Mr. Mahe does not participate in a Company-sponsored pension plan.
- (5) The present value of Dr. Taber's accumulated benefit assumes he retired on December 31, 2017. His benefit from the traditional portion of KRIP is assumed to be payable as an annuity. His benefit from the cash balance portion of KRIP is assumed to be payable as a lump sum. Dr. Taber's post-petition KURIP benefit of \$58,593 is payable to him as a lump sum upon his termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A). This amount was fixed following our emergence from bankruptcy.
- (6) The present value of Mr. Kruchten's accumulated benefit assumes he will remain in service until age 60. His benefit from the traditional portion of KRIP is assumed to be payable as an annuity. His benefit from the cash balance portion of KRIP is assumed to be payable as a lump sum. Mr. Kruchten's post-petition KURIP benefit of \$86,692 is payable to him as a lump sum upon his termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A). This amount was fixed following our emergence from bankruptcy.
- (7) Mr. O'Grady had been employed with us for 20.50 years as of December 31, 2017 and he has accrued 15.50 years of credited service as of such date, which excludes his time with us at a foreign subsidiary. His accumulated benefit is the value of his account value under the cash balance arrangement in KRIP. Mr. O'Grady's post-petition KURIP benefit of \$13,355 is payable to him as a lump sum upon his termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A). This amount was fixed following our emergence from bankruptcy.
- (8) Mr. Cullimore participated in the Switzerland Pension, a defined contribution plan.

Tax-Qualified Retirement Plan: Kodak Retirement Income Plan (KRIP)

We fund a tax-qualified defined benefit pension plan known as the Kodak Retirement Income Plan (KRIP) for all U.S. employees. Effective January 1, 2000, we amended KRIP to include a cash balance component. KRIP's cash balance component covers employees hired before March 1, 1999 who elected that coverage and all new U.S. employees hired on or after March 1, 1999, including Messrs. Clarke and Bullwinkle. Ms. Underberg, Dr. Taber, and Messrs. Kruchten and O'Grady participated in KRIP's traditional defined benefit component.

On January 1, 2015, we froze all benefit accruals in the traditional component of KRIP for all participants. Beginning on that date, all future accruals in KRIP will be made under the cash balance component for all participating employees in an amount equal to 7% of the employee's monthly pay, which was previously 4% for cash balance participants. Consequently, accruals for Ms. Underberg, Dr. Taber, and Messrs. Kruchten and O'Grady after that date are made under that component.

Cash Balance Component

Under KRIP's cash balance component, a hypothetical account is established for each participating employee and, for every month the employee works, the employee's account is credited with an amount equal to 7% of the employee's monthly pay (i.e., base salary and EXCEL awards, including allowances in lieu of salary for authorized periods of absence, such as illness, vacation or holidays). Prior to January 1, 2015, the cash balance component provided a credit of 4% of an employee's monthly pay. In addition, the ongoing balance of the employee's account earns interest at the 30-year Treasury bond rate. Before 2015, employees vested in their account balance after completing three years of service. Beginning on January 1, 2015, all active employees were immediately vested. Vested benefits under the cash balance component are payable upon normal retirement (age 65), termination or death. Participants in the cash balance component of the plan may choose from among various forms of benefits such as a lump sum, a joint and survivor annuity and a straight life annuity.

Traditional Defined Benefit Component

Under the traditional defined benefit component of KRIP, which was frozen as of January 1, 2015, benefits are based upon a participating employee's average participating compensation (APC). The plan defines APC as one-third of the sum of the employee's participating compensation for the highest consecutive 39 periods of earnings over the 10 years ending immediately prior to the earlier of December 31, 2014, retirement, or termination of employment. Participating compensation is base salary and any EXCEL award, including allowances in lieu of salary for authorized periods of absence, such as illness, vacation or holidays.

For a participating employee with up to 35 years of accrued service, the annual normal retirement income benefit is calculated by multiplying the employee's years of accrued service by the sum of: (a) 1.3% of APC, plus (b) 1.6% of APC in excess of the average Social Security wage base. For an employee with more than 35 years of accrued service, the amount is increased by 1% for each year in excess of 35 years.

The retirement income benefit is not subject to any deductions for Social Security benefits or other offsets. Participants in the traditional defined benefit component of the plan may choose from among optional forms of benefits such as a straight life annuity, a qualified joint and 50% survivor annuity, other forms of annuity or a lump sum.

An employee may be eligible for normal retirement, early retirement benefits, vested benefits or disability retirement benefits under the traditional defined benefit component depending on the employee's age and total service when employment with us ends. An employee is entitled to normal retirement benefits at age 65. For early retirement benefits, an employee must have reached age 55 and have at least 10 years of service or, for certain employees, have a combined age and total service equal to 75. Generally, the benefit is reduced if payment begins before age 65.

As of December 31, 2017, none of our named executive officers were eligible for normal retirement benefits under the traditional defined benefit component of KRIP because they were each younger than age 65. Ms. Underberg, Mr. Kruchten and Dr. Taber were eligible for early retirement benefits, as they were each age 55 or older with 10 or more years of service. Messrs. Bullwinkle and O'Grady were not eligible for early retirement benefits, as they were each younger than age 55. Mr. Clarke was not eligible for early retirement benefits, as he had less than 10 years of service. In addition, none of Messrs. Clarke, Bullwinkle and O'Grady have obtained a combined age and years of service of 75.

Prior to 2015, employees became vested in their accrued benefit after completing three years of service with us. Beginning January 1, 2015, vesting is immediate.

Non-Qualified Retirement Plan: Kodak Unfunded Retirement Income Plan (KURIP)

Ms. Underberg, Dr. Taber, and Messrs. Kruchten and O'Grady were the only named executive officers eligible to receive benefits under the Kodak Unfunded Retirement Income Plan (KURIP). KURIP was an unfunded retirement plan designed to provide our U.S. employees with pension benefits that (1) made up for the Code's limitations on allocations and benefits that may be paid under KRIP and SIP, and (2) recognize deferred compensation that is ignored when calculating benefits under KRIP and SIP.

Benefits due under KURIP were payable upon a participating employee's termination of employment or death. Upon our emergence from bankruptcy, KURIP was terminated and, as a result, each participating employee's pre-petition benefit was settled in the form of an equity distribution, consistent with treatment for other similarly situated general unsecured creditors, and post-petition benefits were calculated using September 3, 2013 as the hypothetical last day of employment with us. The post-petition benefit is frozen and payable as a lump sum upon the participating employee's termination of employment with us (less applicable withholding and subject to compliance with Code Section 409A).

NON-QUALIFIED DEFERRED COMPENSATION FOR 2017

None of our named executive officers have non-qualified deferred compensation.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The discussion below regarding the amounts payable to our named executive officers upon certain employment terminations and a double trigger change in control reflects the amounts payable under our outstanding arrangements as of December 31, 2017, except as otherwise noted below for terminations that occurred prior to such date.

Potential Benefits upon Termination for Reasons other than Change in Control

Each of our named executive officers is or was eligible to receive certain severance payments and benefits in connection with termination of employment under various circumstances. The potential severance benefits payable to our named executive officers in the event of termination of employment on December 31, 2017 (or on his termination date, in the case of Mr. Cullimore), pursuant to their employment and retention agreements with us, and the Officer Severance Policy, are described below.

Actual amounts paid or distributed to our named executive officers as a result of one of the separation events occurring in the future may be different from those described below due to the fact that many factors affect the amounts of any payments described under the various separation events. For example, factors that could affect the amounts payable include the executive's base salary and our stock price. At the time of separation of a named executive officer, we may approve severance terms that vary from those provided in the named executive officer's pre-existing individual employment agreement(s), if any, or in relevant employee benefit plans.

In addition to the benefits outlined in our named executive officers' employment and retention agreements, and the Officer Severance Policy, Messrs. Clarke, Bullwinkle, Kruchten, and O'Grady, Ms. Underberg and Dr. Taber were eligible to receive any benefits provided under our benefit and compensation plans applicable to U.S. employees generally, such as distributions under SIP, outplacement services under our Termination Allowance Plan, frozen KURIP benefits (for Ms. Underberg, Dr. Taber and Messrs. Kruchten and O'Grady) and disability benefits. Mr. Clarke is entitled to receive payment of his accrued vacation pay

upon his termination of employment; in 2017, he waived his right to receive such payment, but such waiver may not be effective under California law. Mr. Mahe will be eligible to receive any benefits provided under the benefit plans, policies and arrangements (other than severance) that are provided to employees under local Singapore practice. Mr. Cullimore was eligible to receive any benefits provided under the benefit plans, policies and arrangements (other than severance) that are provided to employees under local Switzerland practice. Our named executive officers will also be eligible to receive any present value of accrued benefits as set forth in "Pension Benefits for 2017" beginning on page 40.

Following termination of employment, each of our named executive officers is subject to compliance with the post-termination restrictive covenants set forth in his or her Eastman Kodak Company Employee's Agreement, in addition to any covenants under individual arrangements with us. These covenants generally prohibit our named executive officers from disclosing our proprietary or confidential information, engaging in certain activity in competition with us for up to 18 months after termination of employment with us and for one year after termination of employment with us, from soliciting any of our employees to leave employment with us, or soliciting any of our customers or suppliers to do business with any of our competitors. The respective employment agreements of certain named executive officers also contain post-termination restrictive covenants:

- Messrs. Clarke and Mahe are prohibited from engaging in certain activity in competition with us, soliciting any of our employees to leave employment with us, or soliciting any of our customers to do business with any of our competitors (or reduce its business with us), for 18 months after termination of his respective employment with us.

For any unvested stock options or restricted stock unit awards, related restriction periods may lapse pursuant to the terms of the awards depending on the circumstances surrounding a named executive officer's termination of employment. We may waive any restrictions or accelerate vesting if an executive's termination is determined to be without "cause" or for "good reason."

For purposes of these employment agreements:

- "Cause" is generally defined as the named executive officer's failure to perform or gross negligence in performing his duties, conviction of a crime, or a material breach of his employment agreement, our Business Conduct Guide or his Eastman Kodak Company Employee's Agreement.
- "Good reason" is generally defined as an adverse change in the named executive officer's title or responsibilities, a material breach of his agreement by us, or the failure of any successor to us to assume obligations under his employment agreement.

Potential Benefits upon Termination following a Change in Control (Double Trigger)

Our employment agreements with Messrs. Clarke, Bullwinkle and Mahe, and Ms. Underberg provide for payments if there is a termination of the individual within two years following a "change in control" (commonly referred to in combination as a "double trigger").

A "change in control" generally occurs upon (i) any person or group becoming the beneficial owner, directly or indirectly, of our securities representing 50% or more of the combined voting power to elect directors, (ii) a merger, consolidation, statutory share exchange or similar form of corporate transaction involving us that requires the approval of our shareholders, (iii) a sale of all or substantially all of our assets (other than to an affiliate) or (iv) approval by our shareholders of a complete liquidation or dissolution of us.

In the event of a termination within two years following a change in control, Messrs. Clarke, Bullwinkle and Mahe, and Ms. Underberg would be entitled to receive the same payments and benefits that he or she would receive upon a termination of employment for good reason. Please see "Potential Benefits upon Termination for Reasons other than Change in Control" beginning on page 42 and "Individual Termination Arrangements" below for a description of those payments and benefits.

Individual Termination Arrangements

Under their employment agreements, Messrs. Clarke, Bullwinkle and Mahe and Ms. Underberg are eligible to receive severance benefits payable in connection with termination without cause or with good reason, subject to:

- Execution of a general release and covenant not to sue in favor of us;
- Compliance with a non-compete agreement after termination of employment; and
- In the case of Messrs. Clarke and Bullwinkle and Ms. Underberg, the understanding that severance payments provided under the employment agreements are in lieu of those provided under our Termination Allowance Plan.
- In the case of Mr. Mahe, the understanding that severance payments provided under the employment agreement are in lieu of those provided under any local severance provisions offered to other Singapore-based employees.

Any severance benefits payable to a named executive officer under an employment or retention agreement will reduce the amount of any severance benefits payable under the Officer Severance Policy. In addition, any severance benefits payable to a named executive officer are paid in the form of a lump sum following termination of employment.

Jeffrey J. Clarke

Under the terms of his amended and restated employment agreement effective March 12, 2017, Mr. Clarke would be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. Under the terms of Mr. Clarke's amended employment agreement, if the employment of Mr. Clarke is terminated by us without cause or by him with good reason (including an involuntary termination within two years following a change in control), he would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance):

- An amount equal to his base salary for the year his termination notice is given multiplied by 2;
- Accelerated vesting of the next tranche of his stock options that would have vested had he remained employed through such following vesting date; and
- A pro rata EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Clarke is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits, and he would forfeit any unvested equity-based compensation, as well as his contingent cash award.

Termination for Disability or Death. Under the terms of Mr. Clarke's amended and restated employment agreement, in the event the employment of Mr. Clarke is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance) accelerated vesting of the next tranche of his stock options that would have vested had he remained employed through such following vesting date and a pro rata EXCEL award, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice. He would forfeit any unvested equity-based compensation, as well as his contingent cash award.

Change in Control. No payments are made in connection with a change in control unless the change in control is followed by an involuntary termination within two years following the change in control, in which case Mr. Clarke then would be eligible to receive the severance benefits described above for a "Termination by Us without Cause or by the Named Executive Officer with Good Reason."

End of Scheduled Term. If the employment of Mr. Clarke is terminated after the end of the scheduled term of his amended and restated employment agreement, Mr. Clarke would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance):

- Any earned, but unpaid, EXCEL award for the prior performance year;
- A pro rata EXCEL award in respect of the fiscal year in which the end of the scheduled term occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice; and
- Accelerated vesting of the next tranche of his stock options that would have vested had he remained employed through such following vesting date.

David E. Bullwinkle

Under the terms of his employment agreement, Mr. Bullwinkle will be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If employment of Mr. Bullwinkle is terminated by us without cause or by him with good reason, he would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance):

- An amount equal to his annual base salary;
- Continued vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Bullwinkle is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits and he would forfeit any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Mr. Bullwinkle is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance) continued vesting of his equity awards in accordance with the terms of such awards and a pro rata EXCEL award, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Change in Control. No payments are made in connection with a change in control unless the change in control is followed by an involuntary termination within two years following the change in control, in which case Mr. Bullwinkle then would be eligible to receive the severance benefits described above for a "Termination by Us without Cause or by the Named Executive Officer with Good Reason."

Sharon E. Underberg

Under the terms of her employment agreement, Ms. Underberg would be eligible for certain severance benefits in the event her employment is terminated. The amount and nature of the severance benefits she would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If employment of Ms. Underberg is terminated by us without cause or by her with good reason, she would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance):

- An amount equal to her annual base salary;
- Continued vesting of her equity grants in accordance with the terms of such awards without regard to any continued employment condition; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Ms. Underberg is terminated by us for cause or by her without good reason, she would not be eligible to receive any severance benefits and she would forfeit any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Ms. Underberg is terminated due to her disability or death, she or her estate, as applicable, would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance) continued vesting of her equity awards in accordance with the terms of such awards without regard to any continued employment condition and a pro rata EXCEL award, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Change in Control. No payments are made in connection with a change in control unless the change in control is followed by an involuntary termination within two years following the change in control, in which case Ms. Underberg then would be eligible to receive the severance benefits described above for a "Termination by Us without Cause or by the Named Executive Officer with Good Reason."

Eric-Yves Mahe

Under the terms of his employment agreement, Mr. Mahe would be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If the employment of Mr. Mahe is terminated by us without cause or by him with good reason, he would be eligible to receive (less applicable withholding):

- An amount equal to his annual base salary;
- Continued vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Mahe is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits and he forfeits any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Mr. Mahe is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards.

Change in Control. No payments are made in connection with a change in control unless the change in control is followed by an involuntary termination within two years following the change in control, in which case Mr. Mahe then would be eligible to receive the severance benefits described above for a “Termination by Us without Cause or by the Named Executive Officer with Good Reason.”

Philip Cullimore

Under the terms of his retention agreement, Mr. Cullimore was eligible for certain severance benefits in the event his employment was terminated by us without cause or by him with good reason. Upon his termination of employment by us without cause effective as of April 30, 2017, he became eligible to receive (subject to any applicable legal requirements):

- An amount equal to his total target cash compensation (base salary plus EXCEL target award) for the year his termination notice was given;
- Continued vesting of his equity grants in accordance with the terms of such awards without regard to any continued employment condition; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurred, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Any severance payments to Mr. Cullimore under his retention agreement were in lieu of those provided under any local severance provisions offered to other Swiss-based employees.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Cullimore had been terminated by us for cause or by him without good reason, he would not have been eligible to receive any severance benefits and he would have forfeited any unvested equity-based compensation.

Mr. Cullimore’s employment with the Company ended on April 30, 2017. Based on the terms of his retention agreement, he received a lump-sum severance payment in the amount of \$822,685 (CHF 810,000) and continued vesting of his equity grants. The severance amount shown for Mr. Cullimore was converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.

Company Termination Arrangements

Under the Officer Severance Policy (the Policy), a covered officer is eligible to receive severance benefits payable in connection with termination without cause or with good reason, subject to:

- Execution of a general release and covenant not to sue in favor of us; and
- Compliance with the Policy’s non-disparagement provision.

Dr. Taber and Messrs. Kruchten and O’Grady are eligible for grandfathered benefits under the Policy and would be entitled to separation pay of one times total target cash compensation for Dr. Taber and Mr. O’Grady, and 1.5 times total target cash compensation for Mr. Kruchten.

Terry R. Taber

Under the terms of the Policy, Mr. Taber would be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If the employment of Mr. Taber is terminated by us without cause or by him with good reason, he would be eligible to receive (less applicable withholding):

- An amount equal to one time his total target cash compensation;
- Vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Taber is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits and he would forfeit any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Mr. Taber is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards.

Brad W. Kruchten

Under the terms of the Policy, Mr. Kruchten would be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If the employment of Mr. Kruchten is terminated by us without cause or by him with good reason, he would be eligible to receive (less applicable withholding):

- An amount equal to 1.5 times his total target cash compensation;
- Vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. Kruchten is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits and he would forfeit any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Mr. Kruchten is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards.

John O'Grady

Under the terms of the Policy, Mr. O'Grady would be eligible for certain severance benefits in the event his employment is terminated. The amount and nature of the severance benefits he would be eligible to receive vary depending on the circumstances surrounding termination as described below:

Termination by Us without Cause or by the Named Executive Officer with Good Reason. If the employment of Mr. O'Grady is terminated by us without cause or by him with good reason, he would be eligible to receive (less applicable withholding):

- An amount equal to one time his total target cash compensation;
- Vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Termination by Us for Cause or by the Named Executive Officer without Good Reason. If the employment of Mr. O'Grady is terminated by us for cause or by him without good reason, he would not be eligible to receive any severance benefits and he would forfeit any unvested equity-based compensation.

Termination for Disability or Death. In the event the employment of Mr. O'Grady is terminated due to his disability or death, he or his estate, as applicable, would be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards.

Payment of Nonqualified Deferred Compensation upon Termination

Upon termination of employment for any reason, Ms. Underberg, Dr. Taber, and Messrs. Kruchten and O'Grady are eligible to receive their benefits under KURIP in a lump sum (less applicable withholding and subject to compliance with Code Section 409A). Please see the "Pension Benefits Table" beginning on page 40 and the related discussion following such table for more information.

Potential Benefits upon Change in Control

Under our 2013 Omnibus Incentive Plan, upon a change in control, we have the discretion to provide for accelerated exercisability, lapse of restrictions or deemed satisfaction of performance goals with respect to any outstanding awards. Under our 2013 Omnibus Incentive Plan, a "change in control" generally occurs upon (i) any person or group becoming the beneficial owner, directly or indirectly, of our securities representing 50% or more of the combined voting power to elect directors, (ii) a merger, consolidation, statutory share exchange or similar form of corporate transaction involving us that requires the approval of our shareholders, (iii) a sale of all or substantially all of our assets (other than to an affiliate), (iv) approval by our shareholders of

a complete liquidation or dissolution of us, or (v) a change in the composition of the Board such that within a period of 24 consecutive months, individuals who were either directors at the beginning of such 24-month period or were elected or nominated by at least two-thirds of such directors cease for any reason to constitute at least a majority of the Board.

SEVERANCE PAYMENTS TABLE

The table below generally estimates the incremental amounts payable upon a termination of employment by us under various circumstances as if the named executive officer's last date of employment was December 31, 2017, using the closing price of our common stock as of December 29, 2017 (the last trading day of the year), which was \$3.10, and including all outstanding grants through the assumed last date of employment of December 31, 2017. The amounts shown for Mr. Cullimore are the actual amounts which he received as a result of his termination of employment effective April 30, 2017.

	Termination Without Cause or With Good Reason ⁽¹⁾ (\$)	Termination For Cause or Without Good Reason (\$)	Termination Based on Disability (\$)	Termination Based on Death (\$)
J.J. Clarke				
Cash Severance ⁽²⁾	2,000,000	0	0	0
Accrued Vacation ⁽³⁾	222,298	222,298	222,298	222,298
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	0	0	0	0
Stock Options ⁽⁴⁾⁽⁵⁾	918,329	0	918,329	918,329
EXCEL ⁽⁶⁾	0	0	0	0
Contingent Cash Award ⁽⁷⁾	0	0	0	0
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	3,145,127	222,298	1,140,627	1,140,627
D.E. Bullwinkle				
Cash Severance ⁽²⁾	400,000	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	41,624	0	41,624	41,624
Stock Options ⁽⁴⁾⁽⁵⁾	1,204,710	0	1,204,710	1,204,710
EXCEL ⁽⁶⁾	0	0	0	0
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	1,650,834	0	1,246,334	1,246,334
S.E. Underberg				
Cash Severance ⁽²⁾	375,000	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	279,316	0	279,316	279,316
Stock Options ⁽⁴⁾⁽⁵⁾	660,467	0	660,467	660,467
EXCEL ⁽⁶⁾	0	0	0	0
KURIP	25,200	25,200	25,200	25,200
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	1,344,483	25,200	964,983	964,983
E. Mahe⁽⁹⁾				
Cash Severance ⁽²⁾	434,520	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	55,006	0	55,006	55,006
Stock Options ⁽⁴⁾⁽⁵⁾	135,495	0	135,495	135,495
EXCEL ⁽⁶⁾	0	0	0	0
Benefits/Perquisites ⁽⁸⁾	0	0	1,303,560	869,040
Total	625,021	0	1,494,061	1,059,541

T.R. Taber				
Cash Severance ⁽²⁾	602,415	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	45,195	0	45,195	45,195
Stock Options ⁽⁴⁾⁽⁵⁾	304,246	0	304,246	304,246
EXCEL ⁽⁶⁾	0	0	0	0
KURIP	58,593	58,593	58,593	58,593
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	1,014,949	58,593	408,034	408,034
B.W. Kruchten				
Cash Severance ⁽²⁾	1,220,625	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	115,813	0	115,813	115,813
Stock Options ⁽⁴⁾⁽⁵⁾	296,540	0	296,540	296,540
EXCEL ⁽⁶⁾	0	0	0	0
KURIP	86,692	86,692	86,692	86,692
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	1,724,170	86,692	499,045	499,045
J. O'Grady				
Cash Severance ⁽²⁾	547,500	0	0	0
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	51,104	0	51,104	51,104
Stock Options ⁽⁴⁾⁽⁵⁾	128,027	0	128,027	128,027
EXCEL ⁽⁶⁾	0	0	0	0
KURIP	13,355	13,355	13,355	13,355
Benefits/Perquisites ⁽⁸⁾	4,500	0	0	0
Total	744,486	13,355	192,486	192,486
P. Cullimore⁽¹⁰⁾⁽¹¹⁾				
Cash Severance ⁽²⁾	822,660	N/A	N/A	N/A
Restricted Stock/RSUs ⁽⁴⁾⁽⁵⁾	196,370	N/A	N/A	N/A
Stock Options ⁽⁴⁾⁽⁵⁾	20,175	N/A	N/A	N/A
EXCEL ⁽⁶⁾	0	N/A	N/A	N/A
Benefits/Perquisites ⁽⁸⁾	0	N/A	N/A	N/A
Total	1,039,205	N/A	N/A	N/A

⁽¹⁾ For Messrs. Clarke, Bullwinkle, and Mahe and Ms. Underberg, "good reason" includes an involuntary termination within two years following a change in control.

⁽²⁾ The cash severance amounts disclosed above were calculated using base salary for Messrs. Clarke, Bullwinkle, and Mahe, and Ms. Underberg and total target cash compensation (base salary plus EXCEL target award) for Dr. Taber and Messrs. Kruchten and O'Grady. Cash severance for Mr. Clarke is equal to 2 times base salary. Cash severance for Messrs. Bullwinkle and Mahe and Ms. Underberg is equal to base salary. Cash severance for Dr. Taber and Mr. O'Grady is equal to 1 times total target cash compensation. Cash severance for Mr. Kruchten is equal to 1.5 times total target cash compensation. All severance cash amounts are based on salary or total target cash compensation in the year that the termination notice was given. The severance amount for Mr. Cullimore is the actual amount that he received, which was his base salary and EXCEL target award for 2017.

⁽³⁾ In 2017, Mr. Clarke waived his right to receive payment of his accrued vacation pay upon his termination of employment, but such waiver may not be effective under California law, so this payment has been included for completeness.

⁽⁴⁾ The RSU and stock option awards for Ms. Underberg, and the RSU and stock option awards for Messrs. Clarke, Bullwinkle and Mahe and Dr. Taber granted prior to 2017, have a continued vesting provision for all leaving reasons except in the case of a termination for cause or without good reason. The RSU and stock option awards granted to Messrs. Clarke, Bullwinkle and Mahe and Dr. Taber in 2017 have an accelerated vesting provision for the first tranche of equity to vest following the date of termination. All other unvested RSUs and stock options would be forfeited. The RSUs and stock options for Messrs. Kruchten

and O'Grady granted prior to 2016 have a continued vesting provision for all leaving reasons except in the case of a termination for cause or without good reason. The RSU and stock option awards granted to Messrs. Kruchten and O'Grady in November 2016 have an accelerated vesting provision for the first tranche of equity to vest following the date of termination, and they were not granted any awards of RSUs or stock options in 2017. All other unvested RSUs and stock options would be forfeited.

- (5) As described under "Potential Benefits upon Change in Control" beginning on page 47, we may provide for accelerated exercisability, lapse of restrictions or deemed satisfaction of performance goals with respect to any outstanding awards. If that discretion were exercised for the unvested equity awards held by our NEOs upon a change in control, the estimated value of that accelerated vesting based on the closing price of our common stock on December 31, 2017 for our NEOs would be \$918,329 for Mr. Clarke, \$1,204,710 for Mr. Bullwinkle, \$660,467 for Ms. Underberg, and \$135,495 for Mr. Mahe.
- (6) EXCEL awards for the 2017 performance period would not be payable to an NEO in the event that the NEO left us during the 2017 performance period, including without cause, for good reason, or death and disability, except that if the termination were part of a divestiture by the Company, NEOs would be eligible to be considered for a pro-rata award if the successor company did not agree to accept liability for the EXCEL award. If our NEOs had terminated on December 31, 2017 as part of a divestiture and the successor company had not agreed to accept liability for their EXCEL awards, the estimated award amounts for our NEOs would have been \$0.
- (7) In the event of termination for any reason before December 31, 2019, Mr. Clarke forfeits his Contingent Cash Award.
- (8) In the event of termination without cause, each U.S. NEO is eligible to receive outplacement services valued at \$4,500 provided in accordance with our Termination Allowance Plan. In the event of termination due to disability, each U.S. NEO is eligible to receive benefits under our long-term disability plan. In the event of termination due to death, each U.S. NEO is eligible to receive \$50,000 in term life insurance provided under our employee life insurance plan. In the event of Mr. Mahe's termination due to disability, he is eligible to receive benefits under our Singapore insurance policy in the amount of \$1,303,560 (SGD 1,800,000). In the event of Mr. Mahe's termination due to death, he is eligible to receive life insurance benefits under our Singapore insurance policy in the amount of \$869,040 (SGD 1,200,000). (The amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242.)
- (9) Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2017 average exchange rate of 0.7242.
- (10) Amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2017 average exchange rate of 1.01566.
- (11) Amounts shown for Mr. Cullimore are the actual amounts which he received as a result of his termination of employment effective April 30, 2017.

CEO PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Jeffrey J. Clarke, our Chief Executive Officer (our CEO):

For 2017, the median of the annual total compensation of all employees of the Company (other than our CEO) was \$60,791, and the annual total compensation of our CEO was \$2,053,668. Based on this information, we reasonably estimate that the ratio of the annual total compensation of our CEO to the median annual total compensation of all other employees for 2017 was 34 to 1.

To identify the median employee, we used the following methodology and material assumptions, adjustments and estimates:

- We selected October 1, 2017, as the date upon which we would identify our median employee. We determined that as of such date, our overall employee population consisted of approximately 6,173 employees, of which approximately 44% were located in the U.S.
- To identify our median employee, as permitted by the de minimis exception in Item 402(u), we excluded from our overall employee population the employees located in the following countries, which consisted of 245 employees in total: Austria, 6; Denmark, 9; Finland, 7; Netherlands, 21; Poland, 25; Russia, 5; Spain, 41; Sweden, 13; Switzerland, 22; UAE, 18; Hong Kong, 17; Indonesia, 3; Malaysia, 9; New Zealand, 3; South Korea, 30; Taiwan, 3; Thailand, 12; and Vietnam, 1.
- From our adjusted employee population, we compared the amount of base salary plus bonus and sales incentive from January 1, 2017 through September 30, 2017. We did not prorate the compensation of part-time employees or newly hired employees for this period. For an employee located outside the U.S. who was compensated using non-U.S. currency, we converted the employee's compensation to U.S. dollars using the exchange rate in effect on October 1, 2017. We did not make any cost of living adjustments.

After we identified our median employee, we calculated the median employee's annual total compensation for 2017 in accordance with the requirements of the applicable SEC rules. For the annual total compensation of our CEO, we used the amount reported in the "Total" column of our 2017 Summary Compensation Table included in this Proxy Statement. To calculate the pay ratio, we divided our CEO's annual total compensation by our median employee's annual total compensation.

DIRECTOR COMPENSATION

Introduction

Historically, our directors have been compensated through a combination of cash retainers and equity. We do not pay employee directors for Board service in addition to their regular employee compensation.

The Board and Chair Retainers for our non-employee directors under the terms approved on August 11, 2015, which were based on the recommendation of our compensation consultant, are as shown below (subject to proration based on length of service as a director).

	Cash Retainer (\$)	Committee Chair/Board Chair Fee (\$)	Equity Value (\$)	Total Retainer (\$)
Richard Todd Bradley ⁽¹⁾	100,000	—	150,000	250,000
Mark S. Burgess ⁽²⁾	100,000	20,000	150,000	270,000
James V. Continenza	100,000	50,000	250,000	400,000
Matthew A. Doheny	100,000	—	150,000	250,000
Jeffrey D. Engelberg ⁽³⁾	100,000	—	150,000	250,000
John A. Janitz ⁽⁴⁾	100,000	—	150,000	250,000
George Karfunkel	100,000	—	150,000	250,000
Jason New	180,000	20,000	—	200,000
William G. Parrett	100,000	20,000	150,000	270,000
Derek Smith ⁽⁵⁾	180,000	20,000	—	200,000

⁽¹⁾ Mr. Bradley joined the Board of Directors effective on June 27, 2017.

⁽²⁾ Mr. Burgess became Chair of the Executive Compensation Committee effective on May 23, 2017.

⁽³⁾ Mr. Engelberg joined the Board of Directors effective on May 23, 2017.

⁽⁴⁾ Mr. Janitz retired from the Board of Directors effective as of the 2017 Annual Meeting.

⁽⁵⁾ Mr. Smith did not stand for re-election to the Board of Directors at the 2017 Annual Meeting.

2017 Director Compensation Table

Our non-employee directors received the following compensation in 2017:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Richard Todd Bradley	51,096 ⁽²⁾	0	51,096
Mark S. Burgess	112,111 ⁽³⁾	150,001	262,112
James V. Continenza	150,000	250,002	400,002
Matthew A. Doheny	100,000	150,001	250,001
Jeffrey D. Engelberg	60,556 ⁽⁴⁾	0	60,556
John A. Janitz	39,167 ⁽⁵⁾	150,001	189,168
George Karfunkel	100,000	150,001	250,001
Jason New	200,000	0	200,000
William G. Parrett	120,000	150,001	270,001
Derek Smith	78,333 ⁽⁶⁾	0	78,333

⁽¹⁾ Pursuant to the previous determination of the Board of Directors that annual director grants be made on the fifth trading day of each calendar year commencing with 2016, the 2017 equity awards were granted effective January 9, 2017 as RSUs, and vested after one year. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718.

⁽²⁾ Mr. Bradley received a pro-rata portion of his Cash Retainer (\$1,096) for the second quarter of 2017.

⁽³⁾ Mr. Burgess received a pro-rata portion of his Committee Chair Fee (\$2,111) for the second quarter of 2017.

(4) Mr. Engelberg received a pro-rata portion of his Cash Retainer (\$10,556) for the second quarter of 2017.

(5) Mr. Janitz received a pro-rata portion of his Cash Retainer (\$14,167) for the second quarter of 2017.

(6) Mr. Smith received a pro-rata portion of his Cash Retainer and Committee Chair Fee (\$28,333) for the second quarter.

The following table reports the outstanding restricted stock awards and stock option awards held by each of the non-employee directors as of December 31, 2017:

Aggregate Stock and Option Awards Outstanding at Fiscal Year End

Name	Restricted Stock Units		Stock Options	
	Unvested (#)	Vested (#)	Unvested (#)	Vested (#)
Richard Todd Bradley	0	0	0	0
Mark S. Burgess	9,804	32,228	0	0
James V. Continenza	16,340	56,574	0	0
Matthew A. Doheny	9,804	31,358	0	0
Jeffrey D. Engelberg	0	0	0	0
John A. Janitz	0	41,162 ⁽¹⁾	0	0
George Karfunkel	9,804	31,358	0	0
Jason New	0	0	0	0
William G. Parrett	9,804	36,395	0	0
Derek Smith	0	0	0	0

⁽¹⁾ Upon his separation from the Board, Mr. Janitz's unvested RSUs immediately vested.

Share Ownership Guidelines

Our directors are subject to share ownership guidelines, which were adopted on August 11, 2015. Our directors are required to accumulate certain levels of ownership of our equity securities within five years of such date, or, if later, within five years of first becoming a director, as follows:

Title	Target Share Ownership	Holding Requirement	
		Before Target Met	After Target Met
Director	3X annual cash retainer	None	None

Deferred Compensation

Effective December 26, 2013, we adopted the Deferred Compensation Plan for Directors, which allows non-employee directors to defer some or all of their Board Retainer and restricted stock unit awards into a phantom stock account.

Pursuant to this plan, the following directors elected to defer restricted stock unit awards granted on January 9, 2017:

- James V. Continenza - 16,340 RSUs (100%);
- Matthew A. Doheny - 9,804 RSUs (100%); and
- William G. Parrett - 9,804 RSUs (100%).

Expense Reimbursement

We reimburse our directors for reasonable travel expenses incurred in connection with attending Board, Committee and shareholder meetings and other Board business events.

PROPOSAL 2

PROPOSAL 2 - ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Our named executive officers are identified in the Compensation Discussion and Analysis of this Proxy Statement. Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, you are voting on a proposal, commonly known as a “say-on-pay” proposal, which gives our shareholders the opportunity to endorse or not endorse our named executive officer pay programs and policies through the following resolution:

RESOLVED, that the shareholders approve the compensation of Eastman Kodak Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Company’s Proxy Statement for the 2018 Annual Meeting of Shareholders (which disclosure includes the Compensation Discussion and Analysis, compensation tables and related narrative discussion).

As discussed in the Compensation Discussion and Analysis, we believe that our executive compensation program is designed to attract, motivate and retain individuals with the skills required to achieve our business objectives. Our compensation strategy is to provide opportunities to incentivize and reward our named executive officers when they deliver defined performance results that are based on success in a diverse set of businesses. We also align the interests of our executives with those of our shareholders and our long-term interests through stock ownership. We believe that the compensation of our named executive officers for 2017 was appropriate and aligned with our performance results and strategic plan.

In order to be approved on an advisory basis, this proposal must receive the affirmative vote of the majority of votes cast by holders entitled to vote thereon. Because your vote is advisory, it will not be binding on our Board of Directors. However, our Board values the opinions that our shareholders express in their votes and will take into account the outcome of the vote when considering future executive compensation arrangements as it deems appropriate.

The Board of Directors recommends you vote FOR the advisory resolution approving the compensation of our named executive officers as described in the Compensation Discussion and Analysis, compensation tables and related narrative discussion.

PROPOSAL 3

PROPOSAL 3 - APPROVAL OF THE FIRST AMENDMENT TO THE 2013 OMNIBUS INCENTIVE PLAN

INTRODUCTION

You are being asked to approve the First Amendment to the 2013 Omnibus Incentive Plan (the Plan) to increase the maximum number of shares of common stock of the Company available for grant to participants pursuant to awards under the Plan. The Board of Directors approved the First Amendment to the Plan on April 4, 2018, and the submission of the First Amendment to the shareholders. Approval of the First Amendment to the Plan by shareholders will enable the Company to continue to grant equity and cash awards to employees and directors of the Company.

Approval of the First Amendment to the Plan requires the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.

BACKGROUND

The Plan provides for the grant of various types of equity awards (Options, Stock Appreciation Rights (SARs), Restricted Stock Awards, Restricted Stock Units (RSUs), Other Stock-Based Awards and cash awards), as well as performance-based awards that are earned by reference to performance criteria chosen by the Executive Compensation Committee or another committee designated by the Board of Directors (the Committee) and are payable in stock or cash.

The Plan became effective as of the effective date of the Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code by the Company and certain of its subsidiaries filed with the United States Bankruptcy Court for the Southern District of New York on April 30, 2013, as amended.

The closing stock price of a share of the Company's common stock as reported on the NYSE on April 3, 2018 was \$4.90.

TERMS OF THE FIRST AMENDMENT

The Plan currently provides that the maximum number of shares available for grant to participants pursuant to awards under the Plan is 4,792,480 shares. The First Amendment to the Plan would increase this maximum number of available shares to 5,792,480 shares.

The Plan also currently provides that the Plan shall terminate on the 10-year anniversary of the date the Plan is adopted. The First Amendment to the Plan would make the date of shareholder approval of this amendment, May 22, 2018, the date of adoption, thereby extending the term of the Plan to May 22, 2028.

SUMMARY OF THE PLAN

The following summary of the Plan, as proposed to be amended, is qualified in its entirety by the terms of the Plan document, a copy of which is attached to this Proxy Statement as Appendix A, and the First Amendment to the Plan, a copy of which is attached to this Proxy Statement as Appendix B.

Purpose

The purpose of the Plan is to attract, retain and motivate officers, employees, and non-employee directors providing services to the Company or any of its subsidiaries or affiliates and to promote the success of the Company's business by providing such persons with appropriate incentives.

Administration

The Committee will administer the Plan. However, if a Committee member does not meet the following requirements, the Committee may delegate some or all of its functions to another committee that meets these requirements. Generally, the Committee must consist of two or more directors, each of whom is: 1) an independent director under the listing requirements of the NYSE; 2) a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended; and 3) an outside director within the meaning of Section 162(m) of the Code.

Eligibility for Participation

The following persons are eligible to participate in the Plan:

- All employees of the Company, any of its 50% or more owned subsidiaries or any of its affiliates; and
- The non-employee directors of the Company.

The selection of those employees who will receive awards is entirely within the discretion of the Committee. There are currently approximately 130 employees who are eligible to participate in the Plan, together with the Company's eight non-employee directors.

Types of Awards

The Plan authorizes the grant of:

- Nonqualified and Incentive Stock Options;
- SARs;
- Restricted Stock Awards and RSUs;
- Dividend Equivalent Rights;
- Other Stock-Based Awards (stock-based awards granted either as freestanding grants or payments of earned performance awards);
- Performance-based awards (awards earned by reference to performance criteria chosen by the Committee) (Performance Awards); and
- Cash awards (including, without limitation, retainers and meeting-based fees).

Termination and Amendment of the Plan

The Committee may from time to time amend, alter, suspend, discontinue or terminate the Plan in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any participant; provided that, subject to the provisions of the Plan regarding adjustments in authorized shares in the case of certain corporate events or transactions, or as otherwise specifically provided in the Plan, no amendment shall materially adversely impair the rights of a participant under any award without the participant's consent.

Shareholder approval will be required for any amendment to the Plan that: (i) increases the number of shares available under the Plan (other than an increase permitted under Article 5 of the Plan); (ii) expands the types of awards available under the Plan; (iii) materially extends the term of the Plan; (iv) materially changes the method of determining the option price or grant price per share for SARs; or (v) except as permitted pursuant to Article 14 of the Plan, reduces the option price or grant price per share, as applicable, of any outstanding Options or SARs.

Available Shares

Subject to adjustment as provided in Article 14 of the Plan, the maximum number of shares available for grant to participants pursuant to awards under the Plan shall be equal to 5,792,480 shares. The number of shares available for granting Incentive Stock Options under the Plan shall not exceed 2,000,000. The shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares. The share reserve under the Plan is increased by: (i) any shares delivered to the Company or withheld by the Company in payment or satisfaction of the tax withholding obligation of an award; and (ii) any shares underlying awards that expire, are forfeited, cancelled or otherwise terminated without the issuance of the shares, or are otherwise settled for cash. The aggregate number of shares will not be reduced by shares granted by the Company in assumption of, or exchange for, awards granted by another company as a result of a merger or consolidation. The number of shares under the Plan may be adjusted for changes in the Company's capital structure, such as a stock split or merger.

The number of shares granted under the Plan will be determined as follows: (i) each Restricted Stock Award, RSU and similar award will count as one share; and (ii) each Option, SAR and similar award will count as a fraction of a share, based on the financial value of each such award relative to a share, as determined by the Committee promptly after the effective date of the Plan.

Award Limits

The maximum compensation granted as Performance Awards to any one employee for any calendar year is 1,000,000 shares or \$2,500,000 if the award is paid in cash.

The maximum number of shares for which Options or SARs may be granted to any one employee during any calendar year is 2,000,000 shares. The aggregate fair market value of shares with respect to which Incentive Stock Options are exercisable for the first time by an eligible employee during any calendar year under all stock option plans of the Company and of any subsidiary may not exceed \$100,000.

The aggregate awards to any one non-employee director for any calendar year may not exceed a number of awards with a grant date fair value of \$900,000.

Grants to Non-U.S. Employees

To facilitate the granting of awards to participants who are employed outside of the United States, the Plan authorizes the Committee to modify and amend the terms and conditions of an award to accommodate differences in local law, policy or custom.

Performance Awards

The Committee is authorized to design any award so that amounts or shares payable or distributed pursuant to such award are treated as “qualified performance-based compensation” within the meaning of Section 162(m) of the Code, and related regulations.

Performance Awards were intended to qualify as “performance-based compensation” for purposes of Section 162(m) of the Code. On December 22, 2017, H.R. 1, informally titled the Tax Cuts and Jobs Act (the Tax Act), was signed into law. The Tax Act eliminated the performance-based compensation exception to Section 162(m) of the Code. As a result of the Tax Act, there is no longer the benefit of the performance-based compensation exception to Section 162(m) of the Code to structuring awards as Performance Awards under the Plan. Pending further guidance from the Internal Revenue Service, the Company is not amending the Plan to remove the Section 162(m) related provisions at this time.

Stock Options

The Committee may grant awards in the form of Options to purchase shares of the Company's common stock. For each Option grant, the Committee will determine the number of shares subject to the Option and the manner and time of the Option's exercise, provided that no Option will be exercisable after ten years from the date of its grant. The Committee may condition the grant of Options or the vesting of Options upon the participant's achievement of one or more performance goals (including the participant's provision of services for a designated time period). The exercise price of an Option may not be less than the fair market value of the Company's common stock on the date the Option is granted. Upon exercise, a participant may pay the exercise price in cash, shares of common stock, a combination thereof or such other consideration as the Committee determines. Any Option granted in the form of an Incentive Stock Option is intended to satisfy the requirements of Section 422 of the Code.

Stock Appreciation Rights

The Committee may grant SARs either in tandem with an Option (Tandem SARs) or independent of an Option (Freestanding SARs).

A Tandem SAR may be granted at the time of the grant of the related Option. A Tandem SAR will be exercisable to the extent its related Option is exercisable, and the exercise price of such a SAR may not be less than the fair market value of the Company's common stock on the date the SAR is granted. Upon the exercise of an Option as to some or all of the shares covered by the award, the related Tandem SAR will automatically be cancelled to the extent of the number of shares covered by the Option exercise. Upon the exercise of all or a portion of a Tandem SAR, an equivalent portion of the related Option will be forfeited.

The Committee will determine the number of shares subject to a Freestanding SAR and the manner and time of the SAR's exercise. Freestanding SARs must be granted for a term of ten years or less and may generally have the same terms and conditions as Options. The exercise price of a Freestanding SAR may not be less than the fair market value of the Company's common stock on the date of grant.

Other Awards

Awards may be granted in the form of Restricted Stock Awards, RSUs and Other Stock-Based Awards. These awards are subject to such terms, restrictions and conditions as the Committee may determine, including the participant's achievement of one or more performance goals (including the participant's provision of services for a designated time period).

Participants receiving a Restricted Stock Award, unless otherwise provided in the award agreement, shall have the right to vote and receive dividends on the shares underlying such award during the restriction period. At the end of the restriction period, the restrictions imposed under the Plan and under the award agreement shall lapse with respect to the number of shares underlying the Restricted Stock Award as determined by the Committee, and such number of shares shall be delivered to the participant.

Participants receiving RSUs will have only the rights of a general unsecured creditor of the Company and no rights as a shareholder of the Company until delivery of shares, cash or other securities or property is made as specified in the applicable award agreement. On the delivery date specified in the award agreement, with respect to each RSU not previously forfeited or terminated, the participant will receive one share, cash or other securities or property equal in value to a share or a combination thereof, as specified by the Committee.

Dividend Equivalent Rights

For Restricted Stock Awards, RSUs and Other Stock-Based Awards, the Committee may include as part of the award an entitlement to receive Dividend Equivalent Rights. In the event such a provision is included in an award agreement, the Committee will determine whether such payments will be made in cash, in shares or in another form, whether they will be conditioned upon the exercise of the award to which they relate, the time or times at which they will be made and such other terms and conditions as the Committee will deem appropriate.

Participants receiving Dividend Equivalent Rights will have only the rights of a general unsecured creditor of the Company until payment of such amounts is made as specified in the applicable award agreement. No Dividend Equivalent Rights will be paid at a time when any performance-based goals that apply to the Dividend Equivalent Rights or award granted in connection with the Dividend Equivalent Rights have not been satisfied and will revert back to the Company if such goals are not satisfied.

Other Terms

Awards, other than Options or Restricted Stock Awards, may be paid in cash, shares, a combination of cash and shares, or any other form of property as the Committee may determine.

Adjustments in Authorized Shares and Outstanding Awards

In the event of any corporate event or transaction involving the Company, a subsidiary and/or an affiliate (including, but not limited to, a change in the shares of the Company or the capitalization of the Company), the Committee, to prevent dilution or enlargement of participants' rights under the Plan, shall substitute or adjust (in each case in such manner as it deems equitable and appropriate):

- The number and kind of shares or other property (including cash) that may be issued under the Plan or under particular forms of awards;
- The number and kind of shares or other property (including cash) subject to outstanding awards;
- The option price, grant price or purchase price applicable to outstanding awards;
- Any individual award limits; and/or
- Other value determinations applicable to the Plan or outstanding awards.

Change of Control

Upon the occurrence of a change of control of the Company, the Committee shall make one or more of the following adjustments to the terms and conditions of outstanding awards to the extent determined by the Committee to be permitted under Section 409A of the Code:

- continuation or assumption of such outstanding awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent;
- substitution by the surviving company or corporation or its parent of awards with substantially the same terms for such outstanding awards;
- accelerated exercisability, vesting and/or lapse of restrictions under outstanding awards immediately prior to the occurrence of such event;
- upon written notice, provide that any outstanding awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event, or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such awards shall terminate to the extent not so exercised within the relevant period;
- cancellation of all or any portion of outstanding awards for fair value (as determined in the sole discretion of the Committee and which may be zero) which, in the case of Options and SARs and similar awards, if the Committee so determines, may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of shares subject to such awards (or, if no such consideration is paid, fair market value of the shares subject to such outstanding awards or portion thereof being canceled) over the aggregate option price or grant price, as applicable, with respect to such awards or portion thereof being canceled (which may be zero); or
- such other adjustment as determined appropriate by the Committee.

Clawback/Recoupment

Awards under the Plan shall be subject to the clawback or recoupment policy, if any, that the Company may adopt from time to time, whether before or after the grant of such awards, to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that the awards be repaid to the Company after they have been distributed or paid to the participant.

Options To Be Received

The following table reflects the number of outstanding options to be received as of April 8, 2018, under the Plan by the following listed individuals and specified groups.

Name and Position ⁽¹⁾	Number of Options To Be Received Under the Plan ⁽¹⁾
J.J. Clarke Chief Executive Officer	-
D.E. Bullwinkle Chief Financial Officer and Senior Vice President	-
S. E. Underberg General Counsel, Secretary and Senior Vice President	-
E. Mahe President, Software and Solutions Division, and Senior Vice President	-
T.R. Taber Chief Technology Officer, President, Advanced Materials and 3D Printing, and Senior Vice President	-
B.W. Kruchten President, Print Systems Division, and Senior Vice President	-
J. O'Grady President, Consumer and Film Division, and Senior Vice President	-
P. Cullimore Former President, Enterprise Inkjet Systems Division, former President, Micro 3D Printing and Packaging, and former Senior Vice President	-
All current executive officers as a group	-
All current directors who are not executive officers as a group ⁽²⁾	-
Each nominee for election as a director ⁽²⁾	-
Each other person who received or is to receive 5% of the options or rights under the Plan	-
All employees, including all current officers who are not executive officers, as a group	-

⁽¹⁾ Pursuant to their respective employment agreements, the Company is obligated to make annual equity grants to the following NEOs: Mr. Clarke, stock options with a grant value of \$1,000,000; Ms. Underberg, stock options or RSUs with a grant value of \$500,000; Mr. Mahe, stock options or RSUs with a grant value of \$500,000. The Company is also obligated to make an annual grant of stock options or RSUs to another executive officer with a grant value of \$350,000 pursuant to his employment

agreement, and an annual grant of stock options or RSUs to a non-executive officer with a grant value of \$500,000 pursuant to his employment agreement. Subject to these contractual commitments, the number of stock options to be granted in the future to any of the persons or group of persons set forth in the table is not determinable, as awards are within the discretion of the Committee and the Committee has not determined future awards or who might receive them.

(2) Non-executive directors have not previously been granted any stock options under the Plan.

FEDERAL TAX TREATMENT

The following is a summary of certain U.S. federal income tax consequences of participating in the Plan. This discussion does not purport to be a complete statement of all aspects of the U.S. federal income tax consequences in this area, including any state, local or foreign tax consequences of participating in the Plan. This section is based on the Code, its legislative history, existing and proposed regulations under the Code and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Incentive Stock Options

A participant will not be subject to tax upon the grant of an Incentive Stock Option (ISO) or upon the exercise of an ISO. However, the excess of the fair market value of the shares on the date of exercise over the exercise price paid will be included in a participant's alternative minimum taxable income. Whether a participant is subject to the alternative minimum tax will depend on the participant's particular circumstances. The participant's basis in the shares received will be equal to the exercise price paid, and the participant's holding period in such shares will begin on the day following the date of exercise.

If a participant disposes of the shares on or after the later of: 1) the second anniversary of the date of grant of the ISO and 2) the first anniversary of the date of exercise of the ISO (the statutory holding period), the participant will recognize a capital gain or loss in an amount equal to the difference between the amount realized on such disposition and the participant's basis in the shares.

If the participant disposes of the shares before the end of the statutory holding period, the participant will have engaged in a "disqualifying disposition." As a result, the participant will be subject to tax: 1) on the excess of the fair market value of the shares on the date of exercise (or the amount realized on the disqualifying disposition, if less) over the exercise price paid, as ordinary income and 2) on the excess, if any, of the amount realized on such disqualifying disposition over the fair market value of the shares on the date of exercise, as capital gain. If the amount a participant realizes from a disqualifying disposition is less than the exercise price paid (i.e., the participant's basis) and the loss sustained upon such disposition would otherwise be recognized, a participant will not recognize any ordinary income from such disqualifying disposition and instead the participant will recognize a capital loss. In the event of a disqualifying disposition, the Company or one of its subsidiaries or affiliates can generally deduct the amount recognized as ordinary income by the participant.

Income tax withholding and employment taxes do not apply upon the exercise of an ISO or upon any subsequent disposition, including a disqualifying disposition, of shares acquired pursuant to the exercise of the ISO.

Nonqualified Stock Options

The participant will not be subject to tax upon the grant of an Option which is a Nonqualified Stock Option. Upon exercise of a Nonqualified Stock Option, an amount equal to the excess of the fair market value of the shares acquired on the date of exercise over the exercise price paid is taxable to the participant as ordinary income, and such amount is generally deductible by the Company or one of its subsidiaries or affiliates. This amount of income will be subject to income tax withholding and employment taxes. The participant's basis in the shares received will equal the fair market value of the shares on the date of exercise, and the participant's holding period in such shares will begin.

Restricted Stock Awards, Restricted Stock Units and Other Stock-Based Awards

A participant normally will not recognize taxable income and the Company will not be entitled to a deduction upon the grant of Restricted Stock Awards, RSUs or Other Stock-Based Awards. When the Restricted Stock Award vests or the RSUs settle or the Other Stock-Based Awards are paid or settle, the participant will recognize taxable ordinary income in an amount equal to the fair market value of the shares or other property received at that time, less the amount, if any, paid for the shares, and, subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled at that time to a deduction in the same amount. However, a participant may elect to recognize taxable ordinary income in the year a Restricted Stock Award is granted in an amount equal to the excess of their fair market value at the grant date, determined without regard to certain restrictions, over the amount, if any, paid for the shares. In that event, subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled to a deduction in such year in the same amount. Any gain or loss realized by the participant upon the subsequent disposition of shares received will be taxed as short-term or long-term capital gain or loss, but will not result in any further deduction for the Company.

Limitation on Income Tax Deduction

Section 162(m) of the Code places a \$1,000,000 annual limit on the compensation deductible by the Company that is paid to an individual who is a covered employee. The Tax Act eliminated the performance-based compensation exception to Section 162(m) of the Code, but provided transition relief to certain outstanding awards subject to a binding written contract in effect on November 2, 2017. Therefore, the Company may be limited in its ability to deduct the income recognized from awards payable to a participant who is a covered employee for purposes of Section 162(m) of the Code.

Tax Withholding

The Company shall have the power and the right to deduct or withhold (or cause to be deducted or withheld) from any amount deliverable under an award or otherwise (including shares otherwise deliverable), or require a participant to remit to the Company, the minimum statutory amount to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. With respect to required withholding, participants may elect (subject to the Company's automatic withholding right set out above) to satisfy the withholding requirement, in whole or in part, (i) by having the Company withhold shares or (ii) through an independent broker-dealer arrangement to sell a sufficient number of shares, in each case, having a fair market value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

EQUITY COMPENSATION PLAN INFORMATION

Information as of December 31, 2017 regarding the Company's equity compensation plans is summarized in the following table:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units	Weighted-Average Exercise Price of Outstanding Options	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⁾	5,266,478	\$14.30	—

⁽¹⁾ The Plan was approved by the Bankruptcy Court pursuant to the Plan of Reorganization, the material terms of which were summarized in the Company's Current Report on Form 8-K filed on September 10, 2013, and a copy of which was filed with the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013.

OTHER INFORMATION

Approval of the First Amendment to the 2013 Omnibus Incentive Plan requires the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote.

The Board of Directors recommends a vote FOR the approval of the First Amendment to the 2013 Omnibus Incentive Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

BENEFICIAL SECURITY OWNERSHIP OF MORE THAN 5% OF THE COMPANY'S SHARES

The table below presents certain information as of March 28, 2018 regarding the persons known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock and Series A convertible preferred stock, with percentages based on 42,642,450 shares of common stock outstanding and 2,000,000 shares of Series A convertible preferred stock outstanding.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent of Class Beneficially Owned	Number of Shares of Series A Convertible Preferred Stock Beneficially Owned	Percent of Class Beneficially Owned
Blackstone Holdings I/II GP Inc., et al c/o The Blackstone Group L.P. 345 Park Avenue New York, New York 10154	8,938,916 ⁽¹⁾	21.0%	--	--
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, New Jersey 07078-2789	2,711,000 ⁽²⁾	6.4%	--	--
George Karfunkel 1671 52 nd Street Brooklyn, New York 11204	2,776,082 ⁽³⁾	6.5%	--	--
GKarfunkel Family LLC 126 East 56 th Street, 15 th Floor New York, New York 10022	2,513,006 ⁽⁴⁾	5.9%	--	--
Moses Marx 160 Broadway New York, New York 10038	5,988,656 ⁽⁵⁾	13.9%	--	--
Paradise Investment Management LLC, et al 257 Fillmore Street, Suite 200 Denver, Colorado 80206	4,132,260 ⁽⁶⁾	9.7%	--	--
Southeastern Asset Management, Inc., et al 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	16,454,200 ⁽⁷⁾	30.4%	2,000,000 ⁽⁷⁾	100%

⁽¹⁾ Blackstone Holdings I/II GP Inc., reports sole voting and dispositive power with respect to 8,875,211 shares of our common stock, FS Investment Corporation reports sole voting and dispositive power with respect to 61,859 shares of our common stock, and FS Investment Corporation II reports sole voting and dispositive power with respect to 1,846 shares of our common stock. Based on a closing price of \$13.99 per share of our common stock on October 13, 2016, the amount reported by Blackstone Holdings I/II GP Inc. does not include shares of our common stock issuable upon the exercise of 230,820 net-share settled warrants to purchase shares of our common stock that may be deemed to be beneficially owned by certain of the reporting persons but that cannot be settled for shares of our common stock pursuant to the terms thereof. This information is based on Amendment No. 5 to Schedule 13D filed with the SEC by Blackstone Holdings I/II GP Inc., et al on October 18, 2016.

⁽²⁾ Franklin Mutual Advisers, LLC reports sole voting and dispositive power with respect to all 2,711,000 shares, which includes 97,164 net-share settled warrants to purchase shares of our common stock. Franklin Mutual Quest Fund, a series of Franklin Mutual Series Funds and an investment company registered under the Investment Company Act of 1940, has an interest in all 2,711,000 shares (including the 97,164 net-share settled warrants to purchase shares of our common stock). This information is based on Amendment No. 3 to Schedule 13G filed with the SEC on February 5, 2018 by Franklin Mutual Advisers, LLC, reporting beneficial ownership as of December 31, 2017.

⁽³⁾ George Karfunkel reports sole voting and dispositive power with respect to all 2,776,082 shares. The amount shown includes 125% warrants to purchase 31,451 shares of our common stock at an exercise price of \$14.93 and 135% warrants to

purchase 31,451 shares of our common stock at an exercise price of \$16.12. Each of these warrants entitles Mr. Karfunkel to purchase one share of common stock; however for each warrant exercised, Mr. Karfunkel will receive a net share amount equal to the number of shares issuable upon the exercise multiplied by the closing sale price of our common stock on the exercise date minus the exercise price, divided by the closing sale price, together with cash for any fractional shares. The amount shown also includes 500,000 shares of our common stock owned by the Chesed Foundation of America, a charitable foundation controlled by Mr. Karfunkel. This information is based on the Schedule 13D filed by Mr. Karfunkel on May 18, 2017 and subsequent Section 16 reports filed with the SEC by Mr. Karfunkel.

- (4) GKarfunkel Family LLC (Family LLC) and Henry Reinhold, the sole manager of the Family LLC, have sole voting and dispositive power with respect to 2,380,154 shares and 132,852 net-share settled warrants to purchase shares of our common stock owned by the Family LLC. This information has been provided to us by advisors to the Family LLC.
- (5) Moses Marx reports shared voting and dispositive power over 3,139,741 shares of our common stock held by Momar Corporation, of which Mr. Marx serves as president, and 1,519,646 shares held by United Equities Commodities Company (United Equities), a private investment company of which Mr. Marx is a 99% general partner. The amount shown also includes 170,000 shares held by 111 John Realty Corp., in which Mr. Marx and his spouse hold a 50% interest, 614,041 shares held by Marneu Holding Company (Marneu), in which Mr. Marx holds a direct and indirect 75% general partnership interest and an aggregate of 127,214 net-share settled warrants to purchase shares of our common stock held by United Equities and Marneu. Additionally, the amount shown includes 246,574 shares held directly by Mr. Marx and an aggregate of 171,440 net-share settled warrants to purchase shares of our common stock, as to all of which Mr. Marx reports having sole voting and dispositive power. The amount shown does not include 606,417 shares of our common stock held by K.F. Investors LLC (KF Investors). Mr. Marx and the other entities referenced in this footnote have agreed to act as a “group” with KF Investors within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, but Mr. Marx has no ownership interest in or any control over KF Investors. This information is based on Amendment No. 1 to Schedule 13D filed jointly by Mr. Marx and the entities described in this footnote on May 3, 2017 and Section 16 reports filed with the SEC by Mr. Marx.
- (6) Paradice Investment Management LLC, a Delaware limited liability company, reports that it shares voting and dispositive power with respect to 3,311,987 shares and 4,132,260 shares, respectively, with Paradice Investment Management Pty Ltd, an Australian company with an address at Level 27, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia. This information is based on Amendment No. 1 to the Schedule 13G filed with the SEC on February 13, 2018 by Paradice Investment Management LLC, et al, reporting beneficial ownership as of December 31, 2017.
- (7) Southeastern Asset Management, Inc., a Tennessee corporation and a registered investment advisor (Southeastern), reports beneficial ownership of 16,454,200 shares of our common stock, including 11,494,200 shares issuable upon conversion of 2,000,000 shares of Series A convertible preferred stock. Southeastern shares voting power with Longleaf Partners Small-Cap Fund (Longleaf), a series of Longleaf Partners Funds Trust, a Massachusetts business trust, with respect to 14,714,319 shares. Southeastern reports no voting power with respect to 1,739,881 shares. Southeastern has sole dispositive power with respect to 205,171 shares and shares dispositive power with respect to 16,249,029 shares, including 14,714,319 shares with Longleaf. Mr. O. Mason Hawkins is the Chairman of the Board and Chief Executive Officer of Southeastern. All shares reported by Southeastern are owned by Southeastern’s investment advisory clients, including Longleaf, and none are owned directly or indirectly by Southeastern. This information is based on Amendment No. 3 to the Schedule 13G filed with the SEC on February 13, 2018 by Southeastern, et al, reporting beneficial ownership as of December 31, 2017.

BENEFICIAL SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below presents certain information as of March 28, 2018 regarding shares of our common stock and shares of our Series A convertible preferred stock held by our directors, nominees, each of our named executive officers and all directors, nominees and executive officers as a group.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned ⁽¹⁾⁽³⁾	Percent of Class Beneficially Owned ⁽¹⁾⁽²⁾⁽³⁾	Number of Shares of Series A Convertible Preferred Stock Beneficially Owned ⁽¹⁾⁽²⁾	Percent of Class Beneficially Owned ⁽¹⁾⁽²⁾
<i>Directors and Nominees</i>				
Richard Todd Bradley	0	--	--	--
Mark S. Burgess	38,118 ⁽⁴⁾	--	--	--
Jeffrey J. Clarke ⁽⁵⁾	409,044 ⁽⁶⁾	--	--	--
James V. Continenza	0 ⁽⁷⁾	--	--	--
Matthew A. Doheny	0 ⁽⁸⁾	--	--	--
Jeffrey D. Engelberg	15,000 ⁽⁹⁾	--	-- ⁽⁹⁾	--
George Karfunkel	2,776,082 ⁽³⁾⁽¹⁰⁾	6.5%	--	--
Jason New	-- ⁽¹¹⁾	--	--	--
William G. Parrett	2,347 ⁽³⁾⁽¹²⁾	--	--	--
<i>Named Executive Officers</i>				
David E. Bullwinkle	50,716 ⁽¹³⁾	--	--	--
Philip Cullimore ⁽¹⁴⁾	11,788 ⁽¹⁵⁾	--	--	--
Brad W. Kruchten	148,452 ⁽³⁾⁽¹⁶⁾	--	--	--
Eric-Yves Mahe	78,912 ⁽¹⁷⁾	--	--	--
John G. O'Grady	52,770 ⁽³⁾⁽¹⁸⁾	--	--	--
Terry R. Taber	96,176 ⁽³⁾⁽¹⁹⁾	--	--	--
Sharon E. Underberg	84,704 ⁽³⁾⁽²⁰⁾	--	--	--
All directors and executive officers as a group (20 persons, including the above)	3,918,581 ⁽²¹⁾	9.0%	-- ⁽⁹⁾	-- ⁽⁹⁾

⁽¹⁾ Under the rules of the SEC, "beneficial ownership" is deemed to include shares for which an individual, directly or indirectly, has or shares voting or dispositive power, whether or not they are held for the individual's benefit, and includes shares that may be acquired within 60 days, including, but not limited to, the right to acquire shares by the exercise of options or warrants. Shares that may be acquired within 60 days are referred to in the footnotes to this table as "presently exercisable options," "presently exercisable warrants" or restricted stock units (RSUs) that vest on a specific date. Percentages are based on 42,642,450 shares of common stock outstanding except where the person has the right to receive shares within the next 60 days (as indicated in the other footnotes to this table), which increases the number of shares owned by such person and the number of shares outstanding. Unless otherwise indicated in the other footnotes to this table, each shareholder named in the table has sole voting and investment power with respect to all of the shares shown as owned by the shareholder.

⁽²⁾ We have omitted percentages of less than 1% from the table.

⁽³⁾ For Messrs. Karfunkel, Parrett, Kruchten, O'Grady and Taber and Ms. Underberg and certain executive officers who are not NEOs, the amounts shown include 125% warrants to purchase shares of our common stock at an exercise price of \$14.93

and 135% warrants to purchase shares of our common stock at an exercise price of \$16.12. Each of these warrants entitles the holder to purchase one share of common stock; however for each warrant exercised, the holder will receive a net share amount equal to the number of shares issuable upon the exercise multiplied by the closing sale price of our common stock on the exercise date minus the exercise price, divided by the closing sale price, together with cash for any fractional shares. The shares shown and referred to in the other footnotes to this table regarding the warrants are subject to this net-share calculation.

- (4) Mr. Burgess has 3,914 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.
- (5) Mr. Clarke is also a NEO.
- (6) The amount shown includes presently exercisable options to purchase 292,865 shares of our common stock.
- (7) Mr. Continenza has 72,914 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.
- (8) Mr. Doheny has 41,162 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.
- (9) Mr. Engelberg is the managing member of Additive Advisory and Capital, LLC, which receives management fees from C2W Partners Master Fund Limited, which is one of the purchasers of the Series A convertible preferred stock reported by Southeastern Asset Management, Inc. in the table "Beneficial Security Ownership of More than 5% of the Company's Shares." Mr. Engelberg disclaims beneficial ownership of these shares.
- (10) The amount shown includes presently exercisable warrants as follows: 125% warrants to purchase 31,451 shares of our common stock and 135% warrants to purchase 31,451 shares of our common stock. The amount shown also includes 500,000 shares of our common stock owned by the Chesed Foundation of America, a charitable foundation controlled by Mr. Karfunkel.
- (11) Certain funds or accounts managed, advised or sub-advised by GSO Capital Partners LP (GSO) own beneficial interests in our company, including the shares of common stock and warrants reported by Blackstone Holdings I/II GP Inc., et al, in the table "Beneficial Security Ownership of More than 5% of the Company's Shares." GSO makes investment decisions through committees composed of senior managing directors and senior management. Mr. New is a Senior Managing Director of GSO. Mr. New disclaims beneficial ownership of these shares.
- (12) The amount shown includes presently exercisable warrants as follows: 125% warrants to purchase 13 shares of our common stock and 135% warrants to purchase 13 shares of our common stock. Mr. Parrett also has 24,131 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.
- (13) The amount shown includes presently exercisable options to purchase 31,775 shares of our common stock.
- (14) Mr. Cullimore's employment with our company ended April 30, 2017.
- (15) The amount shown includes presently exercisable options to purchase 29,928 shares of our common stock.
- (16) The amount shown includes 1,628 shares of our common stock held by Mr. Kruchten's spouse; presently exercisable options to purchase 125,695 shares; and presently exercisable warrants as follows: Mr. Kruchten: 125% warrants to purchase 943 shares of our common stock and 135% warrants to purchase 943 shares of our common stock; Ms. Kruchten: 125% warrants to purchase 31 shares of our common stock and 135% warrants to purchase 31 shares of our common stock.
- (17) The amount shown includes presently exercisable options to purchase 60,045 shares of our common stock.
- (18) The amount shown includes presently exercisable options to purchase 45,091 shares; and presently exercisable warrants as follows: 125% warrants to purchase 169 shares of our common stock and 135% warrants to purchase 169 shares of our common stock.
- (19) The amount shown includes presently exercisable options to purchase 65,091 shares; and presently exercisable warrants as follows: 125% warrants to purchase 611 shares of our common stock and 135% warrants to purchase 611 shares of our common stock.
- (20) The amount shown includes 150 shares of our common stock held by Ms. Underberg's spouse; presently exercisable options to purchase 66,200 shares; and presently exercisable warrants as follows: 125% warrants to purchase 314 shares of our common stock and 135% warrants to purchase 314 shares of our common stock.
- (21) The amount shown includes presently exercisable options and presently exercisable warrants (held directly and indirectly) that vest within 60 days for executive officers who are not named executive officers as follows: options to purchase an aggregate of 298,514 shares of common stock; 125% warrants to purchase an aggregate of 1,156 shares of common stock; and 135% warrants to purchase an aggregate of 1,156 shares of common stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who own more than 10% of our common stock or our Series A convertible preferred stock to file reports of ownership and changes in ownership with the SEC. Based solely on the written representations of our directors and executive officers and copies of reports that they and persons who owned more than 10% of our common stock or Series A convertible preferred stock have filed with the SEC, we believe that all of our directors, executive officers and greater than 10% beneficial owners timely complied with the filing requirements of Section 16(a) during 2017, except for Mr. Karfunkel, a director, who filed one late report disclosing six transactions; Mr. Janitz, a former director, who filed one late report disclosing one transaction; Mr. Clarke, a director and executive officer, who filed one late report with respect to one transaction; and Mr. Samuels, an executive officer, who filed one late report disclosing two transactions.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

INTERESTED TRANSACTIONS

Our Board has adopted written policies and procedures relating to approval or ratification of “interested transactions” with “related parties.” Under these policies and procedures, which are posted on our website at <http://ek.client.shareholder.com/supporting.cfm>, our Governance Committee reviews the material facts of all interested transactions that require the committee’s approval. The Governance Committee will approve or disapprove the interested transactions, subject to certain exceptions, by taking into account, among other factors it deems appropriate, whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. No director or board observer may participate in any discussion or approval of an interested transaction for which he or she is a related party other than providing material information concerning the interested transaction to the Governance Committee. If an interested transaction will be ongoing, the Governance Committee may establish guidelines for our management to follow in its ongoing dealings with the related party and then, at least annually, must review and assess ongoing relationships with the related party.

Under the Board’s policies and procedures, an “interested transaction” is any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness), in which the aggregate amount involved will or may be expected to exceed \$100,000, our company is a participant and any related party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A “related party” is any person who is or was, since the beginning of the last fiscal year for which we have filed a Form 10-K and proxy statement, a Section 16 Executive Officer, director or nominee for election as a director or board observer (even if the person does not presently serve in that role), a beneficial owner of greater than 5% of our common stock or any immediate family member of any of the foregoing. Immediate family member includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone residing in such person’s home (other than a tenant or employee).

The Board has granted standing pre-approval or ratification for the categories of interested transactions described below. In addition, any interested transaction with a related party in which the aggregate amount involved is expected to be less than \$120,000 may be pre-approved by the Chair of the Governance Committee. Pre-approved interested transactions include:

- Employment of Section 16 Executive Officers either if the related compensation is required to be reported or if the Section 16 Executive Officer is not an immediate family member of another Section 16 Executive Officer or a director, and the related compensation would be reported if the Section 16 Executive Officer was a “Named Executive Officer” and our Executive Compensation Committee approved (or recommended that the Board approve) such compensation.
- Any compensation paid to a director if the compensation is required to be reported.
- Any transaction with another company with which a related person’s only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company’s shares, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of that company’s total annual revenues.
- Any charitable contribution, grant or endowment by our company to a charitable organization, foundation or university with which a related person’s only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of the charitable organization’s total annual receipts.
- Any transaction where the related person’s interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis (e.g., dividends).

- Any transaction involving a related party where the rates or charges involved are determined by competitive bids.
- Any transaction with a related party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- Any transaction with a related party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

The Governance Committee reviews pre-approved transactions at its regularly scheduled meetings and considered the following interested transactions with related parties as follows:

- Messrs. Karfunkel and New, each of whom is a current director, are principals of or affiliated with entities that hold an equity interest in our company by virtue of a Backstop Commitment Agreement that we entered into effective upon emergence from bankruptcy in September 2013. Mr. Karfunkel holds approximately 6.5% of our outstanding common stock (including through a charitable foundation controlled by Mr. Karfunkel). Mr. New is a Senior Managing Director of The Blackstone Group L.P. The Blackstone Group L.P. may be deemed to hold approximately 21.0% of our outstanding common stock.
- Messrs. Bradley and Engelberg are directors designated by the purchasers of the Company's Series A convertible preferred stock pursuant to the terms of the Purchase Agreement dated as of November 7, 2016 between the Company, Southeastern Asset Management, Inc. and certain investment funds managed by Southeastern. Mr. Engelberg is the managing member of Additive Advisory and Capital, LLC, which receives management fees from C2W Partners Master Fund Limited, which is one of the purchasers of the Series A convertible preferred stock. Southeastern may be deemed to hold approximately 30.4% of our outstanding common stock and C2W may be deemed to hold approximately 3.6% of our outstanding common stock.
- Dolores Kruchten, Director of Eastman Business Park since August 2015, is the spouse of our named executive officer, Brad Kruchten. There is no employment reporting relationship between Mr. Kruchten and Ms. Kruchten. Ms. Kruchten, as an employee, received compensation from the Company of approximately \$538,000 during 2017.

PRINCIPAL ACCOUNTING FEES AND SERVICES

AUDIT AND NON-AUDIT FEES

The following fees were approved by the Audit and Finance Committee and were billed by PricewaterhouseCoopers LLP (PwC), our independent registered public accounting firm (independent accountants), for services rendered in 2017 and 2016.

Type of Service (in millions)	2017	2016
Audit Fees	\$3.34	\$3.49
Audit-Related Fees	0.00	0.10
Tax Fees	0.02	0.03
All Other Fees	0.03	0.05
Total	\$3.40	\$3.67

The audit fees related primarily to the annual audit of our consolidated financial statements (including Section 404 internal control assessment under the Sarbanes-Oxley Act of 2002) included in our Annual Reports on Form 10-K, quarterly reviews of interim financial statements included in our Quarterly Reports on Forms 10-Q, and statutory audits of certain of our subsidiaries.

The audit-related fees for 2016 related to audit services for regulatory filings.

Tax fees in 2017 and 2016 were for tax compliance and consulting services.

All other fees for 2017 and 2016 related to non-audit related compliance services.

POLICY REGARDING PRE-APPROVAL OF SERVICES PROVIDED BY OUR INDEPENDENT ACCOUNTANTS

The Audit and Finance Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy (the Pre-Approval Policy) requiring the committee's pre-approval of all audit and permissible non-audit services provided by the independent accountants. The Pre-Approval Policy sets forth principles that must be considered by the Audit and Finance Committee in approving services to ensure that the independent accountant's independence is not impaired; describes the audit, audit-related, tax and other permissible non-audit services that may be provided and the non-audit services that are prohibited; and sets forth the pre-approval requirements for all permitted services.

The Pre-Approval Policy provides for the general pre-approval of specific types of audit, audit-related, tax and other permissible non-audit services and annual approval of a budget for such services. As set forth in the Pre-Approval Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit and Finance Committee. In addition, any proposed services exceeding pre-approved budgeted amounts will also require specific pre-approval by the Audit and Finance Committee. The independent accountant is required to report quarterly to the Audit and Finance Committee regarding the extent of services provided in accordance with their pre-approval and the fees for the services performed to date. The Pre-Approval Policy also delegates to the Audit and Finance Committee's Chair the authority to pre-approve specific engagements or changes to engagements when it is not practical to bring the matter before the Committee as a whole. The Audit and Finance Committee may not delegate its responsibilities to pre-approve services performed by the independent accountant to management or to others.

PROPOSAL 4

PROPOSAL 4 - RATIFICATION OF THE AUDIT AND FINANCE COMMITTEE'S SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Finance Committee is directly responsible for the selection, compensation, retention, performance and evaluation of our independent registered public accounting firm. The Audit and Finance Committee evaluates the selection of the independent registered public accounting firm each year. In addition, the Audit and Finance Committee considers the independence of the independent registered public accounting firm each year.

PricewaterhouseCoopers LLP has been our independent registered public accounting firm for many years. After consideration of a number of factors, including length of time the firm has served in this role, the firm's past performance, and an assessment of the firm's qualifications and resources, the Audit and Finance Committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm to serve a one-year term beginning on the date of the Annual Meeting.

A representative of PricewaterhouseCoopers LLP is expected to attend the Annual Meeting to respond to questions and, if he or she desires, make a statement.

As a matter of good corporate governance, the Audit and Finance Committee has determined to submit its selection of the independent registered public accounting firm to our shareholders for ratification. In the event that the selection of PricewaterhouseCoopers LLP is not ratified, the Audit and Finance Committee will review its future selection of an independent registered public accounting firm. Even if the selection is ratified, the Audit and Finance Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our shareholders.

The ratification of the Audit and Finance Committee's selection of PricewaterhouseCoopers LLP requires the affirmative vote of a majority of the votes cast by holders entitled to vote thereon.

The Board of Directors recommends a vote FOR ratification of the Audit and Finance Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

By Order of the Board of Directors



Sharon E. Underberg
General Counsel, Secretary, and Senior Vice President
April 9, 2018

ANNUAL MEETING INFORMATION

DIRECTIONS TO 2018 ANNUAL MEETING

Location

The Benjamin

125 East 50th Street
New York, New York 10022

For Town Car Service contact The Benjamin concierge at 212-715-2539 to arrange car service. Most car services will accept credit cards if arranged in advance. Expect to pay cash for fare.

Directions

LaGuardia Airport (LGA), approximately 25 to 30 minutes by taxi or town car service.

By taxi – Yellow taxi rate is approximately \$24 – 28 plus tolls and 20% tip. All taxis are required to accept credit cards.

John F. Kennedy (JFK), approximately 30 to 45 minutes by taxi or town car service.

By taxi - Yellow taxi rate is \$45 plus tolls & 20% tip. All taxis are required to accept credit cards.

By train - AirTrain service is available for \$5 from JFK to Jamaica Station with access to the Long Island Railroad (LIRR). Direct trains from LIRR to Penn Station are approximately \$12 (20 minutes). Visit <http://www.mta.info/lirr> for schedules and fares. Yellow taxi service is available from Penn to The Benjamin. Inform your driver you are going to Midtown Manhattan, the corner of 50th Street and Lexington at The Benjamin hotel.

Newark Liberty International (EWR), approximately 50 to 60 minutes by car or town car service.

By taxi - A New Jersey taxi dispatcher will provide a slip of paper with a flat rate ranging from \$30 to \$38 (toll and tip extra), based on your destination. New York yellow cabs aren't permitted to pick up passengers at Newark. Taxi fare is approximately \$70 - \$75 total, including tolls and tip.

By train - AirTrain service is available from EWR to NJ Transit rail service for \$5. NJ Transit service is available everyday between 5:01 a.m. - 1:50 a.m. (closed between 2 – 5 a.m.). Fare is \$12.50 for a one-way ticket on the Northeast Corridor or North Jersey Coast Line service to New York Penn Station (approx. 25 minutes).

Visit http://www.njtransit.com/rg/rg_servlet.srv?hdnPageAction=AirportConnectionsTo for schedules and fares.

EXHIBIT A

RECONCILIATION OF NON-GAAP MEASURES

In this Proxy Statement, we provide information regarding Operational EBITDA and Cash Usage, non-GAAP financial measures. Our industry peers may provide similar supplemental non-GAAP information, although they may not use the same or comparable terminology and may not make identical adjustments. We believe that these non-GAAP measures represent an important internal measure of performance. We provide these measures to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing our underlying performance, financial condition, results of operations and cash flow.

The following table reconciles the most directly comparable GAAP measure of Net Income Attributable to Eastman Kodak Company to Operational EBITDA for the twelve months ended December 31, 2017:

(in millions)	FY 2017
Net Earnings Attributable to Eastman Kodak Company (GAAP basis)	\$ 94
Net loss attributable to noncontrolling interests ⁽¹⁾	-
Net Earnings	\$ 94
Corporate components of pension and OPEB income ⁽²⁾	(144)
Depreciation and amortization	80
Restructuring costs and other ⁽³⁾	38
Stock based compensation	9
Consulting and other costs ⁽⁴⁾	5
Idle costs ⁽⁵⁾	3
Other operating expense, net ⁽¹⁾	28
Goodwill impairment loss ⁽¹⁾	56
Interest expense ⁽¹⁾	32
Other income, net ⁽¹⁾	(37)
Benefit for income taxes ⁽¹⁾	(110)
Equity in loss of equity method investment, net of income taxes ⁽¹⁾	1
Loss from discontinued operations, net of income taxes ⁽¹⁾	2
Operational EBITDA	\$ 57

⁽¹⁾ As reported in the Company's Consolidated Statement of Operations.

⁽²⁾ Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailment and settlement components of pension and other post-retirement benefit expenses.

⁽³⁾ Restructuring costs and other as reported in the Company's Consolidated Statement of Operations plus \$7 million of inventory write-downs included in cost of revenues for the twelve months ended December 31, 2017.

⁽⁴⁾ Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.

⁽⁵⁾ Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

The following table reconciles the most directly comparable GAAP measure of Net Decrease in Cash and Cash Equivalents and Restricted Cash to Cash Usage for the twelve months ended December 31, 2017:

(in millions)	FY 2017
Net Decrease in Cash and Cash Equivalents and Restricted Cash (GAAP basis)	\$ (109)
Decrease in restricted cash	19
Repayment of emergence credit facilities	7
Cash Usage	\$ (83)

APPENDIX A

EASTMAN KODAK COMPANY 2013 OMNIBUS INCENTIVE PLAN

Article 1. Establishment & Purpose

1.1 Establishment. Eastman Kodak Company, a New Jersey corporation, hereby establishes the Eastman Kodak Company 2013 Omnibus Incentive Plan (hereinafter referred to as the “**Plan**”) as set forth in this document.

1.2 Purpose. The purpose of this Plan is to attract, retain and motivate officers, employees, and non-employee directors providing services to the Company, any of its Subsidiaries, or Affiliates and to promote the success of the Company’s business by providing Participants with appropriate incentives.

Article 2. Definitions

For purposes of the Plan, the following terms have the meanings set forth below:

2.1 “Affiliate” means any entity that the Company, either directly or indirectly, is in common control with, is controlled by or controls, or any entity in which the Company has a substantial equity interest, direct or indirect; provided, however, to the extent that Awards must cover “service recipient stock” in order to comply with Section 409A, “Affiliate” shall be limited to those entities which could qualify as an “eligible issuer” under Section 409A.

2.2 “Award” means any award that is granted under the Plan.

2.3 “Award Agreement” means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under this Plan.

2.4 “Beneficial Owner” or “**Beneficial Ownership**” shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.5 “Board” means the Board of Directors of the Company.

2.6 “Cause” means (i) with respect to a Participant employed pursuant to a written employment agreement that includes a definition of “Cause”, “Cause” as defined in such agreement or (ii) with respect to any other Participant, the occurrence of any of the following:

- (a) the Participant’s continued failure, for a period of at least 30 calendar days following a written warning, to perform the Participant’s duties in a manner deemed satisfactory by the Participant’s supervisor, in the exercise of his or her sole discretion;;
- (b) the Participant’s failure to follow a lawful written directive of the Chief Executive Officer, the Participant’s supervisor or the Board;

- (c) the Participant's 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) the Participant's unlawful possession, use or sale of narcotics or other controlled substances, or performing job duties while illegally used controlled substances are present in the Participant's system;
- (e) any act or omission by the Participant in the scope of his or her employment (a) which results in the assessment of a civil or criminal penalty against the Participant or the Company, or (b) which in the reasonable judgment of the Participant's 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) the Participant's conviction of or plea of guilty or no contest to any crime involving moral turpitude;
- (g) any misrepresentation of a material fact by the Participant to, or concealment of a material fact from, the Participant's supervisor or any other person in the Company to whom the Participant has a reporting relationship in any capacity; or
- (h) the Participant's breach of the Company's Business Conduct Guide or the Eastman Kodak Company Employee's Agreement.

For purpose of this definition, no act or failure to act by the Participant shall be considered "willful" unless done or omitted to be done by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interests of the Company, any of its Subsidiaries, or Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company, any of its Subsidiaries, and Affiliates.

2.7 "Change of Control", unless otherwise specified in the Award Agreement, means the occurrence of any of the following events:

- (a) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of the Company's securities representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board ("**Company Voting Securities**"); provided, however, that the event described in this paragraph (a) shall not be deemed to be a Change of Control by virtue of an acquisition of Company Voting Securities: (i) by the Company or any Subsidiary, (ii) by any employee benefit plan (or related trust) sponsored or maintained by Company or any Subsidiary, (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities or (iv) pursuant to a Non-Qualifying Transaction (as defined in paragraph (b) of this definition);
- (b) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the

Company that requires the approval of the Company's shareholders, whether for such transaction or the issuance of securities in the transaction (a "**Business Combination**"), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "**Surviving Entity**"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least 95% of the voting power, is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity or the parent), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the parent (or, if there is no parent, the Surviving Entity) and (iii) at least a majority of the members of the board of directors of the parent (or, if there is no parent, the Surviving Entity) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) of this paragraph (b) shall be deemed to be a "**Non-Qualifying Transaction**");

- (c) individuals who, on the Effective Date, constitute the Board (the "**Incumbent Directors**") cease for any reason to constitute at least a majority of the Board within any twenty-four (24) month period; provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the Company's proxy statement in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;
- (d) the consummation of a sale of all or substantially all of the Company's assets (other than to an Affiliate); or
- (e) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding;

provided that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person (and in all cases results in beneficial ownership of more than 50% of the Company Voting Securities), a Change of Control shall then occur.

2.8 “Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.9 “Committee” means the Restructuring and Executive Compensation Committee of the Board (as constituted from time to time, and including any successor committee) or any other committee designated by the Board to administer this Plan. To the extent applicable, the Committee shall have at least two members, each of whom shall be (i) a Non-Employee Director, (ii) an Outside Director, and (iii) an “independent director” within the meaning of the listing requirements of the New York Stock Exchange.

2.10 “Company” means Eastman Kodak Company, a New Jersey corporation, and any successor thereto.

2.11 “Covered Employee” means for any fiscal year of the Company, a Participant designated by the Company as a potential “covered employee” as such term is defined in Section 162(m) of the Code.

2.12 “Director” means a member of the Board who is not an Employee.

2.13 “Dividend Equivalent Right” means a dividend equivalent right under Article 10 of the Plan.

2.14 “Effective Date” means the date set forth in Section 16.19.

2.15 “Employee” means an officer or other employee of the Company, a Subsidiary or Affiliate, including a member of the Board who is an employee of the Company, a Subsidiary or Affiliate.

2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

2.17 “Fair Market Value” means, as of any date, the per-Share value determined as follows:

- (a) The closing price of a Share on a recognized U.S. national exchange or any established over-the-counter trading system on which dealings take place, or if no trades were made on any such day, the immediately preceding day on which trades were made; or
- (b) In the absence of an established market for the Shares of the type described in (a) above, the per Share value determined by the Committee in good faith and in accordance with applicable provisions of Section 409A.

2.18 “Good Reason” means (i) with respect to a Participant employed pursuant to a written employment agreement that includes a definition of “Good Reason”, “Good Reason” as defined in such agreement or (ii) with respect to any other Participant, in the absence of written consent of such Participant, the occurrence of any of the following:

- (a) a reduction, in the aggregate, of the Participant's base salary and target annual cash bonus compensation (including variable and other incentives) or sales and commission opportunities, as applicable, as in effect immediately prior to a Change of Control (or as the same may be increased from time to time thereafter) by more than 10%; or
- (b) reassignment of the Participant's primary work site to a new primary work site that increases his or her one-way commute to work by more than 35 miles, unless the Participant is in a position where periodic reassignment is standard practice.

Notwithstanding the foregoing, a termination for Good Reason shall not have occurred unless (i) the Participant gives written notice to the Company of termination of employment within 30 days after the Participant first becomes aware of the occurrence of the circumstances constituting Good Reason, specifying in detail the circumstances constituting Good Reason, and the Company has failed within 30 days after receipt of such notice to cure the circumstances constituting Good Reason, and (ii) the Participant's "separation from service" (within the meaning of Code section 409A) occurs no later than two years following the initial existence of the circumstances giving rise to Good Reason.

2.19 "Incentive Stock Option" means an Option intended to meet the requirements of an incentive stock option as defined in Section 422 of the Code and designated as an Incentive Stock Option.

2.20 "Non-Employee Director" means a person defined in Rule 16b-3(b)(3) promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission.

2.21 "Nonqualified Stock Option" means an Option that is not an Incentive Stock Option.

2.22 "Other Stock-Based Award" means any right granted under Article 11 of the Plan.

2.23 "Option" means any stock option granted under Article 6 of the Plan.

2.24 "Option Price" means the purchase price per Share subject to an Option, as determined pursuant to Section 6.2 of the Plan.

2.25 "Outside Director" means a member of the Board who is an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.

2.26 "Participant" means any eligible person as set forth in Section 4.1 to whom an Award is granted.

2.27 "Performance-Based Compensation" means compensation under an Award that is intended to constitute "qualified performance-based compensation" within the meaning of the regulations promulgated under Section 162(m) of Code or any successor provision.

2.28 "Performance Measures" means measures as described in Section 12.2 on which the performance goals are based in order to qualify Awards as Performance-Based Compensation.

2.29 “Performance Period” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.

2.30 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

2.31 “Plan of Reorganization” means that certain Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code by the Company and certain of its Subsidiaries filed with the United States Bankruptcy Court for the Southern District of New York on April 30, 2013, as amended.

2.32 “Restricted Stock Award” means any Award granted under Article 8 of the Plan.

2.33 “Restricted Stock Unit” means any restricted stock unit granted under Article 9 of the Plan.

2.34 “Restriction Period” means the period during which a Restricted Stock Award is subject to forfeiture.

2.36 “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance relating thereto, in each case as they may be from time to time amended or interpreted through further administrative guidance.

2.37 “Service” means service as an Employee or Director.

2.38 “Share” means a share of common stock of the Company, par value \$0.01 per share, or such other class or kind of shares or other securities resulting from the application of Article 14 hereof.

2.39 “Stock Appreciation Right” means any right granted under Article 7 of the Plan.

2.40 “Subsidiary” means any corporation, partnership, limited liability company or other legal entity of which the Company, directly or indirectly, owns stock or other equity interests possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity interests (as determined in a manner consistent with Section 409A).

Article 3. Administration

3.1 Authority of the Committee. The Plan shall be administered by the Committee, which shall have full power to interpret and administer the Plan and Award Agreements and full authority to select the Employees and Directors to whom Awards will be granted, and to determine the type and amount of Awards to be granted to each such Employee or Director, and the terms and conditions of Awards and Award Agreements. Without limiting the generality of the foregoing, the Committee may, in its sole discretion but subject to the limitations in Articles 12 and 14, clarify, construe or resolve any ambiguity in any provision of the Plan or any Award Agreement, extend the term or period of exercisability of any Awards, or waive any terms or conditions applicable to any Award. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or any of its

Subsidiaries or Affiliates or a company acquired by the Company or with which the Company combines. The Committee shall have full and exclusive discretionary power to adopt rules, forms, instruments, and guidelines for administering the Plan as the Committee deems necessary or proper. All actions taken and all interpretations and determinations made by the Committee or by the Board (or any other committee or sub-committee thereof), as applicable, shall be final and binding upon the Participants, the Company, and all other interested individuals.

3.2 Delegation. The Committee may delegate to one or more of its members or one or more executive officers of the Company such duties or powers as it may deem advisable; provided that no delegation shall be permitted under the Plan that is prohibited by applicable law or applicable rules and regulations of the New York Stock Exchange; and provided further that no delegation shall permit an executive officer of the Company to grant, amend, cancel or suspend Awards granted to a Director or an executive officer of the Company. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards or administer the Plan. In any such case, the Board will have all of the authority and responsibility granted to the Committee herein.

Article 4. Eligibility and Participation

4.1 Eligibility. Participants will consist of such Employees and Directors as the Committee in its sole discretion determines and whom the Committee may designate from time to time to receive Awards. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year.

4.2 Type of Awards. Awards under the Plan may be cash-based or stock-based. Stock-based Awards may be in the form of any of the following: (i) Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock Awards, (iv) Restricted Stock Units, (v) Dividend Equivalent Rights, (vi) Other Stock-Based Awards, and (vii) Performance-Based Compensation Awards. Cash-based Awards may be in the form of (i) Performance-Based Compensation and (ii) other cash awards (including, without limitation, retainers and meeting-based fees) that the Committee determines to be consistent with the purposes of the Plan and the interests of the Company. The Plan sets forth the types of performance goals and sets forth procedural requirements to permit the Company to design Awards that qualify as Performance-Based Compensation, as described in Article 12 hereof. Awards granted under the Plan shall be evidenced by Award Agreements (which need not be identical) that provide additional terms and conditions associated with such Awards, as determined by the Committee in its sole discretion; provided, however, that in the event of any conflict between the provisions of the Plan and any such Award Agreement, the provisions of the Plan shall prevail.

Article 5. Shares Subject to the Plan and Maximum Awards

5.1 General. Subject to adjustment as provided in Article 14 hereof, the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan shall be equal to 4,792,480. The number of Shares available for granting Incentive Stock Options under the Plan shall not exceed 2,000,000, subject to Article 14 hereof and the provisions of Sections 422 or 424 of the Code and any successor provisions. The Shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued Shares or treasury Shares. Shares issued in connection with awards that are assumed, converted or substituted as a result of the Company's acquisition of another company (including by way of merger, combination or similar

transaction) ("**Acquisition Awards**") will not count against the number of Shares that may be granted under the Plan.

5.2 Share Counting. The number of shares of Common Stock granted under the Plan per year will be determined as follows: (i) each Restricted Stock Award, Restricted Stock Unit and similar Award will count as 1 share of Common Stock and (ii) each Option, Stock Appreciation Right and similar Award will count as a fraction of a share of Common Stock, based on the financial value of each such Award relative to a share of Common Stock, as determined by the Committee promptly after the Effective Date.

5.3 Director Awards. Aggregate Awards to any one Director in respect of a calendar year may not exceed a number of Awards with a grant date fair value of \$900,000 (computed as of the date of grant in accordance with applicable financial accounting rules).

5.4 Additional Shares. In the event that any outstanding Award expires, is forfeited, cancelled or otherwise terminated without the issuance of Shares or is otherwise settled for cash, the Shares subject to such Award (counted in accordance with Section 5.2 of the Plan), to the extent of any such forfeiture, cancellation, expiration, termination or settlement for cash, shall again be available for Awards. Additionally, any shares delivered to the Company or withheld by the Company in payment or satisfaction of the tax withholding obligation of an Award (other than an Option or Stock Appreciation Right) shall again be available for Awards. If the Committee authorizes the assumption under this Plan, in connection with the acquisition of another company (whether by way of merger, consolidation, acquisition of all or substantially all of the assets, acquisition of stock, or reorganization), of awards granted under a plan maintained by such company prior to the acquisition of such company, such assumption shall not reduce the maximum number of Shares available for issuance under this Plan.

Article 6. Stock Options

6.1 Grant of Options. The Committee is hereby authorized to grant Options to Participants. Each Option shall permit a Participant to purchase from the Company a stated number of Shares at an Option Price established by the Committee, subject to the terms and conditions described in this Article 6 and to such additional terms and conditions as established by the Committee, in its sole discretion, that are consistent with the provisions of the Plan. Options shall be designated as either Incentive Stock Options or Nonqualified Stock Options; provided that Options granted to Directors shall only be Nonqualified Stock Options. An Option granted as an Incentive Stock Option shall, to the extent it fails to qualify as an Incentive Stock Option, be treated as a Nonqualified Stock Option. Neither the Committee, the Company, any of its Subsidiaries or Affiliates, nor any of their employees and representatives shall be liable to any Participant or to any other Person if it is determined that an Option intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. Each Option shall be evidenced by an Award Agreement which shall state the number of Shares covered by such Option. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

6.2 Terms of Option Grant. The Option Price shall be determined by the Committee at the time of grant, but, except as otherwise permitted by Article 14 or in the case of an Acquisition Award, shall not be less than one-hundred percent (100%) of the Fair Market Value of a Share on the date of grant.

6.3 Option Term. The term of each Option shall be determined by the Committee at the time of grant and shall be stated in the Award Agreement, but in no event shall such term be greater than ten (10) years.

6.4 Method of Exercise. Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Article 6, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii), (iii) or (iv) of the following sentence (including the applicable tax withholding pursuant to Section 16.4 of the Plan). The aggregate Option Price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by cashier's check), (ii) to the extent permitted by the Committee, in Shares previously owned by the Participant having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares (as described in (ii) above) or (iv) in consideration received by the Company under a cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.

6.5 Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to employees of the Company or of a "parent corporation" or "subsidiary corporation" (as such terms are defined in Section 424 of the Code) at the date of grant. The aggregate Fair Market Value (generally determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all plans of the Company and of any "parent corporation" or "subsidiary corporation" shall not exceed one hundred thousand dollars (\$100,000), or the Option shall be treated as a Nonqualified Stock Option. For purposes of the preceding sentence, Incentive Stock Options will be taken into account generally in the order in which they are granted. Each provision of the Plan and each Award Agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

6.6 Performance Goals. The Committee may condition the grant of Options or the vesting of Options upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Option to such Participant or the Option shall not vest, as applicable.

6.7 Individual Limitations. No Employee may be granted Options or Stock Appreciation Rights covering in excess of 2,000,000 Shares in any calendar year (with tandem Options and Stock Appreciation Rights being counted only once with respect to this limit), subject to adjustment as provided in Article 14 hereof.

Article 7. Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants, including a grant of Stock Appreciation Rights in tandem with any Option at the same time such Option is granted (a "**Tandem SAR**"). Stock Appreciation Rights shall be evidenced by Award Agreements that shall

conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of a specified number of Shares on the date of exercise over (ii) the grant price of the right as specified by the Committee on the date of the grant. Such payment may be in the form of cash, Shares, other property or any combination thereof, as the Committee shall determine in its sole discretion.

7.2 Terms of Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price (which shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant, except as otherwise permitted by Article 14 or in the case of an Acquisition Award), term, methods of exercise, methods of settlement, and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such other conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate. No Stock Appreciation Right shall have a term of more than ten (10) years from the date of grant.

7.3 Tandem Stock Appreciation Rights and Options. A Tandem SAR shall be exercisable only to the extent that the related Option is exercisable and shall expire no later than the expiration of the related Option. Upon the exercise of all or a portion of a Tandem SAR, a Participant shall be required to forfeit the right to purchase an equivalent portion of the related Option (and, when a Share is purchased under the related Option, the Participant shall be required to forfeit an equivalent portion of the Stock Appreciation Right).

7.4 Individual Limitations. No Employee may be granted Options or Stock Appreciation Rights covering in excess of 2,000,000 Shares in any calendar year (with tandem Options and Stock Appreciation Rights being counted only once with respect to this limit), subject to adjustment as provided in Article 14 hereof.

Article 8. Restricted Stock Award

8.1 Grant of Restricted Stock Award. The Committee is hereby authorized to grant a Restricted Stock Award consisting of a specified number of Shares to a Participant, which Shares are subject to forfeiture upon the occurrence of specified events. Each Restricted Stock Award shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

8.2 Terms of Restricted Stock Awards. Each Award Agreement evidencing a Restricted Stock Award grant shall specify the period(s) of restriction, the number of Shares underlying the Restricted Stock Award, the performance, employment or other conditions (including the termination of a Participant's Service whether due to death, disability or other reason) under which the Restricted Stock Award may be forfeited to the Company and such other provisions, as the Committee shall deem advisable. At the end of the Restriction Period, the restrictions imposed hereunder and under the Award Agreement shall lapse with respect to the number of Shares underlying the Restricted Stock Award as determined by the Committee, and the legend shall be removed and such number of Shares delivered to the Participant (or, where appropriate, the Participant's legal representative).

8.3 Voting and Dividend Rights. Unless otherwise provided in an Award Agreement, Participants shall have none of the rights of a shareholder of the Company

with respect to the Shares underlying the Restricted Stock Award until the end of the Restricted Period; provided that Participants shall have the right to vote and receive dividends on the Shares underlying the Restricted Stock Award during the Restriction Period. Dividends shall be paid to Participants at the same time that other shareholders of common stock of the Company receive such dividends. Notwithstanding the foregoing, no dividends will be paid at a time when any performance-based goals that apply to a Restricted Stock Award have not been satisfied; until such goals are satisfied, all dividends paid upon the Shares underlying the Restricted Stock Award shall be retained by the Company for the account of the Participant and paid to the Participant (without interest) upon satisfaction of such goals and revert back to the Company if such goals are not satisfied.

8.4 Performance Goals. The Committee may condition the grant of a Restricted Stock Award or the expiration of the Restriction Period upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Restricted Stock Award to such Participant or the Participant shall forfeit the Restricted Stock Award to the Company, as applicable.

8.5 Section 83(b) Election. A Participant may only make an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award with the prior written consent of the Company, which may be withheld in its sole discretion. In the event that a Participant makes such an election, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9. Restricted Stock Units

9.1 Grant of Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock Units to a Participant in such amounts and subject to such terms and conditions as the Committee may determine. Restricted Stock Units shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

9.2 Terms of Restricted Stock Units. With respect to a Restricted Stock Unit, a Participant will have only the rights of a general unsecured creditor of the Company until delivery of Shares, cash or other securities or property is made as specified in the applicable Award Agreement. The terms and conditions set forth by the Committee in the applicable Award Agreement may relate to vesting and nontransferability restrictions that will lapse upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives, as determined by the Committee at the time of grant. On the delivery date specified in the Award Agreement, with respect to each Restricted Stock Unit not previously forfeited or terminated, the Participant will receive one Share, cash or other securities or property equal in value to a Share or a combination thereof, as specified by the Committee.

Article 10. Dividend Equivalent Rights

10.1 Grant of Dividend Equivalent Rights. The Committee, in its sole discretion, may include in the Award Agreement with respect to any Award, other than Options and Stock Appreciation Rights, a dividend equivalent right entitling the Participant to receive amounts equal to all or any portion of the regular cash dividends that would be paid on the Shares covered by such Award if such Shares had been delivered pursuant to such Award.

10.2 Terms of Dividend Equivalent Rights. With respect to a dividend equivalent right, a Participant will have only the rights of a general unsecured creditor of the Company until payment of such amounts is made as specified in the applicable Award Agreement. In the event such a provision is included in an Award Agreement, the Committee will determine whether such payments will be made in cash, in Shares or in another form, whether they will be conditioned upon the exercise of the Award to which they relate, the time or times at which they will be made, and such other terms and conditions as the Committee will deem appropriate. Notwithstanding anything to the contrary, no dividends or dividend equivalents will be paid at a time when any performance-based goals that apply to the dividend equivalent right or Award that is granted in connection with a dividend or dividend equivalent right have not been satisfied and will revert back to the Company if such goals are not satisfied.

Article 11. Other Stock-Based Awards

The Committee, in its sole discretion, may grant Awards of Shares and Awards that are valued, in whole or in part, by reference to, or are otherwise based on the Fair Market Value of, Shares (the “**Other Stock-Based Awards**”), including without limitation, phantom awards. Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards, whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares, and all other terms and conditions of such Awards.

Article 12. Performance-Based Compensation

12.1 Grant of Performance-Based Compensation. To the extent permitted by Section 162(m) of the Code, the Committee is authorized to design any Award so that the amounts or Shares payable or distributed pursuant to such Award are treated as “qualified performance-based compensation” within the meaning of Section 162(m) of the Code and related regulations. Nothing in the Plan shall be construed to require the Committee or the Board to grant Awards that satisfy the requirements of Section 162(m).

12.2 Performance Measures. The vesting, crediting and/or payment of Performance-Based Compensation shall be based on the achievement of objective performance goals based on one or more of the following Performance Measures that may constitute non-GAAP measures: return on assets; return on net assets; return on equity; return on shareholders’ equity; return on invested capital; return on capital; total shareholder return; share price; improvement in and/or attainment of expense levels; improvement in and/or attainment of cost levels, selling, general and administrative expense (SG&A); SG&A as a percent of revenue; costs as a percent of revenue; productivity objectives; unit manufacturing costs; gross profit margin; operating margin; cash margin; earnings per share; earnings from operations; segment earnings from operations; earnings; earnings before taxes; earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); adjusted EBITDA; EBITDA before corporate costs; operational EBITDA; revenue measures; revenue growth measures; number of units sold; number of units installed; revenue per employee; market share; market position; working capital measures; inventory; accounts receivable; accounts payable; cash

conversion cycle; cash flow; cash generation; cash generation before restructuring; cash generation before restructuring and pension and other post-employment benefits payments; cash generation before non-recurring intellectual property; net cash generation; proceeds from asset sales; free cash flow; investable cash flow; operating cash flow; cash flow provided by operating activities; capital expenditures; capital structure measures; cash balance; debt levels; equity levels; leverage ratio; secured leverage ratio; fixed charge coverage ratio; economic value added models; technology milestones; commercialization milestones; customer metrics; customer satisfaction; consumable burn rate; installed base; repeat customer orders; acquisitions; divestitures; employee metrics; employee engagement; employee retention; employee attrition; workforce diversity; and diversity initiatives, in each case, measured either annually or cumulatively over a period of years, on an absolute basis and/or relative to a pre-established target and/or plan, to previous years' results, as a percentage of revenue, and/or to a designated comparison group.

Any Performance Measure may be used to measure the performance of the Company and/or any of its Subsidiaries or Affiliates as a whole, any business unit, division, strategic product group, segment or product line thereof or any combination thereof against any goal including past performance. Subject to Section 162(m) of the Code, the Committee may adjust the performance goals (including to prorate goals and payments for a partial calendar year) in the event of the following occurrences: (i) non-recurring events, including divestitures, spin-offs, or changes in applicable laws, regulations, accounting standards or policies; (ii) mergers and acquisitions; and (iii) financing transactions.

12.3 Establishment of Performance Goals for Covered Employees. No later than ninety (90) days after the commencement of a Performance Period (but in no event after twenty-five percent (25%) of such Performance Period has elapsed), the Committee shall establish in writing: (i) the performance goals applicable to the Performance Period; (ii) the Performance Measures to be used to measure the performance goals in terms of an objective formula or standard; (iii) the formula for computing the amount of compensation payable to the Participant if such performance goals are obtained; and (iv) the Participants or class of Participants to which such performance goals apply. The outcome of such performance goals must be substantially uncertain when the Committee establishes the goals.

12.4 Adjustment of Performance-Based Compensation. Awards that are designed to qualify as Performance-Based Compensation may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

12.5 Certification of Performance. Except for Awards that pay compensation attributable solely to an increase in the value of Shares, no Award designed to qualify as Performance-Based Compensation shall be vested, credited or paid, as applicable, with respect to any Participant until the Committee certifies in writing that the performance goals and any other material terms applicable to such Performance Period have been satisfied.

12.6 Maximum Award Payable. Notwithstanding any provision contained in this Plan to the contrary, the maximum number of Performance-Based Compensation Awards that may be granted to any one Employee under the Plan in any calendar year is 1,000,000 Shares or, in the event such Performance-Based Award is paid in cash, \$2,500,000. Furthermore, any Performance-Based Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to a Performance-Based Compensation Award that is payable in cash, by a measuring factor for each calendar year greater than a reasonable

rate of return set by the Committee, or (ii) with respect to a Performance-Based Award that is payable in Shares, by an amount greater than the appreciation of a Share from the date such Award is deferred to the payment date. For the avoidance of doubt, the limit set forth in this Section 12.6 is subject to adjustment in accordance with Article 14.

12.7 Interpretation. Each provision of the Plan and each Award Agreement relating to Performance-Based Compensation shall be construed so that each such Award shall be “qualified performance-based compensation” within the meaning of Section 162(m) of the Code and related regulations, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

Article 13. Section 409A

13.1 The Board and the Committee shall have full authority to give effect to any statement in an Award Agreement to the effect that an Award is intended to be “deferred compensation” subject to Section 409A, to be exempt from Section 409A or to have other intended treatment under Section 409A and/or other provision of the Code. To the extent necessary to give effect to this authority, in the case of any conflict or potential inconsistency between the Plan and a provision of any Award or Award Agreement with respect to the subject matter of this paragraph, the Plan shall govern.

13.2 Without limiting the generality of Section 13.1, with respect to any Award made under the Plan that is intended to be “deferred compensation” subject to Section 409A: (i) references to termination of the Participant’s employment will mean the Participant’s separation from service with the Company within the meaning of Section 409A; (ii) any payment to be made with respect to such Award in connection with the Participant’s separation from service with the Company within the meaning of Section 409A that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after the Participant’s separation from service (or earlier death) in accordance with the requirements of Section 409A; (iii) to the extent necessary to comply with Section 409A, any cash, other securities, other Awards or other property that the Company may deliver in lieu of Shares in respect of an Award shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with the requirements of Section 409A); (iv) if the Award includes a “series of installment payments” (within the meaning of Section 1.409A-2(b)(2)(iii) of the regulations promulgated under the Code), the Participant’s right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment; (v) if the Award includes “dividend equivalents” (within the meaning of Section 1.409A-3(e) of the regulations promulgated under the Code), the Participant’s right to the dividend equivalents shall be treated separately from the right to other amounts under the Award; and (vi) unless the Committee determines otherwise, for purposes of determining whether the Participant has experienced a separation from service with the Company within the meaning of Section 409A, “subsidiary” shall mean a corporation or other entity in a chain of corporations or other entities in which each corporation or other entity, starting with the Company, has a controlling interest in another corporation or other entity in the chain, ending with such corporation or other entity. For purposes of the preceding sentence, the term “controlling interest” has the same meaning as provided in Section 1.414(c)-2(b)(2)(i) of the regulations promulgated under the Code; provided that the language “at least 20 percent” is used instead of “at least 80 percent” each place it appears in Section 1.414(c)-2(b)(2)(i) of the regulations promulgated under the Code.

Article 14. Adjustments

14.1 Adjustments in Authorized Shares. In the event of any corporate event or transaction involving the Company, a Subsidiary and/or an Affiliate (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of Shares, exchange of Shares, dividend in kind, amalgamation, or other like change in capital structure (other than regular cash dividends to shareholders of the Company), or any similar corporate event or transaction, the Committee, to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust (in each case in such manner as it deems equitable or appropriate) the number and kind of Shares or other property (including cash) that may be issued under the Plan or under particular forms of Awards, the number and kind of Shares or other property (including cash) subject to outstanding Awards, the Option Price, grant price or purchase price applicable to outstanding Awards, any individual Award limits, and/or other value determinations applicable to the Plan or outstanding Awards.

14.2 Change of Control. Upon the occurrence of a Change of Control after the Effective Date, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges or unless the Committee shall determine otherwise in the Award Agreement, the Committee shall make one or more of the following adjustments to the terms and conditions of outstanding Awards to the extent determined by the Committee to be permitted under Section 409A: (i) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same terms for such outstanding Awards; (iii) accelerated exercisability, vesting and/or lapse of restrictions under outstanding Awards immediately prior to the occurrence of such event; (iv) upon written notice, provide that any outstanding Awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event, or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such Awards shall terminate to the extent not so exercised within the relevant period; (v) cancellation of all or any portion of outstanding Awards for fair value (as determined in the sole discretion of the Committee and which may be zero) which, in the case of Options and Stock Appreciation Rights or similar Awards, if the Committee so determines, may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Awards (or, if no such consideration is paid, Fair Market Value of the Shares subject to such outstanding Awards or portion thereof being canceled) over the aggregate Option Price or grant price, as applicable, with respect to such Awards or portion thereof being canceled (which may be zero) and (vi) such other adjustment as determined appropriate by the Committee. The Company shall have no liability to any Participant or otherwise if the Plan or any Award, vesting, exercise or payment of any Award hereunder is subject to the additional tax and penalties under Section 409A or any other Code section.

Article 15. Duration, Amendment

15.1 Duration of the Plan. Unless sooner terminated as provided in Section 15.2, the Plan shall terminate on the tenth (10th) anniversary of the Effective Date; provided that all Awards made under the Plan before its termination will remain in effect

until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements.

15.2 Amendment. The Committee may from time to time amend, alter, suspend, discontinue, or terminate the Plan or an Award in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any Participant; provided that, subject to Section 14.1 or as otherwise specifically provided in the Plan, no amendment shall materially adversely impair the rights of a Participant under any Award without such Participant's consent.

Unless otherwise determined by the Committee, shareholder approval of any amendment, alteration, suspension or discontinuance will be obtained only to the extent necessary to comply with any applicable laws; provided that shareholder approval will be required for any amendment to the Plan that, in each case as reasonably determined by the Committee: (i) increases the number of Shares available under the Plan (other than an increase permitted under Article 5 absent shareholder approval); (ii) expands the types of Awards available under the Plan; (iii) materially extends the term of the Plan; (iv) materially changes the method of determining the Option Price or grant price per Share for Stock Appreciation Rights; or (v) except as permitted pursuant to Article 14, reduces the Option Price or grant price per Share, as applicable, of any outstanding Options or Stock Appreciation Rights, including through amendment, cancellation in exchange for the grant of a substitute Award (in each case that has the effect of reducing the Option Price or grant price per Share, as applicable) or repurchase for cash or other consideration.

Article 16. General Provisions

16.1 No Right to Service. The granting of an Award under the Plan shall impose no obligation on the Company, any Subsidiary or any Affiliate to continue the Service of a Participant and shall not lessen or affect any right that the Company, any Subsidiary or any Affiliate may have to terminate the Service of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

16.2 Foreign Jurisdictions. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practices and to further the purposes of the Plan, the Committee may, without amending the Plan, establish special rules applicable to Awards to Participants who are foreign nationals, are employed outside of the United States or both and grant Awards (or amend existing Awards) in accordance with those rules.

16.3 Settlement of Awards; Fractional Shares. Each Award Agreement shall establish the form in which the Award shall be settled. The Committee shall determine whether cash, Awards, other securities or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be rounded, forfeited or otherwise eliminated.

16.4 Tax Withholding. The Company shall have the power and the right to deduct or withhold (or cause to be deducted or withheld) from any amount deliverable under the Award or otherwise (including Shares otherwise deliverable), or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. With respect to required

withholding, Participants may elect (subject to the Company's automatic withholding right set out above) to satisfy the withholding requirement, in whole or in part, (i) by having the Company withhold Shares or (ii) through an independent broker-dealer arrangement to sell a sufficient number of Shares, in each case, having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

16.5 No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any Person regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any Person with respect to any Award under Section 409A or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

16.6 Non-Transferability of Awards. Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant except in the event of his death (subject to the applicable laws of descent and distribution) and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate. No transfer shall be permitted for value or consideration. An award exercisable after the death of a Participant may be exercised by the heirs, legatees, personal representatives or distributees of the Participant. Any permitted transfer of the Awards to heirs, legatees, personal representatives or distributees of the Participant shall not be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the applicable Award Agreement and this Plan.

16.7 Conditions and Restrictions on Shares. The Committee may impose such other conditions or restrictions on any Shares received in connection with an Award as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received for a specified period of time or a requirement that a Participant represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any conditions and restrictions applicable to such Shares.

16.8 Clawback/Recoupment. Awards under the Plan shall be subject to the clawback or recoupment policy, if any, that the Company may adopt from time to time, whether before or after the grant of such Awards, to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that the Awards be repaid to the Company after they have been distributed or paid to the Participant.

16.9 Other Payments or Awards. Nothing contained in the Plan will be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect. In addition, Section 5.1 (as adjusted by Article 14) sets forth the only limit on the aggregate amount of securities that may be delivered pursuant to this Plan.

16.10 Compliance with Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies, or any stock exchanges on which the Shares are

admitted to trading or listed, as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national, state or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

The restrictions contained in this Section 16.10 shall be in addition to any conditions or restrictions that the Committee may impose pursuant to Section 16.7. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company, its Subsidiaries and Affiliates, and all of their employees and representatives of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

16.11 Rights as a Shareholder. Except as otherwise provided herein or in the applicable Award Agreement, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

16.12 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

16.13 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Subsidiaries or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other Person. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts.

16.14 No Constraint on Corporate Action. Nothing in the Plan shall be construed to (i) limit, impair, or otherwise affect the Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets, or (ii) limit the right or power of the Company to take any action which such entity deems to be necessary or appropriate.

16.15 Liability. No member of the Board or the Committee or any employee of the Company, a Subsidiary or Affiliate (each such person an "**Indemnified Person**") shall

have any liability to any person (including, without limitation, any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Indemnified Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnified Person in connection with or resulting from any action, suit or proceeding to which such Indemnified Person may be a party or in which such Indemnified Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Indemnified Person, with the Company's prior approval, in settlement thereof, or paid by such Indemnified Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnified Person, provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel chosen by the Company. The foregoing right of indemnification shall not be available to an Indemnified Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Indemnified Person giving rise to the indemnification claim resulted from such Indemnified Person's bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Indemnified Persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

16.16 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

16.17 Governing Law. THE PLAN WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

16.18 Data Protection. By participating in the Plan, the Participant consents to the collection, processing, transmission and storage by the Company in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of introducing and administering the Plan. The Company may share such information with any Subsidiary or Affiliate, the trustee of any employee benefit trust, its registrars, trustees, brokers, other third-party administrator or any Person who obtains control of the Company or acquires the Company, undertaking or part-undertaking which employs the Participant, wherever situated.

16.19 Effective Date. The Plan shall be effective as of the effective date of the Plan of Reorganization (the "**Effective Date**"). The Plan replaces the 1995 Omnibus Long Term Compensation Plan, the 1997 Stock Option Plan, the 2000 Omnibus Long Term Compensation Plan, the 2002 Stock Option Plan and the 2005 Omnibus Long-Term Compensation Plan (as may be amended to the Effective Date, the "**Prior Plans**") for Awards granted on or after the Effective Date. Awards may not be granted under the Prior Plans beginning on the Effective Date, but the Plan will not affect the terms or conditions of any award made under the Prior Plans before the Effective Date.

APPENDIX B

FIRST AMENDMENT TO THE EASTMAN KODAK COMPANY 2013 OMNIBUS INCENTIVE PLAN

The Eastman Kodak Company 2013 Omnibus Incentive Plan (the “**Plan**”) is hereby amended as follows, effective May 22, 2018:

1. Section 5.1 of the Plan is hereby amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan from 4,792,480 to 5,792,480.
2. Section 16.19 of the Plan is hereby amended to replace the first sentence of such section with the following:

“The Plan originally became effective as of the effective date of the Plan of Reorganization, and was amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan effective May 22, 2018 (the “**Effective Date**”).”

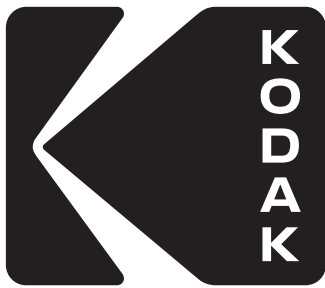
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