

**Eastman Kodak Company 2016 Annual Report on Form 10-K
and Notice of 2017 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, 2016 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, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

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, 2016 was approximately \$171 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 1, 2017 was 42,430,666 shares of common stock.

Eastman Kodak Company
Form 10-K
December 31, 2016

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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 commercializing 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, Micro 3D Printing and Packaging, Software and Solutions, Consumer and Film, Enterprise Inkjet Systems, Intellectual Property Solutions 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, continued 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, including 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 56%, 54% and 51% of total net revenue for the years ended December 31, 2016, 2015 and 2014, 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 10%, 11% and 10% of total net revenue for the years ended December 31, 2016, 2015 and 2014, respectively.

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

Micro 3D Printing and Packaging

The Micro 3D Printing and Packaging segment includes flexographic printing equipment and plates and related consumables and services, as well as printed functional materials and components. Micro 3D Printing seeks to provide innovative printing techniques to customers for both premium marketing applications and manufacturing applications. Because Micro 3D Printing products are in the process of being commercialized, a higher degree of investment is required. Micro 3D Printing and Packaging products are sold directly by Kodak and indirectly through dealers.

- *Micro 3D Printing*

- The Micro 3D Printing products have the potential to offer many advantages over traditionally manufactured products, including lower cost points and avoidance of environmental impacts associated with the mining of a rare metal. Kodak achieved an initial launch into the large format market in 2016, and is making technical advancements to broaden addressable markets in 2017. The touch panel sensor industry is served by many technologies with overlapping applications being fulfilled by multiple suppliers, both global and local.

- *Packaging*

- The Flexographic Packaging business consists of flexographic printing equipment and related consumables and services, which enable graphic customization of a wide variety of packaging materials. The FLEXCEL NX system provides imaging devices to deliver high productivity and consistency, as well as a full tonal range for flexographic printing. 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.

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 whereas Kodak Technology Solutions includes growing product lines that leverage existing Kodak technologies and intellectual property in new applications. The contributions these business initiatives make to earnings is expected to grow with a modest amount of additional investment. Software and Solutions products and services are sold directly by Kodak and indirectly through dealers. Sales in Software and 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 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.

Consumer and Film

The Consumer and Film segment is comprised of three lines of business: Motion Picture, Industrial Films and Chemicals; Consumer Inkjet Solutions; and Consumer Products. Consumer and Film products are distributed directly by Kodak and indirectly through dealers. Two Industrial Films and Chemicals customers represent approximately 30 percent of total Consumer and Film segment revenues.

- *Motion Picture, Industrial Films and Chemicals:*
 - Includes the motion picture film business serving the entertainment and advertising industries. Motion picture products are sold directly to studios, laboratories and independent filmmakers.
 - Offers industrial films, including films used by the electronics industry to produce printed circuit boards. Primary competitors are Fuji and Agfa.
 - The business also includes related component businesses: Polyester Film; Solvent Recovery; and Specialty Chemicals, Inks and Dispersions.
 - Net sales for Motion Picture, Industrial Chemicals and Films accounted for 11%, of total net revenue for each of the years ended December 31, 2016, 2015 and 2014.
- *Consumer Inkjet Solutions:*
 - Involves the sale of ink to an existing installed base of consumer inkjet printers.
- *Consumer Products:*
 - Includes licensing of Kodak brands to third parties and consumer products such as the Super 8 camera. Kodak currently licenses its brand for use with a range of consumer products including batteries, cameras and camera accessories and recordable media. Kodak intends to continue efforts to grow its portfolio of consumer product licenses in order to generate both ongoing royalty streams and upfront payments.

Enterprise Inkjet Systems

The Enterprise Inkjet Systems segment contains a base of customers which use KODAK VERSAMARK printing systems, comprised of inkjet printing heads, inks, head refurbishment services as well as on-site maintenance service from Kodak. Applications of the VERSAMARK printing systems include publishing, transactional, commercial print and direct mail. 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 and books. Key competitors are Canon, Ricoh, Domino and Screen.

Intellectual Property Solutions

The Intellectual Property Solutions segment contains the research laboratories and includes licensing as well as new business development activities related to Kodak's patents and proprietary technology. Through this segment Kodak conducts research and files patent applications with fundamental inventions from the Kodak Research Laboratories, located in the Eastman Business Park in Rochester, New York. Additionally, Kodak continues to file significant numbers of 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. 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 potential for material revenue generation. The Intellectual Property Solutions segment also actively pursues additional revenues via new business development through commercialization partnerships and grants or external investment in commercialization of new technologies and products.

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 over 60 percent of total Eastman Business Park segment revenues

DISCONTINUED OPERATIONS

Discontinued operations of Kodak include the PROSPER Enterprise Inkjet business and the Personalized Imaging and Document Imaging businesses ("PI/DI Business"). Refer to Note 26, "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 two years prior. Electronic components are used in the manufacturing of commercial printers and other electronic devices. Although most electronic components are generally available from multiple sources, certain key electronic components included in the finished goods manufactured by and purchased from Kodak's third party suppliers are obtained from single or limited sources, which may subject Kodak to supply risks.

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

Through the years, Kodak has engaged in extensive and productive efforts in 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 \$40 million in 2016, \$44 million in 2015 and \$64 million in 2014.

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 2016, Kodak employed the full time equivalent of approximately 6,100 people globally, of whom approximately 2,700 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

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

Kodak has significantly reduced its rate of negative operating cash flow over the past three years. The Print Systems segment is its largest segment and has declining revenues and its segment earnings are also expected to decline. Kodak's "stable" and "growth" business segments 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 cash necessary 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 of, or interest on its indebtedness, or to fund Kodak's other liquidity needs, including working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances, restructuring actions and other general corporate requirements.

Kodak's ability to generate cash is subject to general economic, financial, competitive, litigation, regulatory and other factors beyond our 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 incurs 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 intensify.

Kodak has significantly restructured its business and implemented a new segment reporting structure. The restructured Kodak has been in effect for a limited period of time and there are no assurances Kodak will be able to successfully operate as a restructured business.

Kodak has focused its investments on imaging and printing for business, specifically, commercial inkjet, packaging and functional (Micro 3D) printing solutions, and enterprise services and solutions. 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 it will be able to successfully execute all or any elements of its strategy, or 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.

If Kodak is not able to successfully implement its strategic 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 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. Additionally, 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. The 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 plan or achieving the projected results, which could adversely impact its financial results and liquidity. Finally, the timing and implementation of these plans require compliance with numerous laws and regulations, including local labor laws, and the failure to comply with such requirements may result in damages, fines and penalties which could adversely affect Kodak's business.

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. For example, Kodak is in talks with prospective buyers about offers to purchase its Prosper enterprise inkjet business. 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.

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, Micro 3D printing, 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. The success of Kodak's brand can suffer if its marketing plans or product initiatives do not have the desired impact on its brand's image or its ability to attract customers. Its 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 or its brand could generate adverse publicity which could damage the reputation of its brand. Kodak also devotes significant time and resources to programs consistent with its

corporate values 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, micro 3D printing, graphic communications and enterprise services. 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.

If Kodak's 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 will 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's 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
- obtain supplies and materials necessary for the manufacturing process; or
- mitigate the impact of labor shortages and/or disruptions.

Further, even if Kodak honors its payment and other obligations to its key suppliers of products, components and services, such suppliers may choose to unilaterally withhold products, components or services, or demand changes in payment terms. 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 face 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, 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 risks 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 stores and processes personally-identifiable information of its employees and, in some case, its customers. At the same time, the continued occurrence of high-profile data breaches provides evidence of the increasingly hostile information security environment. This environment demands Kodak continuously improve its design and coordination of security controls 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 security, and other practices it follows may not prevent the improper disclosure of personally identifiable 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 which 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. Also, failure by Kodak and its licensee 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 the 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 resulting from the application of fresh start accounting, 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 to 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-conformance 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 State Urban 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'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 and proceedings concerning: commercial, customs, employment, and intellectual property matters, as well as 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, 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 Conflict Minerals Disclosure report on May 31, 2016. 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 sufficiently able to 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 Term Credit Agreements 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 Term Credit Agreements; 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 Term Credit Agreements to be immediately due and payable. Refer to “Risks Related to Kodak’s Business risk factor—There can be no assurance the Company will be able to comply with the terms of its various credit facilities” for a description of additional risks relating to compliance with the covenants under the Credit Agreements.

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 three 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 \$116 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 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. 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;
- 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, including the timing and magnitude of any market recovery.

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.

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, 2017, 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 22% 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.

Further, beginning at the 2017 annual meeting of shareholders of the Company and for as long as they hold any shares of Series A Preferred Stock, the current holders of the Series A Preferred Stock will be 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. Accordingly, it is expected that these current holders will be able to nominate two directors to the Board at the Company's next annual meeting of shareholders, assuming they retain ownership of their shares of Series A Preferred Stock or any common stock into which it may be converted. These current holders also have the right to fill vacancies on the Board created by one of their designees 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 potential 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, or expects to register, 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 and 863,804 shares of common stock issuable upon the exercise of outstanding warrants, and it expects to complete the registration of the resale of 2,000,000 shares of outstanding Series A Preferred Stock and 11,494,200 shares of common stock, subject to anti-dilution adjustments, issuable upon the conversion of outstanding Series A Preferred Stock. 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, or filed a registration statement with respect to, 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 or to be registered for resale may not always coincide with the interests of the other holders of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

As of December 31, 2016, Kodak owned 18 million square feet and leased 3 million square feet of administrative, research and development, manufacturing and marketing facilities in various parts of the world and leased 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.

Micro 3D Printing and Packaging

Rochester, New York
Weatherford, Oklahoma
Yamanashi, Japan
Shanghai, China

Consumer and Film

Rochester, New York
Shanghai, China

Print Systems

Rochester, New York
Columbus, Georgia
Osterode, Germany
Gunma, Japan
Shanghai, China
Xiamen, China
Vancouver, Canada

Enterprise Inkjet Systems

Rochester, New York
Dayton, Ohio
Shanghai, China

Software and Solutions

Vancouver, Canada
(software development)

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 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 located outside of Rochester, New York 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

Subsequent to the Company's Bankruptcy Filing, between January 27, 2012 and March 22, 2012, several putative class action suits were filed in federal court in the Western District of New York against the committees of the Company's Employee Stock Ownership Plan ("ESOP") and Savings and Investment Plan ("SIP"), and certain former and current executives of the Company. The suits were consolidated into a single action brought under the Employee Retirement Income Security Act, styled as *In re Eastman Kodak ERISA Litigation* (the "Action"). The allegations concerned the decline in the Company's stock price and its alleged impact on the ESOP and SIP. Defendants and plaintiffs, individually and as class representatives, entered into a settlement agreement in April of 2016. On October 4, 2016, the court entered an Order and Final Judgment certifying the Action as a binding non-opt-out class action, approving and confirming the settlement agreement and dismissing the Action with prejudice. The settlement agreement became final in November 2016 when the time for any party to appeal the Order and Final Judgment passed. The Company was not a party to the Action and was not obligated to make any payments under the settlement agreement.

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, 2016, Kodak maintained accruals of approximately \$13 million for claims aggregating approximately \$213 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, 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.

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	55	Chief Executive Officer	2014	2014
David E. Bullwinkle	42	Chief Financial Officer and Senior Vice President	2016	2016
Philip Cullimore	51	Senior Vice President	2015	2015
Brad W. Kruchten	57	Senior Vice President	2009	2015
Eric-Yves Mahe	54	Senior Vice President	2015	2015
John O'Grady	53	Senior Vice President	2016	2016
Steven Overman	48	Senior Vice President	2015	2015
Eric H. Samuels	49	Chief Accounting Officer and Corporate Controller	2009	2009
Terry R. Taber	62	Senior Vice President	2009	2010
Sharon E. Underberg	55	General Counsel, Secretary, and Senior Vice President	2015	2015

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 2012. From 2012 to 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 March 2016, Clarke joined the board of directors of Autodesk, Inc., a leader in 3D design, engineering and entertainment software. Clarke served on the board of directors of Red Hat, Inc., an enterprise software company, from November 2008 through August 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 Chief Financial Officer and Senior Vice President of Kodak. The Board of Directors elected Bullwinkle to this position effective July 2016. Bullwinkle reports to Chief Executive Officer Jeff Clarke.

Bullwinkle is responsible for Kodak's financial strategy and all functions within Kodak's Finance organization. Purchasing, credit and collections, and internal audit also report to the CFO office under Bullwinkle.

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, Director of Investor Relations and Vice President, Finance at Kodak from 2010 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. He holds 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.

Philip Cullimore

Effective January 1, 2015, Philip Cullimore is President of the Enterprise Inkjet Systems Division, which serves existing and future commercial inkjet printing customers, and President of the Micro 3D Printing and Packaging Division, which serves packaging customers and display original equipment manufacturer ("OEM") partners with products such as KODAK FLEXCEL NX Systems and Plates, legacy packaging solutions, and touch sensor films. He reports to Chief Executive Officer Jeff Clarke.

The Board of Directors elected Cullimore a senior vice president effective January 2015.

From December 2010 to December 2014, Cullimore was Regional Managing Director, Europe, Africa and Middle East Region (EAMER) and Chairman Eastman Kodak Sàrl.

During Cullimore's 16 years at Kodak, he has directed Kodak's strategy in the photographic printing market and taken responsibility for Kodak's Wide Format Printer and Inks participation at ENCAD Inc., with assignments in the U.K., U.S., and Switzerland.

Prior to rejoining Kodak in 2000, Cullimore's career included periods as U.K. Managing Director for Purup-Eskofot and Worldwide Business Director for Workflow Software at Fujifilm Electronic Imaging. He also founded, grew, and sold two software businesses during the 1990s.

Cullimore holds a B. S. Honours Degree in Physics and Environmental Sciences from the University of East Anglia.

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 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. 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 January 1, 2016, John O'Grady is General Manager, Worldwide Sales, Print Systems Division. In this role, O'Grady manages 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. He reports to Chief Executive Officer Jeff Clarke and Brad Kruchten, President, Print Systems Division.

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 then a senior vice president in August 2016.

O'Grady joined Kodak in 1997 following a 12-year career at Verbatim, and has held key business development and regional management positions in Kodak's digital imaging businesses.

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

Steven Overman

Effective January 1, 2015, Steven Overman is President of the Consumer and Film Division and Kodak's Chief Marketing Officer. He reports to Chief Executive Officer Jeff Clarke.

As President of the Consumer and Film Division, Overman leads Kodak's most consumer-facing division, with responsibility for consumer inkjet solutions, motion picture and commercial films, synthetic chemicals, and consumer products. This division is responsible for the exploration of other potential initiatives in the consumer space.

In his Chief Marketing Officer role, 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 of the company's stakeholders. The Board of Directors elected him a senior vice president effective January 2015.

Overman previously 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. He also 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. He was among the first employees at *Wired*.

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

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. He 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 joined Kodak in 1980. In January 2009, he was named Chief Technical Officer, a position he currently holds. The Board of Directors elected him a corporate vice president in December 2008, and then a senior vice president in December 2010. Effective January 1, 2015, Taber was named President of the newly created Intellectual Property Solutions segment, which contains the research laboratories and includes licensing as well as new business development activities related to Kodak's patents and proprietary technology. He reports to Chief Executive Officer Jeff Clarke.

Taber was previously the Chief Operating Officer of Kodak's Image Sensor Solutions ("ISS") business, a leading developer of advanced CCD and CMOS sensors serving imaging and industrial markets. Prior to joining ISS in 2007, Taber held a series of senior positions in Kodak's research and development and product organizations. During his 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. He then became a program manager for several film products before completing the Sloan Fellows program at the Massachusetts Institute of Technology ("MIT"). He returned from MIT to become the worldwide consumer film business product manager from 1999 to 2002, and then became an Associate Director of R&D from 2002 to 2005, followed by a position as the director of Materials & Media R&D from 2005 to 2007.

Taber received a B.S. degree in Chemistry from Purdue University and a Ph.D. in Organic Chemistry from the California Institute of Technology. He also received an M.S. in General Management from MIT as a Kodak Sloan Fellow. Taber was a Board Member of the Innovation & Material Sciences Institute and serves on the Executive Advisory Board of FIRST Rochester (For Inspiration and Recognition of Science and Technology). He also serves on the Executive Committee of the 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 has been an attorney with Kodak for over 27 years, previously serving as Deputy General Counsel and Vice President, Legal Department from September 2014 to January 2015, and as Assistant General Counsel and Vice President, Legal Department, from June 2006 until September 2014. For much of her tenure with Kodak, she has specialized in global commercial transactions, particularly acquisitions, divestitures, joint ventures and corporate financings. Underberg 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. 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.

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.

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, 2016.

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:	2016		2015	
	High	Low	High	Low
1st Quarter	\$ 12.47	\$ 7.56	\$ 22.17	\$ 17.80
2nd Quarter	\$ 16.80	\$ 10.00	\$ 20.97	\$ 16.54
3rd Quarter	\$ 17.29	\$ 14.01	\$ 16.92	\$ 13.25
4th Quarter	\$ 17.30	\$ 13.87	\$ 17.31	\$ 10.75

DIVIDEND INFORMATION

No dividends on common stock were declared or paid during 2015 or 2016.

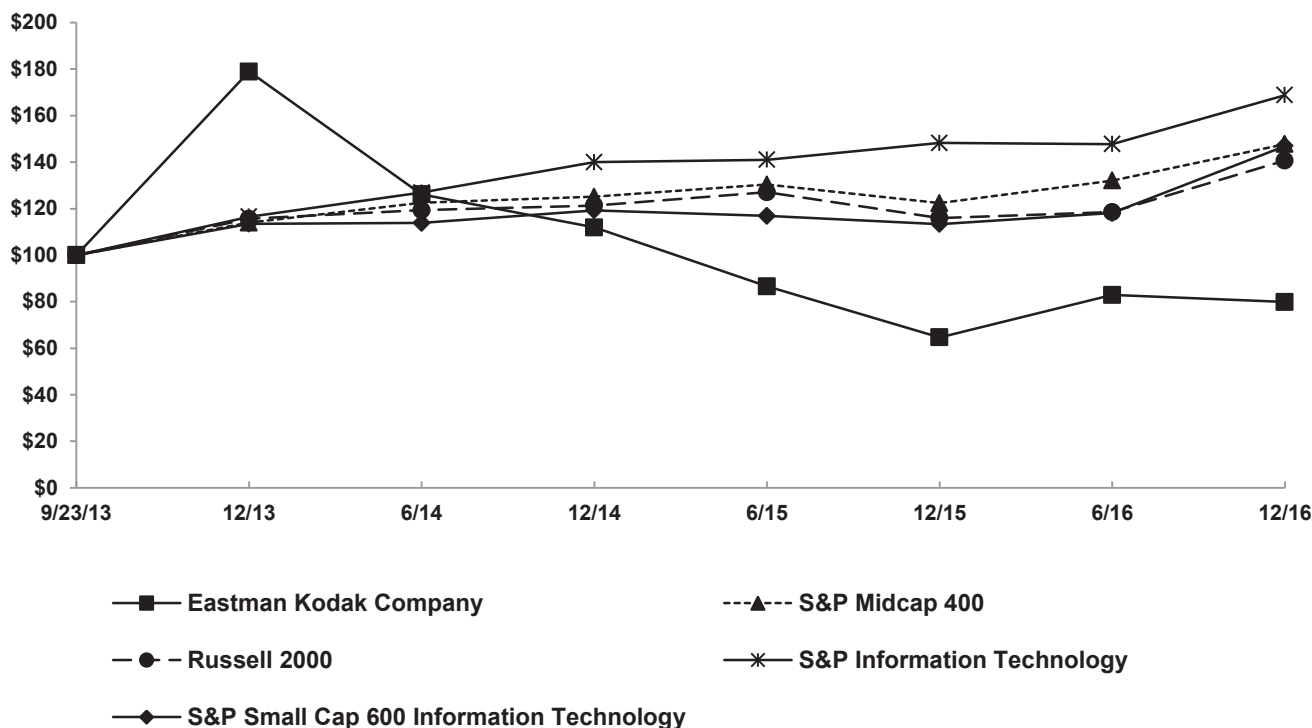
Dividends for common shareholders may be restricted under Kodak's Credit Agreements and the Series A Preferred Stock Agreement. Refer to Note 8, "Debt and Capital Leases," and Note 18, "Redeemable, Convertible Series A Preferred Stock" in the Notes to Financial Statements.

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, the Russell 2000 Index (in which the Company is currently included), the S&P Information Technology Index and the S&P Midcap 400 Composite Stock Price Index by measuring the quarterly changes in common stock prices from September 23, 2013, plus reinvested dividends. Prior to 2016, the performance of the Company's common stock was compared to the S&P Information Technology Index and the S&P Midcap 400 Composite Stock Price Index. In 2016, the Company reviewed the indices being used and determined the market capitalization of the companies included in the S&P Small Cap 600 Information Technology Index and the Russell 2000 Index was more comparable to the Company's market capitalization. The comparison with the performance of the S&P Information Technology Index and the S&P Midcap 400 Composite Stock Price Index is presented during the transition to the S&P Small Cap 600 Information Technology Index and the Russell 2000 Index.

COMPARISON OF 39 MONTH CUMULATIVE TOTAL RETURN*

Among Eastman Kodak Company, the S&P Midcap 400 Index, the Russell 2000 Index, the S&P Information Technology 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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	9/23/13	12/13	6/14	12/14	6/15	12/15	6/16	12/16
Eastman Kodak Company	100.00	178.92	126.13	111.91	86.60	64.64	82.89	79.90
S&P Midcap 400	100.00	113.98	122.52	125.11	130.36	122.39	132.10	147.77
Russell 2000	100.00	115.66	119.35	121.32	127.09	115.96	118.53	140.67
S&P Information Technology	100.00	116.52	126.94	139.96	141.03	148.25	147.79	168.79
S&P Small Cap 600 Information Technology	100.00	113.53	113.83	119.29	116.86	113.34	118.09	146.93

ISSUER PURCHASES OF EQUITY SECURITIES DURING THE QUARTER ENDED DECEMBER 31, 2016 (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, 2016	5,389	15.00	n/a	n/a
December 1 through 31, 2016	17,736	16.35	n/a	n/a
Total	23,125	16.04		

(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	
				September 1, 2013 through December 31, 2013 ⁽⁵⁾	January 1, 2013 through August 31, 2013 ⁽⁵⁾	2012 ⁽⁵⁾
(in millions, except per share data, shareholders, and employees)	2016	2015 ⁽⁵⁾	2014 ⁽⁵⁾			
Net revenues from continuing operations	\$ 1,543	\$ 1,709	\$ 2,046	\$ 782	\$ 1,508	\$ 2,751
Earnings (loss) from continuing operations before interest expense, loss on extinguishment of debt, other (charges) income, net, reorganization items, net, and income taxes	140	91	47	(27)	507	(642)
Earnings (loss) from:						
Continuing operations	46	(28)	(59)	(63)	2,250	(1,337)
Discontinued operations ⁽⁴⁾	(30)	(47)	(59)	(15)	(184)	(42)
Net earnings (loss)	16	(75)	(118) ⁽¹⁾	(78)	2,066 ⁽²⁾	(1,379) ⁽³⁾
Less: Net earnings attributable to non-controlling interests	1	5	5	3	—	—
Net Earnings (Loss) Attributable to Eastman Kodak Company	15	(80)	(123)	(81)	2,066	(1,379)
Earnings and Dividends						
Basic and diluted earnings (loss) per share attributable to Eastman Kodak Company common shareholders:						
Continuing operations	0.99	(0.79)	(1.54)	(1.58)	8.25	(4.92)
Discontinued operations	(0.71)	(1.12)	(1.41)	(0.36)	(0.67)	(0.15)
Total	0.28	(1.91)	(2.95)	(1.94)	7.58	(5.07)
Cash dividends declared and paid	—	—	—	—	—	—
Number of common shares used in basic and diluted earnings (loss) per share						
Basic	42.2	41.9	41.7	41.7	272.7	271.8
Diluted	42.5	41.9	41.7	41.7	272.7	271.8
Shareholders at year end	2,903	2,997	4,860	1,511	N/A	48,656
Statement of Financial Position Data						
Working capital (current assets less current liabilities)	695	819	952	1,086	564	(806)
Property, plant and equipment, net	298	394	501	684	507	607
Total assets	1,776	2,138	2,556	3,200	3,037	4,321
Short-term borrowings and current portion of long-term debt	5	6	5	4	681	699
Long-term debt, net of current portion	402	679	672	674	370	740
Redeemable, convertible Series A preferred stock	156	—	—	—	—	—
Supplemental Information						
Employees as of year end						
- in the U.S.	2,700	2,800	3,200	3,600	n/a	5,980
- worldwide	6,100	6,400	7,300	8,800	n/a	13,100

SUMMARY OF OPERATING DATA – UNAUDITED (CONT'D)

Historical results are not indicative of future results.

- (1) Includes \$70 million in revenues from non-recurring intellectual property agreements that increased net after-tax income from continuing operations by \$70 million.
- (2) 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.
- (3) Includes \$843 million in pre-tax reorganization items, net; and a net benefit of \$320 million related to discrete tax items. These items increased net after-tax loss from continuing operations by \$523 million.
- (4) Refer to Note 26, "Discontinued Operations" in the Notes to Financial Statements for a discussion regarding the (loss) earnings from discontinued operations.
- (5) Effective in the first quarter of 2016, due to a determination to sell the KODAK PROSPER Enterprise Inkjet Business (the "Prosper Business"), results for 2013, 2014 and 2015 were revised to report the Prosper Business as discontinued operations. Results for 2012 were not revised. Additionally, the related assets and liabilities of the Prosper Business are classified as held for sale for 2014, 2015 and 2016. The related assets and liabilities of the Prosper Business are not classified as held for sale for 2012 or 2013.

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, 2016, 2015 and 2014. 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 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, including the Prosper Business, 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;
- Kodak's ability to comply with the covenants in its various credit facilities;
- 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 Micro 3D Printing and Packaging segment has two goodwill reporting units: Packaging and Micro 3D Printing. The Software and Solutions segment has two goodwill reporting units: Kodak Technology Solutions and Unified Workflow Solutions. The Consumer and Film segment has three goodwill reporting units: Consumer Inkjet Solutions, Motion Picture, Industrial Chemicals and Films and Consumer Products. The Enterprise Inkjet Systems segment, Intellectual Property Solutions segment and Eastman Business Park segment all have one goodwill reporting unit. Goodwill is recorded in the Prepress Solutions, Packaging, United Workflow Solutions, Consumer Inkjet Solutions and Consumer Products reporting units.

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

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. 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 a quantitative test of impairment for all reporting units for its annual impairment test as of December 31, 2016. Except for Consumer Inkjet Solutions, 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.

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, 2017 to December 31, 2021 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 10.1% to 21.2% 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, except for the Consumer Inkjet Solutions reporting unit, 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, 2016 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 changed 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 the annual test of impairment as of December 31, 2016.

The fair value of the Kodak trade name, which has 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 January 1, 2017 to December 31, 2021, including a terminal year with growth rates ranging from -3% to 3%; (b) royalty rates ranging from .5% to 1% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 10.1% to 21.2%, which were based on the after-tax weighted-average cost of capital.

Based on the results of Kodak's December 31, 2016 assessment, no impairment of the Kodak trade name was indicated. Impairment of the Kodak trade name could occur in the future if expected revenues decline or if there are significant changes in the discount or royalty rates.

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.

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, 2016, Kodak has net deferred tax assets before valuation allowances of approximately \$1,228 million and a valuation allowance related to those net deferred tax assets of approximately \$1,209 million, resulting in net deferred tax assets of approximately \$19 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.

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.

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak has a deferred tax liability (net of related foreign tax credits) of \$56 million and \$102 million on the foreign subsidiaries' undistributed earnings as of December 31, 2016 and 2015, respectively. Kodak also has a deferred tax liability of \$20 million and \$19 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2016 and 2015, respectively.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution. Management's ongoing assessments of the 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, 2016, the calculated value and the fair value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans were both approximately \$4.3 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 2016 net pension expense for major U.S. and non-U.S. defined benefit pension plans was 7.40 % and 4.65%, 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, 2017 and the projected benefit obligation ("PBO") at December 31, 2016 for Kodak's major U.S. and non-U.S. defined benefit pension plans:

(in millions)	Impact on 2017 Pre-Tax Pension Expense Increase (Decrease)		Impact on PBO December 31, 2016 Increase (Decrease)	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in assumption:				
25 basis point decrease in discount rate	\$ —	\$ —	\$ 86	\$ 23
25 basis point increase in discount rate	6	—	(83)	(22)
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 \$137 million for 2016 and is expected to be approximately \$123 million in 2017. Pension income from continuing operations before special termination benefits, curtailments and settlements for the major non-U.S. defined benefit pension plans was \$11 million for 2016 and is projected to be approximately \$8 million in 2017. The reductions in income are driven primarily by lower EROA assumptions in 2017.

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.

OVERVIEW

Revenue declined \$166 million (9.7%) from 2015 to 2016 and \$337 million from 2014 to 2015 (16.5%). Operating cost reductions more than offset the resulting impact of the revenue decline in earnings.

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, Packaging, Micro 3D Printing and Software and Services;
- Maintain stable 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. Print Systems' revenues declined \$88 million (8.0%) in 2016 and \$151 million (12.0%) in 2015, driven by competitive pricing pressures, lower volumes and, in 2015, the adverse impact of foreign currency. Despite the revenue decline, segment earnings increased \$5 million from 2014 to 2015 and \$6 million from 2015 to 2016 due to cost reductions.
- In Micro 3D Printing and Packaging, the earnings contribution from Packaging offsets the cost of developing the Micro 3D Printing business. Kodak expects growth in Packaging, as well as the transition from investment to commercialization of product in Micro 3D Printing, will result in revenue and earnings growth in this segment.
- 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, whereas Kodak Technology Solutions includes growing product lines that leverage existing technologies and intellectual property in new applications. These business initiatives generally do not require substantial additional investment, and Kodak expects that they will grow in contribution to earnings. Software and Solutions' revenue declined \$26 million (23.2%) in 2016, primarily due to reductions in government contracts within Kodak Technology Solutions, compared to a \$4 million (3.7%) increase from 2014 to 2015. Kodak Technology Solutions revenues are project based and can vary from year to year depending on the nature and number of projects in existence in a given year.
- The Consumer and Film segment's revenues are expected to stabilize and grow modestly. Consumer and Film's revenue declined \$49 million (18.5%) from 2016 to 2015 and \$87 million (24.7%) from 2014 to 2015. Earnings of the Consumer and Film segment declined \$36 million (69.2%) and \$14 million (21.2%) from 2015 to 2016 and from 2014 to 2015, respectively, primarily due to lower sales of ink as a result of the declining installed base of Consumer Inkjet Printers. Kodak plans to continue to promote the use of film to utilize as much film manufacturing capacity as possible. The division will seek to develop consumer products, both with internal resources and also through partnerships with external companies, which can benefit from the Kodak brand as well as enter into agreements for the license of the Kodak brand.
- Film and related component manufacturing operations and Kodak Research Laboratories utilize capacity at Eastman Business Park ("EBP"), which helps cost absorption at EBP.
- Selling, general and administrative expenses ("SG&A") and research and development ("R&D") expenses declined a combined \$36 million (14.5%) compared with 2015 and \$100 million (28.7%) from 2014 to 2015, as the result of a number of actions including headcount reductions, reduced overhead costs, savings from global benefit changes, facilities consolidations, renegotiations of vendor contracts and the focusing of R&D spending on materials science. Lower interest cost on pension plans also impacted operating costs.
- Kodak plans to continue to pursue monetization of its asset base, including selling the Prosper Business, 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

	Year Ended December 31,		
	2016	2015	2014
(in millions)			
Print Systems	\$ 1,018	\$ 1,106	\$ 1,257
Micro 3D Printing and Packaging	132	128	130
Software and Solutions	86	112	108
Consumer and Film	216	265	352
Enterprise Inkjet Systems	76	84	115
Intellectual Property Solutions	—	1	70
Eastman Business Park	15	13	14
Consolidated total	<u>\$ 1,543</u>	<u>\$ 1,709</u>	<u>\$ 2,046</u>

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

	Year Ended December 31,		
	2016	2015	2014
(in millions)			
Print Systems	\$ 105	\$ 99	\$ 94
Micro 3D Printing and Packaging ⁽⁸⁾	12	11	—
Software & Solutions	4	9	3
Consumer & Film	16	52	66
Enterprise Inkjet Systems	19	20	35
Intellectual Property Solutions	(14)	(22)	40
Eastman Business Park	2	2	1
All Other ⁽¹⁾	3	4	4
Corporate components of pension and OPEB income ⁽²⁾	161	133	110
Depreciation and amortization	(102)	(134)	(191)
Restructuring costs and other	(16)	(37)	(56)
Overhead supporting, but not directly absorbed by discontinued operations ⁽³⁾	(15)	(21)	(30)
Stock-based compensation	(8)	(17)	(8)
Change in U.S. vacation benefits ⁽⁴⁾	—	16	-
Consulting and other costs ⁽⁵⁾	(5)	(14)	(7)
Idle costs ⁽⁶⁾	(3)	(3)	(4)
Manufacturing costs originally planned to be absorbed by silver halide touch screen production ⁽⁷⁾	(3)	(2)	(1)
Other operating expense, net excluding gain related to Unipixel termination ⁽⁸⁾	(16)	(5)	(9)
Interest expense ⁽⁹⁾	(60)	(63)	(62)
Loss on early extinguishment of debt, net ⁽⁹⁾	(4)	-	-
Other charges, net ⁽⁹⁾	(4)	(21)	(21)
Reorganization items, net ⁽⁹⁾	6	(5)	(13)
Consolidated earnings (loss) from continuing operations before income taxes	<u>\$ 78</u>	<u>\$ 2</u>	<u>\$ (49)</u>

(1) RED utilities variable interest entity (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) Primarily consists of costs for shared resources allocated to the Prosper Enterprise Inkjet business discontinued operation in the prior year periods which are now included in the results of continuing operations and an estimate of costs for shared resources which would have been allocated to the Prosper Enterprise Inkjet business discontinued operation in the current year period had the business remained in continuing operations.

- (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 \$2 million, and discontinued operations by \$1 million.
- (5) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in 2016 and 2015. The costs in 2014 primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.
- (6) 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.
- (7) 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.
- (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 (income) expense, 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 Micro 3D Printing and Packaging 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. In 2014, Kodak increased workers' compensation reserves by \$6 million, which impacted gross profit by approximately \$3 million, SG&A by approximately \$2 million and R&D by approximately \$1 million.

RESULTS OF OPERATIONS

	Year Ended December 31, 2016	% of Sales	Year Ended December 31, 2015	% of Sales	\$ Change vs. 2015	Year Ended December 31, 2014	% of Sales	\$ Change vs. 2014
Revenues	\$ 1,543		\$ 1,709		(166)	\$ 2,046		(337)
Cost of revenues	1,160		1,331		(171)	1,586		(255)
Gross profit	383	25%	378	22%	5	460	22%	(82)
Selling, general and administrative expenses	172	11%	204	12%	(32)	284	14%	(80)
Research and development costs	40	3%	44	3%	(4)	64	3%	(20)
Restructuring costs and other	15	1%	37	2%	(22)	56	3%	(19)
Other operating expense, net	16	1%	2	0%	14	9	0%	(7)
Earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other charges, net, reorganization items, net and income taxes	140	9%	91	5%	49	47	2%	44
Interest expense	60	4%	63	4%	(3)	62	3%	1
Loss on early extinguishment of debt	4	0%	—	—	4	—	—	—
Other charges, net	4	0%	21	1%	(17)	21	1%	—
Reorganization items, net	(6)	(0%)	5	0%	(11)	13	1%	(8)
Earnings (loss) from continuing operations before income taxes	78	5%	2	0%	76	(49)	(2%)	51
Provision for income taxes	32	2%	30	2%	2	10	0%	20
Earnings (loss) from continuing operations	46	3%	(28)	(2%)	74	(59)	(3%)	31
Loss from discontinued operations, net of income taxes	(30)	(2%)	(47)	(3%)	17	(59)	(3%)	12
NET EARNINGS (LOSS)	16	1%	(75)	(4%)	91	(118)	(6%)	43
Less: Net income attributable to noncontrolling interests	1	0%	5	0%	(4)	5	0%	—
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 15	1%	\$ (80)	(5%)	95	\$ (123)	(6%)	43

Revenues

Current Year

For the year ended December 31, 2016, revenues decreased by approximately \$166 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 Micro 3D Printing and Packaging (\$10 million). See segment discussions for additional details.

Prior Year

For the year ended December 31, 2015, revenues decreased by approximately \$337 million compared with the same period in 2014. The decline in revenue was primarily driven by unfavorable foreign currency rates (\$145 million) and lower non-recurring intellectual property and brand licensing arrangements (\$62 million). Also contributing to the decline were volume declines in Consumer and Film (\$82 million), Enterprise Inkjet Systems (\$20 million) and Print Systems (\$15 million) and unfavorable price/mix within Print Systems (\$31 million) primarily due to pricing declines. Partially offsetting these declines were volume improvements in Micro 3D Printing and Packaging (\$13 million) and Software and Solutions (\$13 million). See segment discussions for additional details.

Included in revenues were non-recurring intellectual property and brand licensing arrangements. Across all segments, such arrangements contributed approximately \$8 million to revenue in 2015 and \$70 million to revenues in 2014.

Gross Profit

Current Year

Gross profit for 2016 increased by approximately \$5 million. The increase was driven by cost improvements within Print Systems (\$54 million, excluding the impact of lower depreciation) and lower depreciation expense (\$21 million) driven by Consumer and Film (\$15 million). Also contributing were favorable impacts from pension income (\$14 million), higher volume within Micro 3D Printing and 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 Software and Solutions (\$5 million). See segment discussions for additional details.

Prior Year

Gross profit for 2015 decreased by approximately \$82 million. The decrease was driven by lower revenues from non-recurring intellectual property and brand licensing arrangements (\$62 million), unfavorable foreign currency rates (\$36 million), unfavorable price/mix within Print Systems (\$31 million), and lower volumes within Consumer and Film (\$33 million). Offsetting these declines were lower costs across all segments (\$68 million), primarily due to lower depreciation expense in Consumer and Film and Print Systems. 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

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). The decrease in consolidated selling, general and administrative expenses from 2014 to 2015 was mainly due to cost reduction actions.

Research and Development Costs

Consolidated R&D expenses decreased \$4 million in 2016 as compared with the prior year period as the company focused investment in material science projects and eliminated programs that no longer aligned with this strategy. The decrease in consolidated R&D expenses in 2015 was primarily due to focusing development activities on prioritized projects and certain products reaching or completing the commercialization phase.

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, Net

For details, refer to Note 12, "Other Operating Expense, Net."

Other Charges, Net

For details, refer to Note 13, "Other Charges, Net."

Reorganization Items, Net

For details, refer to Note 25, "Reorganization Items, Net."

Provision for Income Taxes

For details, refer to Note 14, "Income Taxes"

Discontinued Operations

Discontinued operations of Kodak include the PROSPER Enterprise Inkjet business and the PI/DI Business. Refer to Note 26, "Discontinued Operations" in the Notes to Financial Statements for additional information.

PRINT SYSTEMS SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ 1,018	\$ 1,106	\$ (88)	\$ 1,257	\$ (151)
Operational EBITDA	105	99	6	94	5
Operational EBITDA as a % of revenues	10%	9%		7%	

Revenues

Current Year

The decrease in Print Systems revenues of approximately \$88 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.

Prior Year

The decrease in Print Systems revenues of approximately \$151 million reflected unfavorable currency rates (\$107 million) and consumables pricing declines within Prepress Solutions (\$31 million) as a result of competitive pressures in the industry. Also contributing to the decline was unfavorable volume within Electrophotographic Printing Solutions driven by lower demand for annuities (\$11 million).

Operational EBITDA

Current Year

The increase in Print Systems Operational EBITDA of approximately \$6 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).

Prior Year

Print Systems Operational EBITDA increased approximately \$5 million as SG&A cost reductions (\$38 million) and improved manufacturing efficiency (\$14 million) driven by the exit of the Leeds manufacturing facility more than offset the impact of consumables pricing declines within Prepress Solutions (\$31 million), unfavorable currency rates (\$9 million), and unfavorable aluminum pricing (\$9 million).

MICRO 3D PRINTING AND PACKAGING SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ 132	\$ 128	\$ 4	\$ 130	\$ (2)
Operational EBITDA	12	11	1	—	11
Operational EBITDA as a % of revenues	9%	9%		0%	

Revenues

Current Year

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

Prior Year

The decrease in Micro 3D Printing and Packaging revenues of approximately \$2 million was driven by unfavorable currency rates (\$14 million). This decrease was partially offset by volume improvements within Packaging (\$13 million) primarily due to a larger installed base of FLEXCEL NX systems driving growth in revenues from FLEXCEL NX consumables.

Operational EBITDA

Current Year

Micro 3D Printing and Packaging Operational EBITDA increased by approximately \$1 million as improved gross profit in Packaging driven by higher volume of FLEXCEL NX consumables (\$7 million), cost improvements in Micro 3D Printing (\$2 million), and other individually less significant improvements, were offset by unfavorable currency rates (\$7 million). The prior year 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).

Prior Year

The \$11 million improvement in the Micro 3D Printing and Packaging Operational EBITDA was due to higher volume within Packaging (\$8 million) driven by increased sales of FLEXCEL NX consumables, as well as increased manufacturing efficiency (\$1 million) within Packaging. These improvements were partially offset by unfavorable currency rates (\$4 million). Also included in Operational EBITDA is a gain related to assets that were acquired for no monetary consideration as a part of the termination of the relationship with Unipixel (\$3 million).

SOFTWARE AND SOLUTIONS SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ 86	\$ 112	\$ (26)	\$ 108	\$ 4
Operational EBITDA	4	9	\$ (5)	3	\$ 6
Operational EBITDA as a % of revenues	5%	8%		3%	

Revenues

Current Year

The decrease in Software and Solutions revenues of approximately \$26 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).

Prior Year

The increase in Software and Solutions revenues of approximately \$4 million reflected volume improvements within Kodak Technology Solutions (\$15 million) primarily due to higher revenues from government contracts. Partially offsetting this improvement were unfavorable currency rates (\$9 million) and volume declines in Unified Workflow Solutions (\$2 million).

Operational EBITDA

Current Year

The decrease in Software and Solutions Operational EBITDA of approximately \$5 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).

Prior Year

The \$6 million improvement in the Software and Solutions Operational EBITDA was due to cost improvements within Unified Workflow Solutions (\$3 million) due to increased efficiency, as well as SG&A cost reductions (\$3 million) and volume improvements within Kodak Technology Solutions (\$2 million) primarily due to higher revenues from government contracts. Partially offsetting these improvements were unfavorable currency rates (\$3 million).

CONSUMER AND FILM SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ 216	\$ 265	\$ (49)	\$ 352	\$ (87)
Operational EBITDA	16	52	\$ (36)	66	\$ (14)
Operational EBITDA as a % of revenues	7%	20%		19%	

Revenues

Current Year

The decrease in Consumer and Film revenues of approximately \$49 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).

Prior Year

The decrease in Consumer and Film revenues of approximately \$87 million reflected volume declines within Consumer Inkjet Systems (\$47 million) driven by lower sales of ink to the existing installed base of printers and within Motion Picture, Industrial Chemicals and Films (\$35 million) due to declining demand for film products. Also contributing to the decrease are unfavorable currency rates (\$6 million).

Included in 2015 revenues was \$6 million from a brand licensing arrangement that was amended in the current year. The amendment eliminates 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 \$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).

Prior Year

The \$14 million decrease in the Consumer and Film Operational EBITDA was mainly due to the impact of lower consumer ink sales (\$38 million) and unfavorable currency rates (\$5 million). These items were offset by lower SG&A costs (\$14 million) driven by cost reduction actions, favorable price and mix in Motion Picture, Industrial Chemicals and Films (\$9 million) due to a shift in sales to higher margin products as well as price increases, and lower manufacturing costs (\$4 million) due to increased efficiency and improved inventory management.

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

ENTERPRISE INKJET SYSTEMS SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ 76	\$ 84	\$ (8)	\$ 115	\$ (31)
Operational EBITDA	19	20	\$ (1)	35	\$ (15)
Operational EBITDA as a % of revenues	25%	24%		30%	

Revenues

Current Year

The decrease in Enterprise Inkjet Systems revenues of approximately \$8 million primarily reflected lower volumes of service and consumables (\$6 million) due to expected declines in the installed base of VERSAMARK systems and components, as well as fewer equipment placements (\$2 million).

Prior Year

The decrease in Enterprise Inkjet Systems revenues of approximately \$31 million primarily reflected volume declines in service and consumables (\$13 million) due to declines in the installed base of VERSAMARK systems and components, as well as lower equipment revenues (\$7 million) primarily due to fewer placements of components. Also contributing to the decrease was unfavorable currency rates (\$9 million).

Operational EBITDA

Current Year

The decrease in Enterprise Inkjet Systems Operational EBITDA of \$1 million was primarily driven by the volume declines discussed above. Costs are being managed to maximize Operational EBITDA during the expected revenue declines.

Prior Year

The decrease in Enterprise Inkjet Systems Operational EBITDA of \$15 million was driven by unfavorable costs (\$8 million) due to lower scale as the category declines, and lower revenues (\$6 million) across the product portfolio as discussed above. Also contributing to the decrease was unfavorable currency rates (\$6 million). Partially offsetting these decreases was lower SG&A (\$5 million) due to cost reduction actions.

INTELLECTUAL PROPERTY SOLUTIONS SEGMENT

	Year Ended December 31,				
	2016	2015	\$ Change	2014	\$ Change
Revenues	\$ —	\$ 1	\$ (1)	\$ 70	\$ (69)
Operational EBITDA	(14)	(22)	\$ 8	40	\$ (62)
Operational EBITDA as a % of revenues	N/M	N/M		57%	

Current Year

Intellectual Property Solutions Operational EBITDA improved approximately \$8 million 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. R&D not directly related to other segments is included in the Intellectual Property Solutions segment.

Prior Year

Revenues in the Intellectual Property Solutions segment declined \$69 million in 2015 compared to the prior year period due to lower revenues from non-recurring intellectual property licensing arrangements. Operating expenses declined by \$7 million in 2015 from the prior year period primarily due to focusing R&D development activities on prioritized projects.

EASTMAN BUSINESS PARK SEGMENT

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

RESTRUCTURING COSTS AND OTHER

2016

Restructuring actions taken in 2016 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included actions associated with the exit of Kodak's silver metal mesh touch screen development, continued progress toward the Leeds plate manufacturing facility exit, 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, 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 was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The Company made cash payments related to restructuring of approximately \$16 million for the year ended December 31, 2016.

The restructuring actions implemented in 2016 are expected to generate future annual cash savings of approximately \$18 million. These savings are expected to reduce future annual Cost of revenues, SG&A and R&D expenses by \$7 million, \$9 million and \$2 million, respectively. Kodak expects the majority of the annual savings to be in effect by the end of 2017 as actions are completed.

Leeds Plate Manufacturing Facility Exit

On March 3, 2014, Kodak announced a plan to exit its prepress plate manufacturing facility located in Leeds, England. This decision was pursuant to Kodak's initiative to consolidate manufacturing operations globally, and is expected to result in a more efficient delivery of its products and solutions. Kodak began the exit of the facility in the second quarter of 2014, phased out production at the site in the third quarter of 2015 and has substantially completed the exit of the facility.

On a cumulative basis as of December 31, 2016, Kodak has recorded severance charges of \$10 million, long-lived asset impairment charges of \$3 million, accelerated depreciation charges of \$10 million, and other exit costs of \$2 million.

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 sales, \$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.

2014

For the year ended December 31, 2014 Kodak recorded \$61 million of charges, including \$2 million for accelerated depreciation which was reported in Cost of revenues, \$56 million which was reported as Restructuring costs and other and \$3 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 while the process of selling the business continues. 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.

As a result of this decision, Kodak currently expects to incur total restructuring and related charges of \$12-\$17 million, including \$5-\$7 million of charges related to separation benefits, \$5-\$6 million of non-cash related charges for inventory write-downs, \$2-\$3 million of non-cash related charges for asset write-offs and up to \$1 million in other cash related charges associated with this action. The restructuring and related charges incurred will be reported in discontinued operations. Kodak estimates that approximately \$3-\$5 million of the total charges for separation benefits will require cash expenditures and that the remainder will be provided in the form of special termination benefits from Kodak's defined benefit pension plans.

LIQUIDITY AND CAPITAL RESOURCES

2016

(in millions)	As of December 31,	
	2016	2015
Cash and cash equivalents	\$ 433	\$ 546

Cash Flow Activity

(in millions)	Year Ended December 31,		Year-Over-Year Change
	2016	2015	
Cash flows from operating activities:			
Net cash used in operating activities	\$ (13)	\$ (95)	\$ 82
Cash flows from investing activities:			
Net cash used in investing activities	(21)	(51)	30
Cash flows from financing activities:			
Net cash used in financing activities	(72)	(1)	(71)
Effect of exchange rate changes on cash	(7)	(18)	11
Net decrease in cash and cash equivalents ⁽¹⁾	\$ (113)	\$ (165)	\$ 52

- ⁽¹⁾ The ending cash and cash equivalents balance for the years ended December 31, 2016 and 2015 in the cash flow activity above included \$433 million and \$546 million, respectively, of cash reported in the Statement of Financial Position and \$1 million of cash for each year reported in Current assets held for sale.

Operating Activities

Net cash used in operating activities improved by \$82 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 \$30 million for the year ended December 31, 2016 as compared to the prior year primarily due to the net release of restricted cash in the current year, as a result of the lower Excess Availability requirement in the Amended Credit Agreement entered

into in 2016 (Refer to Note 8, "Debt and Capital Leases"), as compared to the net funding of restricted cash in the prior year to support the Company's borrowing base. The current year also included 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.

Sources of Liquidity

Available liquidity includes cash balances and the unused portion of the Amended and Restated Credit Agreement (the "Amended Credit Agreement"). The Amended Credit Agreement had \$20 million of net availability as of December 31, 2016. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At December 31, 2016 and 2015, approximately \$205 million and \$302 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$229 million and \$245 million, respectively, of cash and cash equivalents were held outside the U.S. Cash balances held outside of the U.S. are generally required to support local country operations, may have high tax costs, or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Additionally, in China, where approximately \$138 million of cash and cash equivalents were held as of December 31, 2016, 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 had funded \$25 million to the Eligible Cash account held with the Amended Credit Agreement and Amended Credit Agreement Administrative Agents as of December 31, 2016, and \$30 million to the Eligible Cash account held with the prior Asset Based Revolving Credit Agreement (the "Prior Credit agreement") and the Prior Credit Agreement Administrative Agents as of December 31, 2015, which is classified as Restricted cash in the Consolidated Statement of Financial Position, supporting the Excess Availability amount. An additional \$5 million was funded to the Eligible Cash account on January 3, 2017. Under the Amended Credit Agreement, if Excess Availability (\$20 million as of December 31, 2016) falls below 12.5% of lender commitments (\$18.75 million as of December 31, 2016), 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, including assets associated with Kodak's Prosper business that are classified as held for sale in the Consolidated Statement of Financial Position. To the extent the assets supporting the borrowing base decline, including upon the sale of Prosper, 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 lenders commitments Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0. As of December 31, 2016, Kodak is in compliance with all covenants under the Amended Credit Agreement and had Kodak been required to have a Fixed Charge Coverage Ratio of 1.0 to 1.0 EBITDA, as defined in the Amended Credit agreement, exceeded Fixed Charges by approximately \$29 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, 2016, Kodak's EBITDA, as calculated under the Term Credit Agreement, exceeded the EBITDA necessary to satisfy the covenant ratios by approximately \$81 million.

On November 15, 2016, Kodak issued 2 million shares of 5.50% Series A Convertible Preferred Stock for an aggregate price of \$200 million. The holders of the Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. Kodak used the net proceeds from the sale of the Series A Preferred Stock, together with cash on hand, to prepay 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. With the issuance of Series A Preferred Stock and the termination of the Second Lien Term Credit Agreement, the Company replaced \$262 million of debt with a weighted average interest rate of 11.04% with \$200 million of Series A Convertible Preferred Stock with cumulative dividends at a rate of 5.50%, lowering future interest expense and associated cash outflows. In addition, the reduction in secured debt had a positive impact on the Secured Leverage Ratio.

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 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 2016. For 2017, the forecasted contribution (funded plans) and net benefit payment (unfunded plans) requirements for its defined benefit pension and postretirement plans are approximately \$15 million.

Cash flows from investing activities included \$41 million for capital expenditures for the year ended December 31, 2016, including \$18 million that occurred in RED, the utilities VIE that was deconsolidated at the end of 2016. Kodak expects approximately \$30 million to \$35 million of cash flows for investing activities from capital expenditures for the year ended December 31, 2017.

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

Refer to Note 8, "Debt and Capital Leases," and Note 18, "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, 2016					
		2017	2018	2019	2020	2021	2022+
Long-term debt ⁽¹⁾	\$ 402	\$ 2	\$ 4	\$ 396	\$ —	\$ —	\$ —
Interest payments on debt ⁽²⁾	101	34	33	26	4	4	—
Capital lease obligations ⁽³⁾	9	3	3	1	—	—	2
Operating lease obligations	87	26	21	14	13	3	10
Purchase obligations ⁽⁴⁾	14	8	4	2	—	—	—
Preferred stock dividends ^{(3) (9)}	55	10	11	11	11	12	—
Total ^{(5) (6) (7) (8)}	<u>\$ 668</u>	<u>\$ 83</u>	<u>\$ 76</u>	<u>\$ 450</u>	<u>\$ 28</u>	<u>\$ 19</u>	<u>\$ 12</u>

- (1) Primarily represents the maturity values of Kodak's long-term debt obligations as of December 31, 2016. 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. 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) Capital lease obligations and Preferred stock dividends were added to contractual obligations in this Form 10-K.
- (4) 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.
- (5) 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 14, "Income Taxes," in the Notes to Financial Statements for additional information regarding Kodak's uncertain tax positions.
- (6) 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.
- (7) 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.
- (8) 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 year ending December 31, 2015. As a result, \$4 million of the purchase price, representing the maximum amount that could be owed for 2015, was repaid to the KPP Purchasing Parties. The maximum amount that could be owed in each year of the remaining three-year period is as follows: \$7 million in 2017, \$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 26, "Discontinued Operations."
- (9) 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 \$13 million and the outstanding amount for those guarantees is \$5 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, 2016 was not material to Kodak's financial position, results of operations or cash flows.

2015

Cash Flow Activity

(in millions)	As of December 31,	
	2015	2014
Cash and cash equivalents	\$ 546	\$ 712

Cash Flow Activity

(in millions)	Year Ended December 31,		Year-Over-Year Change
	2015	2014	
Cash flows from operating activities:			
Net cash used in operating activities	\$ (95)	\$ (128)	\$ 33
Cash flows from investing activities:			
Net cash (used in) provided by investing activities	(51)	41	\$ (92)
Cash flows from financing activities:			
Net cash used in financing activities	(1)	(7)	\$ 6
Effect of exchange rate changes on cash	(18)	(38)	\$ 20
Net decrease in cash and cash equivalents ⁽¹⁾	\$ (165)	\$ (132)	\$ (33)

- ⁽¹⁾ The ending cash and cash equivalents balance for the year ended December 31, 2015 in the cash flow activity above included \$546 million of cash reported in the Statement of Financial Position and \$1 million of cash reported in Current assets held for sale. There was no cash reported in Current assets held for sale for the year ending December 31, 2014.

Operating Activities

Net cash used in operating activities improved by \$33 million for the year ended December 31, 2015 as compared with the prior year. The impact of less cash provided by reductions in accounts receivable was more than offset by less cash used to settle accounts payable and employee liabilities in the current year. Additionally, the prior year included a \$49 million payment to settle certain of the Company's historical environmental liabilities at Eastman Business Park. Those items and the benefit of cost reductions realized in the current year were partially offset by \$70 million in intellectual property revenue in the prior year.

Investing Activities

Net cash used in investing activities increased \$92 million for the year ended December 31, 2015 as compared with the prior year primarily due to the liquidity provided by the net release of restricted cash in the prior year and the incremental consideration received from the KPP Purchasing Parties in 2014.

Financing Activities

Net cash used in financing activities decreased \$6 million for the year ended December 31, 2015 as compared to the prior year due to the year over year increase of \$4 million from net proceeds from other credit facilities and lower equity transactions with noncontrolling interest of \$3 million in the current year.

SUMMARY OF OPERATING DATA

A summary of operating data for 2016 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, as well as forecasted foreign currency denominated intercompany sales. 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, 2016 and 2015, the fair value of open forward contracts would have decreased \$20 million and \$16 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, 2016 and 2015, the one-month LIBOR rate was approximately 0.77% and 0.43%, respectively. If the LIBOR rate was to rise above the 1% floor, interest expense would increase approximately \$4 million for each 1% of LIBOR above the floor (\$402 million face amount of debt times 1% at December 31, 2016).

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, 2016 was not significant to Kodak.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of operations, of comprehensive income, of equity (deficit), and of cash flows present fairly, in all material respects, the financial position of Eastman Kodak Company and its subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of valuation and qualifying accounts appearing under Item 15 for each of the three years in the period ended December 31, 2016 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our 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.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for deferred income taxes in 2016.

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

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

/s/ PricewaterhouseCoopers, LLP

Rochester, New York
March 7, 2017

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31,		
	2016	2015	2014
Revenues			
Sales	\$ 1,251	\$ 1,379	\$ 1,686
Services	292	330	360
Total net revenues	1,543	1,709	2,046
Cost of revenues			
Sales	974	1,105	1,328
Services	186	226	258
Total cost of revenues	1,160	1,331	1,586
Gross profit	383	378	460
Selling, general and administrative expenses	172	204	284
Research and development costs	40	44	64
Restructuring costs and other	15	37	56
Other operating expense, net	16	2	9
Earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other charges, net, reorganization items, net and income taxes	140	91	47
Interest expense	60	63	62
Loss on early extinguishment of debt	4	—	—
Other charges, net	4	21	21
Reorganization items, net	(6)	5	13
Earnings (loss) from continuing operations before income taxes	78	2	(49)
Provision for income taxes	32	30	10
Earnings (loss) from continuing operations	46	(28)	(59)
Loss from discontinued operations, net of income taxes	(30)	(47)	(59)
NET EARNINGS (LOSS)	16	(75)	(118)
Less: Net income attributable to non-controlling interests	1	5	5
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 15	\$ (80)	\$ (123)
Basic earnings (loss) per share attributable to Eastman Kodak Company common shareholders:			
Continuing operations	\$ 0.99	\$ (0.79)	\$ (1.54)
Discontinued operations	(0.71)	(1.12)	(1.41)
Total	\$ 0.28	\$ (1.91)	\$ (2.95)
Diluted earnings (loss) per share attributable to Eastman Kodak Company common shareholders:			
Continuing operations	\$ 0.99	\$ (0.79)	\$ (1.54)
Discontinued operations	(0.71)	(1.12)	(1.41)
Total	\$ 0.28	\$ (1.91)	\$ (2.95)
Number of common shares used in basic and diluted earnings (loss) per share			
Basic	42.2	41.9	41.7
Diluted	42.5	41.9	41.7

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(in millions)

	Year Ended December 31,		
	2016	2015	2014
NET EARNINGS (LOSS)	\$ 16	\$ (75)	\$ (118)
Less: net income attributable to non-controlling interests	1	5	5
Net earnings (loss) attributable to Eastman Kodak Company	15	(80)	(123)
Other comprehensive loss, net:			
Currency translation adjustments	(29)	(35)	(33)
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	(140)	(98)	(202)
Other comprehensive loss, net attributable to Eastman Kodak Company	(171)	(131)	(235)
COMPREHENSIVE LOSS, NET ATTRIBUTABLE TO EASTMAN KODAK COMPANY	<u>\$ (156)</u>	<u>\$ (211)</u>	<u>\$ (358)</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,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 433	\$ 546
Receivables, net	299	350
Inventories, net	236	263
Deferred income taxes	—	22
Other current assets	18	25
Current assets held for sale	134	72
Total current assets	1,120	1,278
Property, plant and equipment, net of accumulated depreciation of \$326 and \$314, respectively	298	394
Goodwill	88	88
Intangible assets, net	84	119
Restricted cash	36	43
Deferred income taxes	35	23
Other long-term assets	115	122
Long-term assets held for sale	—	71
TOTAL ASSETS	\$ 1,776	\$ 2,138
LIABILITIES, REDEEMABLE, CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)		
Accounts payable, trade	\$ 193	\$ 186
Short-term borrowings and current portion of long-term debt	5	6
Other current liabilities	197	245
Current liabilities held for sale	30	22
Total current liabilities	425	459
Long-term debt, net of current portion	402	679
Pension and other postretirement liabilities	600	619
Other long-term liabilities	266	271
Long-term liabilities held for sale	—	7
Total liabilities	1,693	2,035
Commitments and contingencies (Note 9)		
Redeemable, convertible Series A preferred stock, no par value, \$100 per share liquidation preference	156	—
Equity (Deficit)		
Common stock, \$0.01 par value	—	—
Additional paid in capital	641	633
Treasury stock, at cost	(8)	(5)
Accumulated deficit	(268)	(283)
Accumulated other comprehensive loss	(438)	(267)
Total Eastman Kodak Company shareholders' (deficit) equity	(73)	78
Noncontrolling interests	—	25
Total equity (deficit)	(73)	103
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)	\$ 1,776	\$ 2,138

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 Income (Loss)	Treasury Stock	Total	Non-controlling Interests	Total	
Equity (deficit) as of December 31, 2013	\$ —	\$ 613	\$ (81)	\$ 99	\$ (3)	628	\$ 20	648	\$ —
Equity transactions with non-controlling interest	—	—	—	—	—	—	(3)	(3)	—
Net (loss) earnings	—	—	(123)	—	—	(123)	5	(118)	—
Other comprehensive loss (net of tax):									
Currency translation adjustments	—	—	—	(33)	—	(33)	—	(33)	—
Pension and other postretirement liability adjustments	—	—	—	(202)	—	(202)	—	(202)	—
Stock-based compensation	—	8	—	—	—	8	—	8	—
Purchases of treasury stock, (44,911 shares) ⁽²⁾	—	—	—	—	(1)	(1)	—	(1)	—
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	\$ —

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

	Common Stock ⁽¹⁾	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehe nsive Loss	Treasury Stock	Total	Non- controlling Interests	Total	Series A Redeemable Convertible Preferred Stock
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

⁽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,		
	2016	2015	2014
Cash flows from operating activities:			
Net earnings (loss)	\$ 16	\$ (75)	\$ (118)
Adjustments to reconcile to net cash used in operating activities:			
Depreciation and amortization	105	145	199
Pension and other postretirement income	(147)	(107)	(78)
Non-cash restructuring costs, asset impairments and other charges	20	9	13
Loss on deconsolidation of RED	15	—	—
Stock based compensation	8	18	8
Non-cash changes in employee benefit reserves	(8)	(25)	6
Net gains on sales of businesses/assets	(9)	(4)	(23)
Gain on assets acquired for no monetary consideration	—	(3)	—
Foreign exchange loss from remeasurement of Venezuela monetary assets	—	—	16
Reorganization items:			
Payment of claims	—	(10)	(2)
Other non-cash reorganization items, net	(7)	4	8
Loss on early extinguishment of debt	4	—	—
Provision for deferred income taxes	15	6	5
Decrease in receivables	37	15	143
Decrease in inventories	16	12	4
Increase (decrease) in trade accounts payable	13	3	(64)
Decrease in liabilities excluding borrowings	(74)	(104)	(249)
Other items, net	(17)	21	4
Total adjustments	(29)	(20)	(10)
Net cash used in operating activities	(13)	(95)	(128)
Cash flows from investing activities:			
Additions to properties	(41)	(43)	(43)
Net proceeds from sales of businesses/assets, net	13	2	18
Release (funding) of restricted cash	8	(10)	68
Reduction in cash due to deconsolidation of RED	(3)	—	—
Marketable securities – sales	2	—	—
Marketable securities – purchases	—	—	(2)
Net cash (used in) provided by investing activities	(21)	(51)	41
Cash flows from financing activities:			
Repayment of emergence credit facilities	(282)	(4)	(4)
Net proceeds from the issuance of preferred stock	198	—	—
Net proceeds of other borrowings	—	5	1
Equity transactions of noncontrolling interests	15	(1)	(3)
Treasury stock purchases	(3)	(1)	(1)
Payment of contingent consideration related to the sale of a business	(4)	—	—
Proceeds from sale leaseback transactions	4	—	—
Net cash used in financing activities	(72)	(1)	(7)
Effect of exchange rate changes on cash	(7)	(18)	(38)
Net decrease in cash and cash equivalents	(113)	(165)	(132)
Cash and cash equivalents, beginning of period	547	712	844
Cash and cash equivalents, end of period ⁽¹⁾	\$ 434	\$ 547	\$ 712

⁽¹⁾ Cash and cash equivalents, end of period for 2016 and 2015 includes \$433 million and \$546 million, respectively, of cash reported in the Statement of Financial Position and \$1 million and \$1 million, respectively, of cash reported in Current assets held for sale. There is no cash reported in Current assets held for sale at the beginning or end of 2014.

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,		
	2016	2015	2014
Cash paid for interest and income taxes was:			
Interest, net of portion capitalized of \$0, \$2 and \$3 as of December 31, 2016, 2015 and 2014, respectively	\$ 58	\$ 60	\$ 65
Income taxes (net of refunds)	24	12	14

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 is 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.

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. Translation adjustments related to investments that are permanent in nature are not tax-effected.

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

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

Venezuela Currency

Kodak has accounted for the Venezuelan economy as highly inflationary since 2010. Accordingly, Kodak's Venezuelan subsidiary uses the U.S. dollar as its functional currency, and monetary assets and liabilities denominated in BsF generate income or expense for changes in value associated with foreign currency exchange rate fluctuations against the U.S. dollar. Kodak's Venezuelan subsidiary does not have ongoing trading activity.

The Venezuelan government ("Government") has foreign currency exchange controls, which provide different exchange mechanisms that impact the Company's ability to convert its BsF denominated monetary assets to U.S. dollars. During 2014, the Government launched a new currency exchange mechanism. The Company began translating its BsF denominated net monetary assets at the rates determined in this market resulting in a loss of \$16 million reported in Other charges, net in the Consolidated Statement of Operations in the year ended December 31, 2014.

In 2015 and 2016, the Government introduced additional exchange mechanisms. As a result of the changes, Kodak recorded charges of \$0 million and \$2 million in the years ending December 31, 2016 and 2015, respectively.

As of December 31, 2016 and 2015, Kodak's Venezuelan subsidiary had less than \$1 million and approximately \$1 million, respectively, of BsF denominated net monetary assets, composed primarily of cash and cash equivalents.

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 two-step goodwill impairment test is performed to test for a potential impairment of goodwill (step 1) and if potential losses are identified, to measure the impairment loss (step 2). Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Refer to Note 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 both December 31, 2016 and 2015 was \$24 million and is reported in Other long-term 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 \$9 million, \$6 million and \$10 million for the years ended December 31, 2016, 2015 and 2014, respectively. Advertising expenses in 2016 included \$4 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, 2016 and 2015, see Note 14, "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 March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016 (January 1, 2017 for Kodak). Early adoption is permitted. Kodak early adopted ASU 2016-09 effective December 31, 2016. The adoption of this guidance did not have a material impact on Kodak's Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740) Balance Sheet Classification of Deferred Taxes. ASU 2015-17 amends the accounting for income taxes and requires all deferred tax assets and liabilities to be classified as non-current on the consolidated balance sheet. ASU 2015-17 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016 (January 1, 2017 for Kodak), with early adoption permitted in any annual or interim period. ASU 2015-17 may be adopted either prospectively or retrospectively. Kodak early adopted ASU 2015-17 effective September 30, 2016, prospectively.

In April 2015, the FASB issued ASU 2015-03, Imputation of Interest (Sub-Topic 835.30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15 clarifying the application of this guidance to line of credit arrangements. The amendments in the ASUs are effective retrospectively for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015 (January 1, 2016 for Kodak). The adoption of this guidance did not have a material impact on Kodak's Consolidated Financial Statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU No. 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organizations' ability to continue as a going concern. ASU No. 2014-15 is effective for fiscal years ending after December 15, 2016 (December 31, 2016 for Kodak), and interim periods within fiscal years beginning after December 15, 2016 (January 1, 2017 for Kodak). The adoption of this guidance did not have a material impact on the Company's financial disclosures.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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 will require 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 will be applied to goodwill at all reporting units, even those with zero or negative carrying amounts. Entities will be required 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 anticipates adopting the standard in the first quarter of 2017.

In November 2016, the FASB issued ASU 2016-18, 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 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. At December 31, 2016 and 2015, the Company held restricted cash of \$44 million and \$53 million, respectively. The restricted cash balances are presented in Other current assets and Restricted cash in the Consolidated Statement of Financial Position based on the maturity dates of the related requirement. Under the new guidance, changes in the Company's restricted cash will 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.

In October 2016, the FASB issued ASU 2016-16, Income Taxes: 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 is currently evaluating the impact of this ASU.

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). Early adoption is permitted. Kodak does not expect the adoption of this guidance to have a material 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, 2020 (January 1, 2021 for Kodak). Early adoption is permitted beginning 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 is currently evaluating the impact of this ASU.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments–Overall: 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 will be effective for Kodak beginning January 1, 2018, including interim periods within those fiscal years. Kodak does not expect the adoption of this guidance to 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 currently anticipates the adoption of this standard will not have a significant impact on its consolidated financial statements. Kodak has not yet selected a transition method or determined the impact adoption of ASU 2014-09, including the new disclosure requirements will have on business processes, systems and controls. The impact of ASU 2014-09 (including how it may impact contracts entered into during 2017 as well as emerging interpretations of the standard) will continue to be evaluated through the date of adoption.

NOTE 2: RECEIVABLES, NET

(in millions)	As of December 31,	
	2016	2015
Trade receivables	\$ 266	\$ 300
Miscellaneous receivables	33	50
Total (net of allowances of \$8 and \$10 as of December 31, 2016 and 2015, respectively)	<u>\$ 299</u>	<u>\$ 350</u>

Approximately \$26 million and \$28 million of the total trade receivable amounts as of December 31, 2016 and 2015, respectively, will potentially be settled through customer deductions in lieu of cash payments. Such deductions represent rebates owed to customers and are included in Other current liabilities in the accompanying Consolidated Statement of Financial Position.

NOTE 3: INVENTORIES, NET

(in millions)	As of December 31,	
	2016	2015
Finished goods	\$ 124	\$ 141
Work in process	55	61
Raw materials	57	61
Total	<u>\$ 236</u>	<u>\$ 263</u>

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

(in millions)	As of December 31,	
	2016	2015
Land	\$ 84	\$ 74
Buildings and building improvements	155	169
Machinery and equipment	374	445
Construction in progress	11	20
	<u>624</u>	<u>708</u>
Accumulated depreciation	(326)	(314)
Property, plant and equipment, net	<u>\$ 298</u>	<u>\$ 394</u>

Depreciation expense was \$84 million, \$113 million and \$170 million for the years ended December 31, 2016, 2015 and 2014, respectively, of which approximately \$0 million, \$8 million and \$2 million, respectively, represented accelerated depreciation in connection with restructuring actions.

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

(in millions)	As of December 31,	
	2016	2015
Equipment subject to operating leases	\$ 29	\$ 25
Accumulated depreciation	(16)	(12)
Equipment subject to operating leases, net	<u>\$ 13</u>	<u>\$ 13</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 and Eastman Business Park segments do not have goodwill and are therefore not presented.

(in millions)	Print Systems	Micro 3D Printing and Packaging	Software and Solutions	Consumer and Film	Intellectual Property Solutions	Consolidated Total
Balance as of December 31, 2014	\$ 56	\$ 26	\$ 6	\$ 6	\$ 2	\$ 96
Impairment	—	(6)	—	—	(2)	(8)
Balance as of December 31, 2015	\$ 56	\$ 20	\$ 6	\$ 6	\$ —	\$ 88
Impairment	—	—	—	—	—	—
Balance as of December 31, 2016	\$ 56	\$ 20	\$ 6	\$ 6	\$ —	\$ 88

As of December 31, 2016, the Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Micro 3D Printing and Packaging segment has two goodwill reporting units: Packaging and Micro 3D Printing. The Software and Solutions segment has two goodwill reporting units: Kodak Technology Solutions and Unified Workflow Solutions. The Consumer and Film segment has three goodwill reporting units: Consumer Inkjet Solutions, Motion Picture, Industrial Chemicals and Films and Consumer Products. The Enterprise Inkjet Systems segment, the Intellectual Property Solutions segment and the Eastman Business Park segment each have one goodwill reporting unit.

Based upon the results of Kodak's December 31, 2016 annual impairment test, no impairment of goodwill is indicated.

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 Other operating expense, 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 Other operating expense (income), 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, 2016 and 2015 were as follows:

(in millions)	As of December 31, 2016				
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period	
Technology-based	\$ 75	\$ 47	\$ 28	2 years	
Kodak trade name	40	—	40	Indefinite life	
Customer-related	26	12	14	6 years	
Other	2	—	2	22 years	
Total	\$ 143	\$ 59	\$ 84		

(in millions)	As of December 31, 2015				
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period	
Technology-based	\$ 83	\$ 38	\$ 45	3 years	
Kodak trade name	46	—	46	Indefinite life	
Customer-related	37	11	26	7 years	
Other	2	—	2	21 years	
Total	\$ 168	\$ 49	\$ 119		

Based upon the results of Kodak's December 31, 2016 impairment tests, no impairment of the Kodak trade name was indicated. In the first quarter of 2016, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value. The pre-tax impairment charge of \$5 million is included in Other operating expense, net in the Consolidated Statement of Operations.

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, net in the Consolidated Statement of Operations. Refer to Note 12, "Other Operating Expense, Net".

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.

Amortization expense related to intangible assets was \$18 million, \$21 million and \$21 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2016 was as follows:

(in millions)		
2017	\$	16
2018		12
2019		5
2020		4
2021		3
2022 and thereafter		4
Total	\$	<u>44</u>

NOTE 6: OTHER CURRENT LIABILITIES

(in millions)	As of December 31,	
	2016	2015
Accrued employment-related liabilities	\$ 47	\$ 66
Deferred revenue	28	34
Accrued customer rebates	27	31
Accrued restructuring liabilities	8	11
Workers' compensation	8	12
Contingent consideration related to the sale of a business	7	4
Other	72	87
Total	<u>\$ 197</u>	<u>\$ 245</u>

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

NOTE 7: OTHER LONG-TERM LIABILITIES

(in millions)	As of December 31,	
	2016	2015
Workers compensation	\$ 105	\$ 113
Asset retirement obligations	43	47
Series A preferred stock conversion option	43	—
Contingent consideration related to the sale of a business	24	31
Deferred taxes	16	18
Environmental liabilities	12	13
Other	23	49
Total	<u>\$ 266</u>	<u>\$ 271</u>

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

NOTE 8: DEBT AND CAPITAL LEASES

Debt and capital leases and related maturities and interest rates were as follows at December 31, 2016 and 2015 (in millions):

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31,	
				2016	2015
				Carrying Value	Carrying Value
Current portion:					
	Term note	2017	7.59%	\$ 2	\$ 4
	Capital leases	Various	Various	\$ 3	\$ 2
				5	6
Non-current portion:					
	Term note	2019	7.59%	396	400
	Term note	2020	11.04%	—	270
	VIE term loan	2035	6.07%	—	3
	Capital leases	Various	Various	6	6
				402	679
				<u>\$ 407</u>	<u>\$ 685</u>

Annual maturities of debt and capital leases outstanding at December 31, 2016, were as follows (in millions):

(in millions)	Carrying Value	Maturity Value
2017	\$ 5	\$ 5
2018	7	7
2019	393	397
2020	—	—
2021	—	—
2022 and thereafter	2	2
Total	<u>\$ 407</u>	<u>\$ 411</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 maturity date of the loan made under the First Lien Term Credit Agreement is the earlier to occur of (i) September 3, 2019 or (ii) the acceleration of such loan due to 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, 2016 and 2015 was \$1,613 million and \$1,873 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 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 prepayment was applied first to the installment principal payments of \$4 million due over the next twelve months, then ratably to the remaining scheduled payments. The next scheduled installment principal payment is not due until September 30, 2017.

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, 2015 and 2014, ECF was a negative amount, therefore, no prepayment was required in either 2016 or 2015. For 2016, the Secured Leverage Ratio was below 2.25 to 1.00, therefore no prepayment of First Lien term debt is required in 2017. 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, 2016, Kodak was in compliance with all covenants under the First Lien Term Credit Agreement.

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 \$116 million of letters of credit under the Amended Credit Agreement as of December 31, 2016. The Company had approximately \$20 million Excess Availability under the Amended Credit Agreement as of December 31, 2016 and approximately \$16 million Borrowing Base Availability (as defined in the Prior Credit Agreement) under the Prior Credit Agreement as of December 31, 2015. 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 \$19 million, as of December 31, 2016 (which \$19 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 Prior Credit Agreement, Excess Availability also included Qualified Cash (not to exceed \$15 million) and an Availability Block.

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 (15% of lender commitments under the Prior Credit Agreement). As of December 31, 2016 12.5% of lender commitments and Excess Availability were \$18.75 million and \$20 million, respectively. As of December 31, 2015, 15% of lender commitments and Excess Availability were \$30 million and \$31 million, respectively.

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, 2016, Kodak is not required to have a minimum Fixed Charges Coverage Ratio of 1.0 to 1.0. As of December 31, 2016 Kodak was in compliance with all the covenants under the Amended Credit Agreement.

As of December 31, 2016 and 2015, Kodak had funded \$25 million and \$30 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: 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,	
	2016	2015
Asset Retirement Obligations at start of period	\$ 47	\$ 53
Liabilities incurred in the current period	2	1
Liabilities settled in the current period	(7)	(3)
Accretion expense	2	2
Revision in estimated cash flows	(1)	(6)
Foreign exchange impact	—	—
Asset Retirement Obligations at end of period	<u>\$ 43</u>	<u>\$ 47</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 \$26 million, \$28 million and \$36 million in the years ended December 31, 2016, 2015 and 2014, respectively.

As of December 31, 2016, the Company had outstanding letters of credit of \$116 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$5 million, surety bonds in the amount of \$17 million, and restricted cash and deposits of \$51 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. Based on the opinion of legal counsel and current reserves already recorded for those matters deemed probable of loss, management does not believe that the ultimate resolution of these matters will materially impact Kodak's results of operations or financial position. Kodak routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2016, 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 \$59 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, 2015, Kodak has posted security composed of \$7 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 \$73 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, 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 10: GUARANTEES

EKC guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$13 million and the outstanding amount for those guarantees is \$5 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 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.

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, 2016 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 revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)		
Deferred revenue on extended warranties as of December 31, 2014	\$	27
New extended warranty and maintenance arrangements		176
Recognition of extended warranty and maintenance arrangement revenue		(177)
Deferred revenue on extended warranties as of December 31, 2015		26
New extended warranty and maintenance arrangements		165
Recognition of extended warranty and maintenance arrangement revenue		(168)
Deferred revenue on extended warranties as of December 31, 2016	\$	23

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2016 and December 31, 2015 amounted to \$112 million and \$125 million, respectively.

NOTE 11: 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 charges, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2016 and 2015 was approximately \$340 million and \$384 million, respectively. The majority of the contracts of this type held by Kodak are denominated in Euros, British pounds, and Chinese renminbi. 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,		
	2016	2015	2014
Net (loss) gain from derivatives not designated as hedging instruments	\$ (21)	\$ 14	\$ 10

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2016, 2015 or 2014.

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, 2016 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 18, "Redeemable, Convertible, 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 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 liability which is reported in Other long-term liabilities in the Consolidated Statement of Financial Position. The derivative liability is being accounted for at fair value with changes in fair value being reported in Other 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 Receivables, net 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. Neither the gross fair value of the foreign currency forward contracts in an asset position nor the gross fair value of foreign currency contracts in a liability position were material as of December 31, 2016 or 2015.

The fair value of the embedded conversion features derivative liability 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 issuance and December 31, 2016:

	Valuation Date	
	November 15, 2016 (Issuance)	December 31, 2016
Total value of embedded derivative liability (\$ millions)	\$ 43	\$ 43
Kodak's closing stock price	15.20	15.50
Expected stock price volatility	42.92%	42.85%
Risk free rate	1.68%	1.93%
Yield on the preferred stock	11.56%	11.38%

The fair values of long-term borrowings were \$406 million and \$592 million at December 31, 2016 and 2015, 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, 2016.

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 12: OTHER OPERATING EXPENSE, NET

(in millions)	Year Ended December 31,		
	2016	2015	2014
Expense (income):			
Asset impairments ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾ ⁽⁶⁾	\$ 25	\$ 8	\$ 9
Legal settlements ⁽⁷⁾ ⁽⁸⁾	(16)	—	—
Gains related to the sales of assets ⁽⁹⁾	(9)	(6)	(3)
Deconsolidation of RED ⁽¹⁰⁾	15	—	—
Gain recognized on assets acquired for no monetary consideration ⁽¹¹⁾	—	(3)	—
Other	1	3	3
Total	<u>\$ 16</u>	<u>\$ 2</u>	<u>\$ 9</u>

(1) 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.

(2) 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."

(3) 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."

(4) In the fourth quarter of 2015, Kodak recorded a goodwill impairment charge of \$2 million related to the Intellectual Property Solutions reporting unit. Refer to Note 5, "Goodwill and Other Intangible Assets."

- (5) In the first quarter of 2015, Kodak recorded a goodwill impairment charge of \$6 million related to the Micro 3D Printing reporting unit. Refer to Note 5, "Goodwill and Other Intangible Assets."
- (6) In the fourth quarter of 2014, Kodak recorded an impairment charge of \$9 million related to an in-process research and development intangible asset established as part of fresh start accounting.
- (7) In the first quarter of 2016, Kodak received \$10 million representing net litigation proceeds from DuPont.
- (8) In the third quarter of 2016, Kodak settled a legal contingency and reduced the associated reserve by \$6 million.
- (9) 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.
- (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 13: OTHER CHARGES, NET

(in millions)	Year Ended December 31,		
	2016	2015	2014
Income (charges):			
Interest income	\$ 3	\$ 1	\$ 6
Loss on foreign exchange transactions ⁽¹⁾	(5)	(17)	(22)
Other	(2)	(5)	(5)
Total	\$ (4)	\$ (21)	\$ (21)

- (1) In 2016, 2015 and 2014 Kodak recorded charges of \$0 million, \$2 million and \$16 million, respectively, from the remeasurement of its Venezuelan subsidiary's monetary assets and liabilities. Refer to Note 1, "Basis of Presentations and Significant Accounting Matters", "Foreign Currency" section.

NOTE 14: INCOME TAXES

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

	Year Ended December 31,		
	2016	2015	2014
Earnings (loss) from continuing operations before income taxes:			
U.S.	\$ (39)	\$ (136)	\$ (151)
Outside the U.S.	117	138	102
Total	\$ 78	\$ 2	\$ (49)
U.S. income taxes:			
Current provision (benefit)	\$ 1	\$ 1	\$ (2)
Deferred provision	6	9	4
Income taxes outside the U.S.:			
Current provision (benefit)	14	20	(1)
Deferred provision	11	—	7
State and other income taxes:			
Current provision	—	—	1
Deferred provision	—	—	1
Total provision	\$ 32	\$ 30	\$ 10

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

	Year Ended December 31,		
	2016	2015	2014
Amount computed using the statutory rate	\$ 27	\$ 1	\$ (17)
Increase (reduction) in taxes resulting from:			
State and other income taxes, net of federal	—	—	1
Unremitted foreign earnings	6	26	4
Operations outside the U.S.	19	25	95
Legislative rate changes	6	—	—
Valuation allowance	(67)	(83)	(127)
Tax settlements and adjustments, including interest	2	2	(5)
Discharge of debt and other reorganization related items	40	60	57
Other, net	(1)	(1)	2
Provision for income taxes	<u>\$ 32</u>	<u>\$ 30</u>	<u>\$ 10</u>

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

	As of December 31,	
	2016	2015
Deferred tax assets		
Pension and postretirement obligations	\$ 162	\$ 187
Restructuring programs	1	3
Foreign tax credit	335	314
Inventories	10	14
Investment tax credit	71	80
Employee deferred compensation	41	46
Depreciation	63	62
Research and development costs	144	188
Tax loss carryforwards	435	380
Other deferred revenue	11	13
Other	80	112
Total deferred tax assets	<u>\$ 1,353</u>	<u>\$ 1,399</u>
Deferred tax liabilities		
Leasing	\$ 1	\$ 1
Goodwill/Intangibles	48	49
Unremitted foreign earnings	76	121
Total deferred tax liabilities	<u>125</u>	<u>171</u>
Net deferred tax assets before valuation allowance	1,228	1,228
Valuation allowance	1,209	1,201
Net deferred tax assets	<u>\$ 19</u>	<u>\$ 27</u>

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

	As of December 31,	
	2016	2015
Deferred income taxes (current)	\$ —	\$ 22
Deferred income taxes (non-current)	35	23
Other long-term liabilities	(16)	(18)
Net deferred tax assets	<u>\$ 19</u>	<u>\$ 27</u>

As of December 31, 2016, Kodak had available domestic and foreign net operating loss carry-forwards for income tax purposes of approximately \$1,657 million, of which approximately \$499 million have an indefinite carry-forward period. The remaining \$1,158 million expire between the years 2017 and 2036. As of December 31, 2016, Kodak had unused foreign tax credits and investment tax credits of \$335 million and \$71 million, respectively, with various expiration dates through 2031.

Utilization of post-emergence net operating losses and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of net operating loss ("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 testing period (generally three years).

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak has a deferred tax liability (net of related foreign tax credits) of \$56 million and \$102 million on the foreign subsidiaries' undistributed earnings as of December 31, 2016 and 2015, respectively. Kodak has recorded a deferred tax liability of \$20 million and \$19 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2016 and 2015, respectively.

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.

Kodak's valuation allowance as of December 31, 2015 was \$1,201 million. Of this amount, \$266 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$344 million, and \$935 million related to Kodak's net deferred tax assets in the U.S. of \$884 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 \$19 million and \$27 million as of December 31, 2016 and 2015, respectively, relate primarily to net operating loss carry-forwards, certain tax credits, and pension related tax benefits for which Kodak believes it is more likely than not that the assets will be realized.

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,		
	2016	2015	2014
Balance as of January 1	\$ 85	\$ 92	\$ 106
Tax positions related to the current year:			
Additions	—	1	2
Tax positions related to prior years:			
Additions	1	—	1
Reductions	(2)	(7)	(14)
Settlements with taxing jurisdictions	—	—	(1)
Lapses in statute of limitations	—	(1)	(2)
Balance as of December 31	<u>\$ 84</u>	<u>\$ 85</u>	<u>\$ 92</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 \$23 million and \$21 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2016 and 2015, respectively.

Kodak had uncertain tax benefits of approximately \$36 million as of December 31, 2016 and 2015 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.

During 2014, Kodak reached a settlement outside of the U.S. and settled an audit for calendar year 2003. Kodak originally recorded liabilities for uncertain tax positions ("UTPs") totaling \$8 million (plus interest of approximately \$2 million). The settlement resulted in a reduction in Other current liabilities and the recognition of a \$10 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. With respect to

countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2009 with respective foreign tax jurisdiction authorities.

NOTE 15: 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, 2016 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, 2013	26	8	—	—	34
Charges - continuing operations	51	2	3	2	58
Charges - discontinued operations	3	—	—	—	3
Utilization/cash payments	(47)	(5)	(3)	(2)	(57)
Other adjustments & reclasses ⁽²⁾	(11)	—	—	—	(11)
Balance as of December 31, 2014	22	5	—	—	27
Charges - continuing operations	32	4	1	8	45
Charges - discontinued operations	1	—	—	—	1
Utilization/cash payments	(36)	(5)	(1)	(8)	(50)
Other adjustments & reclasses ⁽³⁾	(12)	—	—	—	(12)
Balance as of December 31, 2015	7	4	—	—	11
Charges - continuing operations	14	1	1	—	16
Utilization/cash payments	(14)	(2)	(1)	—	(17)
Other adjustments & reclasses ⁽⁴⁾	(2)	—	—	—	(2)
Balance as of December 31, 2016	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8</u>

(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 \$(11) million includes \$(8) 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 \$(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.

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

2014 Activity

The \$61 million of charges for the year ended December 31, 2014 includes \$2 million for accelerated depreciation which was reported in Cost of revenues, \$56 million which was reported as Restructuring costs and other and \$3 million which was reported in Loss from discontinued operations in the accompanying Consolidated Statement of Operations.

The 2014 severance costs related to the elimination of approximately 775 positions, including approximately 325 manufacturing/service, 350 administrative and 100 research and development positions. The geographic composition of these positions included approximately 425 in the U.S. and Canada, and 350 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 2016.

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, \$37 million which was reported as Restructuring costs and other and \$1 million which was reported in Loss from discontinued operations 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 2016.

2016 Activity

Restructuring actions taken in 2016 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included actions associated with the exit of Kodak's silver metal mesh touch screen development, completion of the Leeds plate manufacturing facility exit, 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, 2016 Kodak recorded \$16 million of charges, including \$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.

As a result of these initiatives, severance payments will continue 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 be paid throughout 2017 and beyond.

Leeds Plate Manufacturing Facility Exit

On March 3, 2014, Kodak announced a plan to exit its prepress plate manufacturing facility located in Leeds, England. This decision was pursuant to Kodak's initiative to consolidate manufacturing operations globally, and is expected to result in a more efficient delivery of its products and solutions. Kodak began the exit of the facility in the second quarter of 2014, phased out production at the site in the third quarter of 2015 and has substantially completed the exit of the facility.

Under this program, on a life-to-date basis as of December 31, 2016, Kodak has recorded severance charges of \$10 million, long-lived asset impairment charges of \$3 million, accelerated depreciation charges of \$10 million, and other exit costs of \$2 million.

NOTE 16: 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, 2016		Year Ended December 31, 2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in Benefit Obligation				
Projected benefit obligation at beginning of period	\$ 4,099	\$ 800	\$ 4,438	\$ 918
Service cost	12	3	17	3
Interest cost	113	14	148	17
Benefit payments	(395)	(48)	(478)	(51)
Actuarial loss (gain)	76	61	(35)	(24)
Special termination benefits	3	—	9	—
Currency adjustments	—	(14)	—	(63)
Projected benefit obligation at end of period	<u>\$ 3,908</u>	<u>\$ 816</u>	<u>\$ 4,099</u>	<u>\$ 800</u>
Change in Plan Assets				
Fair value of plan assets at beginning of period	\$ 3,793	\$ 728	\$ 4,160	\$ 795
Gain on plan assets	255	19	111	31
Employer contributions	—	4	—	4
Benefit payments	(395)	(48)	(478)	(51)
Currency adjustments	—	(10)	—	(51)
Fair value of plan assets at end of period	<u>\$ 3,653</u>	<u>\$ 693</u>	<u>\$ 3,793</u>	<u>\$ 728</u>
Under Funded Status at end of period	<u>\$ (255)</u>	<u>\$ (123)</u>	<u>\$ (306)</u>	<u>\$ (72)</u>
Accumulated benefit obligation at end of period	<u>\$ 3,907</u>	<u>\$ 806</u>	<u>\$ 4,098</u>	<u>\$ 792</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,			
	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$ —	\$ 34	\$ —	\$ 39
Pension and other postretirement liabilities	(255)	(157)	(306)	(111)
Net amount recognized	<u>\$ (255)</u>	<u>\$ (123)</u>	<u>\$ (306)</u>	<u>\$ (72)</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,			
	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$ 3,908	\$ 541	\$ 4,099	\$ 524
Accumulated benefit obligation	3,907	532	4,098	516
Fair value of plan assets	3,653	384	3,793	412

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,			
	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	\$ 39	\$ 4	\$ 50	\$ 4
Net actuarial loss	(356)	(76)	(285)	(6)
Total	<u>\$ (317)</u>	<u>\$ (72)</u>	<u>\$ (235)</u>	<u>\$ (2)</u>

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

	2016		Year Ended December 31, 2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established (loss) gain	\$ (83)	\$ (70)	\$ (126)	\$ 25	\$ (255)	\$ (46)
Newly established prior service credit	—	—	—	—	61	—
Amortization of:						
Prior service credit	(7)	—	(8)	—	(3)	—
Net actuarial loss	7	—	—	2	—	—
Net loss recognized in expense due to settlements	—	—	—	—	10	—
Transfers	—	—	—	—	—	1
Total (loss) income recognized in Other comprehensive income	<u>\$ (83)</u>	<u>\$ (70)</u>	<u>\$ (134)</u>	<u>\$ 27</u>	<u>\$ (187)</u>	<u>\$ (45)</u>

The Company expects to recognize \$7 million of prior service credits and \$3 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):

	2016		Year Ended December 31, 2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:						
Service cost	\$ 12	\$ 3	\$ 17	\$ 3	\$ 18	\$ 4
Interest cost	113	14	148	17	176	30
Expected return on plan assets	(262)	(28)	(272)	(30)	(295)	(38)
Amortization of:						
Prior service credit	(7)	—	(8)	—	(3)	—
Actuarial loss	7	—	—	2	—	—
Pension income before special termination benefits and settlements	(137)	(11)	(115)	(8)	(104)	(4)
Special termination benefits	3	—	9	—	8	—
Settlement losses	—	—	—	—	10	—
Net pension income for major defined benefit plans	(134)	(11)	(106)	(8)	(86)	(4)
Other plans including unfunded plans	—	(2)	—	4	—	8
Net pension income	<u>\$ (134)</u>	<u>\$ (13)</u>	<u>\$ (106)</u>	<u>\$ (4)</u>	<u>\$ (86)</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 pension income before special termination benefits and settlements reported above for the years ended December 31, 2015 and 2014 each include \$1 million which is reported as Loss from discontinued operations.

The special termination benefits of \$3 million, \$9 million and \$8 million for the years ended December 31, 2016, 2015 and 2014, 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:

	2016		Year Ended December 31, 2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.74%	2.04%	3.89%	2.50%	3.50%	2.09%
Salary increase rate	3.43%	1.99%	3.37%	1.91%	3.34%	1.95%

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:

	2016		Year Ended December 31, 2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Effective rate for service cost	3.49%	2.81%	3.50%	2.09%	4.19%	3.34%
Effective rate for interest cost	2.82%	1.90%	3.50%	2.09%	4.19%	3.34%
Salary increase rate	3.37%	1.91%	3.34%	1.95%	3.37%	2.62%
Expected long-term rate of return on plan assets	7.40%	4.65%	7.40%	4.69%	7.63%	4.93%

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, 2016 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, 2016, based upon the current asset allocation and forward-looking expected returns for the various asset classes in which KRIP invests, resulted in an EROA of 7.0%.

As with KRIP, the EROA assumptions for certain of Kodak's other pension plans were reassessed as of December 31, 2016. The annual expected return on plan assets for the major non-U.S. pension plans range from 2.6% to 5.6% based on the plans' respective asset allocations as of December 31, 2016.

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, 2016 and 2015, 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,		2016 Target
	2016	2015	
Equity securities	16%	15%	12-18%
Debt securities	33%	35%	32-38%
Real estate	3%	3%	0-6%
Cash and cash equivalents	3%	1%	0-6%
Global balanced asset allocation funds	14%	13%	10-20%
Other	31%	33%	25-35%
Total	100%	100%	

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

Asset Category	As of December 31,		2016 Target
	2016	2015	
Equity securities	3%	3%	1-10%
Debt securities	33%	35%	25-35%
Real estate	0%	0%	0-6%
Cash and cash equivalents	2%	3%	0-6%
Global balanced asset allocation funds	4%	6%	0-10%
Other	58%	53%	55-65%
Total	100%	100%	

Fair Value Measurements

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2016 and 2015 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, 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 gains	(1)	—	—	—	(1)
	<u>\$ —</u>	<u>\$ 373</u>	<u>\$ 46</u>	<u>\$ 3,234</u>	<u>\$ 3,653</u>

Major U.S. Plans
December 31, 2015

(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	\$ 2	\$ —	\$ —	\$ 32	\$ 34
Equity Securities	—	—	—	571	571
Debt Securities:					
Government Bonds	—	—	—	924	924
Investment Grade Bonds	—	382	—	—	382
Real Estate	—	—	34	96	130
Global Balanced Asset Allocation Funds	—	—	—	492	492
Other:					
Absolute Return	—	—	—	487	487
Private Equity	—	—	24	744	768
Derivatives with unrealized gains	5	—	—	—	5
	<u>\$ 7</u>	<u>\$ 382</u>	<u>\$ 58</u>	<u>\$ 3,346</u>	<u>\$ 3,793</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, 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	\$ 3	\$ —	\$ —	\$ 9	\$ 12
Equity Securities	—	7	—	11	18
Debt Securities:					
Government Bonds	—	16	—	86	102
Inflation-Linked Bonds	—	—	—	5	5
Investment Grade Bonds	—	59	—	51	110
Global High Yield & Emerging Market Debt	—	4	—	11	15
Real Estate	—	3	—	—	3
Global Balanced Asset Allocation Funds	—	—	—	29	29
Other:					
Absolute Return	—	2	—	8	10
Private Equity	—	2	—	55	57
Insurance Contracts	—	335	—	—	335
Derivatives with unrealized losses	(3)	—	—	—	(3)
	<u>\$ —</u>	<u>\$ 428</u>	<u>\$ —</u>	<u>\$ 265</u>	<u>\$ 693</u>

Major Non-U.S. Plans
December 31, 2015

(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	\$ 5	\$ —	\$ —	\$ 16	\$ 21
Equity Securities	—	6	—	16	22
Debt Securities:					
Government Bonds	—	39	—	117	156
Inflation-Linked Bonds	—	—	—	3	3
Investment Grade Bonds	—	45	—	45	90
Global High Yield & Emerging Market Debt	—	—	—	3	3
Real Estate	—	2	—	—	2
Global Balanced Asset Allocation Funds	—	—	—	47	47
Other:					
Absolute Return	—	4	—	8	12
Private Equity	—	—	—	61	61
Insurance Contracts	—	311	—	—	311
Derivatives with unrealized gains	2	—	—	—	2
Derivatives with unrealized losses	(2)	—	—	—	(2)
	<u>\$ 5</u>	<u>\$ 407</u>	<u>\$ —</u>	<u>\$ 316</u>	<u>\$ 728</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, 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, 2015 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 24% 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 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. Of the December 31, 2015 investments shown in the major Non-U.S. plans table above, 0% and 12% of the total pension assets represented derivative exposures to equity securities and government bonds (at 13 years target duration), respectively, 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:

(in millions)	U.S.				
	Balance at January 1, 2016	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	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>\$ —</u>	<u>\$ 46</u>

(in millions)	U.S.				
	Balance at January 1, 2015	Net Realized and Unrealized Gains/(Losses)	Net Purchases and Sales	Net Transfer Into/(Out of) Level 3	Balance at December 31, 2015
Real Estate	\$ 41	\$ 6	\$ (13)	\$ —	\$ 34
Private Equity	28	1	(5)	—	24
Total	<u>\$ 69</u>	<u>\$ 7</u>	<u>\$ (18)</u>	<u>\$ —</u>	<u>\$ 58</u>

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

	U.S.	Non-U.S.
2017	\$ 340	\$ 46
2018	328	46
2019	318	45
2020	309	45
2021	297	44
2022 - 2026	1,336	207

NOTE 17: 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,	
	2016	2015
Net benefit obligation at beginning of period	\$ 78	\$ 86
Interest cost	2	3
Plan participants' contributions	5	7
Actuarial loss (gain)	1	(8)
Benefit payments	(10)	(12)
Currency adjustments	(2)	2
Net benefit obligation at end of period	<u>\$ 74</u>	<u>\$ 78</u>
Underfunded status at end of period	<u>\$ (74)</u>	<u>\$ (78)</u>

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

	As of December 31,	
	2016	2015
Other current liabilities	\$ (5)	\$ (5)
Pension and other postretirement liabilities	(69)	(73)
	<u>\$ (74)</u>	<u>\$ (78)</u>

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

	As of December 31,	
	2016	2015
Net actuarial gain	\$ (5)	\$ (8)

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

	Year Ended December 31,	
	2016	2015
Newly established loss (gain)	\$ 1	\$ (8)
Amortization of:		
Net actuarial gain	2	-
Total loss (gain) recognized in Other comprehensive (loss) income	<u>\$ 3</u>	<u>\$ (8)</u>

Other postretirement benefit cost included:

	Year Ended December 31,		
	2016	2015	2014
Components of net postretirement benefit cost:			
Service cost	\$ —	\$ —	\$ —
Interest cost	2	3	4
Amortization of:			
Actuarial gain	(2)	—	—
Other postretirement benefit cost from continuing operations	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 4</u>

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

	Year Ended December 31,	
	2016	2015
Discount rate	3.44%	3.60%
Salary increase rate	2.35%	1.80%

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

	Year Ended December 31,		
	2016	2015	2014
Effective rate for interest cost	2.85%	3.49%	4.28%
Salary increase rate	1.80%	2.60%	2.50%

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

	2016	2015
Healthcare cost trend	5.68%	5.81%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.38%	4.21%
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	4	(4)

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

2017	\$ 5
2018	4
2019	4
2020	4
2021	4
2022-2026	19

NOTE 18: 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. The Company declared a cash dividend of approximately \$2 million in December 2016, which was paid on January 17, 2017. The accrual for the cash dividend declared is included in Other current liabilities in the accompanying Consolidated Statement of Financial Position as of December 31, 2016.

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.

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 10, "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 liability. 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 liability is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations. The fair value of the derivative liability as of December 31, 2016 was \$43 million and is included within Other long-term liabilities in the accompanying Consolidated Statement of Financial Position.

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. The Company expects such registration statement to be declared effective by the SEC in due course. 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 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 year ended December 31, 2016 follows (in millions):

Earnings from continuing operations attributable to Eastman Kodak Company	\$	45
Less: Series A convertible preferred stock cash dividend		(2)
Less: Series A convertible preferred stock deemed dividend		(1)
Earnings from continuing operations available to common shareholders - basic and diluted		<u>42</u>

Net income attributable to Eastman Kodak Company	\$ 15
Less: Series A convertible preferred stock cash dividend	(2)
Less: Series A convertible preferred stock deemed dividend	(1)
Net income available to common shareholders - basic and diluted	<u>12</u>
Weighted-average common shares outstanding - basic	42.2
Effect of dilutive securities:	
Unvested share-based awards	<u>0.3</u>
Weighted-average common shares outstanding - diluted	<u>42.5</u>

The computation of diluted earnings per share for the year ended December 31, 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 2.2 million outstanding employee stock options because they would have been anti-dilutive.

As a result of the net loss from continuing operations for the years ended December 31, 2015 and December 31, 2014 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 years ended December 31, 2015 and December 31, 2014, 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	2014
Unvested share-based awards	0.2	0.1
Warrants to purchase common shares	0.3	1.5
Total	<u>0.5</u>	<u>1.6</u>

The computation of diluted earnings per share for the years ended December 31, 2015 and 2014 also excluded outstanding employee stock options of 1.6 million and 0.8 million, respectively, 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 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 \$5 million for the year ended December 31, 2016 and \$7 million for the years ended December 31, 2015 and 2014.

The weighted average grant date fair value of restricted stock unit awards granted for the years ended December 31, 2016, 2015 and 2014 was \$13.85, \$14.86 and \$24.16, respectively. The total fair value of restricted stock units that vested in the years ended December 31, 2016, 2015 and 2014 was \$7 million, \$5 million and \$2 million, respectively. As of December 31, 2016, there was \$4 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, 2016:

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Values
Outstanding on December 31, 2015	774,545	\$19.13
Granted	331,195	13.85
Vested	395,577	18.89
Forfeited	58,619	19.40
Outstanding on December 31, 2016	651,544	16.57

Stock Options

The following table summarizes information about stock option activity for the year ended December 31, 2016:

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (\$ millions)
Outstanding on December 31, 2015	1,520,795	\$18.89		
Granted	824,540	13.84		
Exercised	5,797	13.76		
Forfeited	125,079	17.47		
Outstanding on December 31, 2016	2,214,459	17.10	5.67	\$2
Exercisable on December 31, 2016	717,095	20.28	5.01	-
Expected to vest December 31, 2016	1,497,364	15.58	5.99	2

The aggregate intrinsic value in the preceding table 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 2016. 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.

The weighted average grant date fair value of options granted for the years ended December 31, 2016, 2015 and 2014 was \$5.56, \$5.94 and \$7.74, respectively. The total fair value of options that vested during the year ended December 31, 2016 and 2015 was \$3 million and \$2 million, respectively. No options vested during the year ended December 31, 2014. Compensation cost related to stock options for the years ended December 31, 2016, 2015 and 2014 was \$4 million, \$4 million and \$1 million, respectively.

As of December 31, 2016, there was \$5 million of unrecognized compensation cost related to stock options. The cost is expected to be recognized over a weighted average period of 1.6 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,		
	2016	2015	2014
Weighted-average fair value of options granted	\$5.56	\$5.94	\$7.74
Weighted-average risk-free interest rate	1.32%	1.46%	1.46%
Range of risk-free interest rates	0.93% - 1.96%	1.26% - 1.60%	1.39% - 1.51%
Weighted-average expected option lives	4.6 years	4.5 years	4.5 years
Expected option lives	4.5 - 4.9 years	4.5 years	4.5 years
Weighted-average volatility	47%	46%	39%
Range of expected volatilities	44% - 51%	40% - 49%	36% - 42%
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, 2016 there were 42.4 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding. As of December 31, 2015 there were 42.0 million shares of common stock outstanding and no shares of 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, 2016, there were warrants outstanding to purchase 3.6 million shares of common stock.

Treasury Stock

During the years ended December 31, 2016 and 2015, the Company repurchased shares of common stock for approximately \$3 million and \$1 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 0.5 million shares and 0.3 million shares at December 31, 2016 and 2015, respectively.

Backstop Registration Rights Agreement

Upon emergence from bankruptcy on September 3, 2013, 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 registrable 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,		
	2016	2015	2014
Currency translation adjustments	\$ (29)	\$ (35)	\$ (33)
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	61
Newly established net actuarial loss	(148)	(88)	(278)
Tax benefit (provision)	14	(5)	7
Newly established prior service credit and net actuarial loss, net of tax	(134)	(89)	(210)
Reclassification adjustments:			
Amortization of prior service credit (a)	(7)	(8)	(3)
Amortization of actuarial losses (gains) (a)	1	(2)	1
Recognition of (gains) losses due to settlements and curtailments (a)	(1)	1	10
Total reclassification adjustments	(7)	(9)	8
Tax provision	1	—	—
Reclassification adjustments, net of tax	(6)	(9)	8
Pension and other postretirement benefit plan changes, net of tax	(140)	(98)	(202)
Other comprehensive loss	\$ (171)	\$ (131)	\$ (235)

(a) Reclassified to Pension (income) expense - refer to Note 16, "Retirement Plans" and Note 17, "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,	
	2016	2015
Currency translation adjustments	\$ (96)	\$ (67)
Available for sale securities	-	2
Pension and other postretirement benefit plan changes	(342)	(202)
Ending balance	<u>\$ (438)</u>	<u>\$ (267)</u>

NOTE 24: SEGMENT INFORMATION

Kodak has seven reportable segments: Print Systems, Micro 3D Printing and Packaging, Software and Solutions, Consumer and Film, Enterprise Inkjet Systems, Intellectual Property Solutions 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. 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.

Micro 3D Printing and Packaging: The Micro 3D Printing and Packaging segment is comprised of two lines of business: Packaging and Micro 3D Printing.

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: Consumer Inkjet Solutions; Motion Picture, Industrial Chemicals and Films, and Consumer Products.

Enterprise Inkjet Systems: The Enterprise Inkjet Systems segment is comprised of the KODAK VERSAMARK business.

Intellectual Property Solutions: The Intellectual Property Solutions segment includes licensing and research and development activities not directly related to the other 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 is composed of Kodak's consumer film business in countries where that business had not yet transferred ownership to the KPP Purchasing Parties (as defined in Note 26 "Discontinued Operations") and 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 ("CODM").

Net Revenues from Continuing Operations by Reportable Segment

(in millions)	Year Ended December 31,		
	2016	2015	2014
Print Systems	\$ 1,018	\$ 1,106	\$ 1,257
Micro 3D Printing and Packaging	132	128	130
Software and Solutions	86	112	108
Consumer and Film	216	265	352
Enterprise Inkjet Systems	76	84	115
Intellectual Property Solutions	—	1	70
Eastman Business Park	15	13	14
Consolidated total	<u>\$ 1,543</u>	<u>\$ 1,709</u>	<u>\$ 2,046</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 Intellectual Property Solutions segment.

Change in Segment Measure of Profit and Loss

During the first quarter of 2016, Kodak changed its segment measure of profit and loss. The segment measure excludes overhead costs no longer absorbed by discontinued operations (see description above). In addition, manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production are now excluded from the segment measure of profit and loss.

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

(in millions)	Year Ended December 31,		
	2016	2015	2014
Print Systems	\$ 105	\$ 99	\$ 94
Micro 3D Printing and Packaging ⁽⁸⁾	12	11	—
Software & Solutions	4	9	3
Consumer & Film	16	52	66
Enterprise Inkjet Systems	19	20	35
Intellectual Property Solutions	(14)	(22)	40
Eastman Business Park	2	2	1
Total of reportable segments	144	171	239
All Other ⁽¹⁾	3	4	4
Corporate components of pension and OPEB income ⁽²⁾	161	133	110
Depreciation and amortization	(102)	(134)	(191)
Restructuring costs and other	(16)	(37)	(56)
Overhead supporting, but not directly absorbed by discontinued operations ⁽³⁾	(15)	(21)	(30)
Stock-based compensation	(8)	(17)	(8)
Change in U.S. vacation benefits ⁽⁴⁾	—	16	—
Consulting and other costs ⁽⁵⁾	(5)	(14)	(7)
Idle costs ⁽⁶⁾	(3)	(3)	(4)
Manufacturing costs originally planned to be absorbed by silver halide touch screen production ⁽⁷⁾	(3)	(2)	(1)
Other operating expense, net excluding gain related to Unipixel termination ⁽⁸⁾	(16)	(5)	(9)
Interest expense ⁽⁹⁾	(60)	(63)	(62)
Loss on early extinguishment of debt, net ⁽⁹⁾	(4)	—	—
Other charges, net ⁽⁹⁾	(4)	(21)	(21)
Reorganization items, net ⁽⁹⁾	6	(5)	(13)
Consolidated earnings (loss) from continuing operations before income taxes	<u>\$ 78</u>	<u>\$ 2</u>	<u>\$ (49)</u>

⁽¹⁾ RED utilities variable interest entity (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⁾ Primarily consists of costs for shared resources allocated to the Prosper Enterprise Inkjet business discontinued operation in the prior year periods which are now included in the results of continuing operations and an estimate of costs for shared resources which would have been

allocated to the Prosper Enterprise Inkjet business discontinued operation in the current year period had the business remained in continuing operations.

- (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 \$2 million, and discontinued operations by \$1 million.
- (5) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in 2016 and 2015. The costs in 2014 primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.
- (6) 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.
- (7) 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.
- (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 (income) expense, 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 Micro 3D Printing and Packaging 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. In 2014, Kodak increased workers' compensation reserves by \$6 million, which impacted gross profit by approximately \$3 million, SG&A by approximately \$2 million and R&D by approximately \$1 million.

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:	2016	2015	2014
Print Systems	\$ 9	\$ 9	\$ 9
Micro 3D Packaging & Printing	7	9	9
Software & Solutions	1	2	2
Consumer & Film	1	1	1
Consolidated total	<u>\$ 18</u>	<u>\$ 21</u>	<u>\$ 21</u>

(in millions)	Year Ended December 31,		
Depreciation expense from continuing operations:	2016	2015	2014
Print Systems	\$ 36	\$ 39	\$ 51
Micro 3D Packaging & Printing	7	6	8
Software & Solutions	2	1	2
Consumer & Film	15	30	65
Enterprise Inkjet Systems	3	5	8
Intellectual Property Solutions	1	2	8
Eastman Business Park	4	6	11
Sub-total	68	89	153
Other	16	16	15
Restructuring-related depreciation	-	8	2
Consolidated total	<u>\$ 84</u>	<u>\$ 113</u>	<u>\$ 170</u>

Geographic Information

(in millions)	Year Ended December 31,		
Net sales to external customers attributed to ⁽¹⁾ :	2016	2015	2014
The United States	\$ 520	\$ 588	\$ 728
Europe, Middle East and Africa	519	569	698
Asia Pacific	373	376	433
Canada and Latin America	131	176	187
Non U.S. countries total	1,023	1,121	1,318
Consolidated total	\$ 1,543	\$ 1,709	\$ 2,046

- ⁽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, 2016, 2015 and 2014.

(in millions)	Year Ended December 31,		
Long-lived assets ⁽¹⁾ located in:	2016	2015	2014
The United States ⁽²⁾	\$ 122	\$ 199	\$ 253
Europe, Middle East and Africa	34	43	66
Asia Pacific	55	74	72
Canada and Latin America	87	78	110
Non U.S. countries total ⁽³⁾	176	195	248
Consolidated total	\$ 298	\$ 394	\$ 501

- ⁽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 2016, \$75 million are located in Brazil and \$41 million are located in China. Of the total non U.S. property, plant and equipment in 2015, \$64 million are located in Brazil and \$58 million are located in China. Of the total non U.S. property, plant and equipment in 2014, \$95 million are located in Brazil and \$56 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: REORGANIZATION ITEMS, NET

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

(in millions)	Year Ended December 31,		
	2016	2015	2014
Professional fees	\$ 1	\$ 1	\$ 10
Legal contingency reserve reduction	(7)	—	—
Other items, net	—	4	3
Reorganization items, net	\$ (6)	\$ 5	\$ 13
Cash payments for reorganization items	\$ 1	\$ 9	\$ 21

Subsequent to the emergence from bankruptcy on September 3, 2013, costs directly attributable to the implementation of the Chapter 11 Plan of Reorganization are reported as Reorganization items, net.

NOTE 26: 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

In March 2016 Kodak announced that it is in talks with prospective buyers about offers to purchase its KODAK PROSPER Enterprise Inkjet business (the "Prosper Business"). The results of operations of the Prosper Business are classified as discontinued operations in the Consolidated Statement of Operations for all periods presented. Additionally, the assets and liabilities associated with the Prosper Business are classified as held for sale in the Consolidated Statement of Financial Position as of December 31, 2016 and 2015. Kodak anticipates the sale of the Prosper Business will close by the end of the third quarter of 2017.

The results of operations of the Prosper Business are presented in the following table:

(in millions)	Year Ended December 31,		
	2016	2015	2014
Revenues	\$ 94	\$ 89	\$ 70
Cost of sales	75	86	74
Selling, general and administrative expenses	26	22	26
Research and development expenses	20	17	30
Restructuring costs and other	-	1	3
Loss from discontinued operations, before income taxes	(27)	(37)	(63)
Provision for income taxes	(1)	(2)	—
Loss from discontinued operations, net of income taxes	<u>\$ (28)</u>	<u>\$ (39)</u>	<u>\$ (63)</u>

The following table presents the aggregate carrying amount of major assets and liabilities of the Prosper Business:

(in millions)	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1	\$ 1
Receivables, net	11	15
Inventories, net	35	51
Property, plant and equipment, net	44	32
Intangible assets, net	37	38
Other assets	4	4
Assets of business held for sale	<u>\$ 132</u>	<u>\$ 141</u>
LIABILITIES		
Accounts payable, trade	\$ 7	\$ 9
Current portion of long-term debt	1	1
Other current liabilities	14	12
Long-term debt, net of current portion	3	2
Pension and other postretirement liabilities	3	4
Other long-term liabilities	2	1
Liabilities of business held for sale	<u>\$ 30</u>	<u>\$ 29</u>

A dedicated entity of the Prosper Business had intercompany liabilities with Kodak of approximately \$4 million as of December 31, 2016 that are part of the proposed transaction but are not reflected in the table above as these amounts have been eliminated in deriving the consolidated financial statements. There were no intercompany amounts that are part of the proposed transaction as of December 31, 2015.

Current assets held for sale as of both December 31, 2016 and 2015 in the Consolidated Statement of Financial Position included \$2 million of items under contract for sale not associated with the Prosper Business or the PI/DI Business.

The following table presents cash flow information associated with the Prosper Business:

(in millions)	Year Ended December 31,		
	2016	2015	2014
Depreciation	\$ 2	\$ 6	\$ 4
Amortization	1	4	4
Capital expenditures	5	3	1

Depreciation and amortization of long-lived assets of the Prosper Business included in discontinued operations ceased on April 1, 2016.

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 2015. As a result, \$4 million of the purchase price, representing the maximum amount that could be owed for 2015, was paid in 2016. 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,		
	2016	2015	2014
Revenues from Personalized Imaging and Document Imaging	\$ —	\$ 1	\$ 61
Pre-tax (loss) earnings from Personalized Imaging and Document Imaging	\$ (2)	\$ (5)	\$ 9
Provision for income taxes related to discontinued operations	—	(3)	(5)
(Loss) earnings from discontinued operations, net of income taxes	<u>\$ (2)</u>	<u>\$ (8)</u>	<u>\$ 4</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.
2016				
Net revenues from continuing operations	\$ 404	\$ 380	\$ 397	\$ 362
Gross profit from continuing operations	105	92	100	86
Earnings (loss) from continuing operations	12 ⁽³⁾	22	16	(4) ⁽²⁾
Loss from discontinued operations ⁽⁴⁾	(1)	(10)	(8)	(11)
Net earnings (loss) attributable to Eastman Kodak Company	10	16	7	(18)
Basic net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁵⁾				
Continuing operations	\$ 0.19	\$ 0.62	\$ 0.36	\$ (0.17)
Discontinued operations	(0.02)	(0.24)	(0.19)	(0.26)
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 ⁽⁵⁾				
Continuing operations	\$ 0.18	\$ 0.60	\$ 0.35	\$ (0.17)
Discontinued operations	(0.02)	(0.23)	(0.19)	(0.26)
Total	<u>\$ 0.16</u>	<u>\$ 0.37</u>	<u>\$ 0.16</u>	<u>\$ (0.43)</u>
 (in millions, except per share data)				
2015				
Net revenues from continuing operations	\$ 439	\$ 425	\$ 434	\$ 411
Gross profit from continuing operations	117	94	84	83
Earnings (loss) from continuing operations	30 ⁽¹⁾	(6)	(15)	(37)
Loss from discontinued operations ⁽⁴⁾	(7)	(15)	(8)	(17)
Net earnings (loss) attributable to Eastman Kodak Company	24	(22)	(24)	(58)
Basic and diluted net earnings (loss) per share attributable to Eastman Kodak Company ⁽⁵⁾				
Continuing operations	\$ 0.74	\$ (0.17)	\$ (0.38)	\$ (0.97)
Discontinued operations	(0.17)	(0.36)	(0.19)	(0.41)
Total	<u>\$ 0.57</u>	<u>\$ (0.53)</u>	<u>\$ (0.57)</u>	<u>\$ (1.38)</u>

⁽¹⁾ Includes \$16 million pre-tax benefit from the change in U.S. vacation benefits.

⁽²⁾ 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 12, "Other Operating Expense, net" in the Notes to Financial Statements.

⁽³⁾ 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.

⁽⁴⁾ Refer to Note 26, "Discontinued Operations", in the Notes to Financial Statements for a discussion regarding discontinued operations.

⁽⁵⁾ 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, 2016. 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, 2016. The effectiveness of Kodak's internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, Kodak's independent registered public accounting firm, as stated in their report which appears on page 46 of this Annual Report on Form 10-K.

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

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Kodak hereby incorporates by reference herein (i) Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on May 5, 2016, which includes disclosure publicly filed by an entity that may be considered an "affiliate" (as such term is defined in Rule 12b-2 of the Exchange Act) of Kodak, and (ii) Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on August 8, 2016, which includes disclosure publicly filed by an entity that may be considered an "affiliate" (as such term is defined in Rule 12b-2 of the Exchange Act) of Kodak.

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 2017 Annual Meeting and Proxy Statement (the "Proxy Statement"), which will be filed within 120 days after December 31, 2016. 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" on page 22 of this report. 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, 2016, 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⁾	2,839,841	\$ 17.10	983,159

⁽¹⁾ The Company's equity compensation plan not approved by security holders is the 2013 Omnibus Long-Term Compensation Plan which was approved by the Bankruptcy Court pursuant to the Plan of Reorganization, the material terms of which were summarized in the Company's 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. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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(a) 1. Consolidated financial statements:	
<u>Report of independent registered public accounting firm</u>	46
<u>Consolidated statement of operations</u>	47
<u>Consolidated statement of comprehensive loss</u>	48
<u>Consolidated statement of financial position</u>	49
<u>Consolidated statement of equity (deficit)</u>	50
<u>Consolidated statement of cash flows</u>	52
<u>Notes to financial statements</u>	54
2. Financial statement schedule:	
<u>II - Valuation and qualifying accounts</u>	100
All other schedules have been omitted because they are not applicable or the information required is shown in the financial statements or notes thereto.	
3. Supplemental data:	
<u>Quarterly sales and earnings data (unaudited)</u>	95
4. Exhibits required as part of this report are listed in the index appearing on pages 100 through 105.	

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 7, 2017

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/ Mark S. Burgess</u> Mark S. Burgess	Director
By:	<u>/s/ James V. Continenza</u> James V. Continenza	Chairman
By:	<u>/s/ Matthew A. Doheny</u> Matthew A. Doheny	Director
By:	<u>/s/ John A. Janitz</u> John A. Janitz	Director
By:	<u>/s/ George Karfunkel</u> George Karfunkel	Director
By:	<u>/s/ Jason New</u> Jason New	Director
By:	<u>/s/ William G. Parrett</u> William G. Parrett	Director
By:	<u>/s/ Derek Smith</u> Derek Smith	Director

Date: March 7, 2017

Eastman Kodak Company
Valuation and Qualifying Accounts

(in millions)	Beginning Balance	Additions	Net Deductions and Other	Ending Balance
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
Year ended December 31, 2014				
Reserve for doubtful accounts	\$ 6	5	—	\$ 11
Deferred tax valuation allowance	\$ 953	257	83	\$ 1,127

Eastman Kodak Company
Index to Exhibits

Exhibit Number	
(2.1)	Confirmation Order from the United States Bankruptcy Court for the Southern District of New York Confirming the First Amended Joint Chapter 11 Plan of Reorganization, dated August 23, 2013. (Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K as filed on August 29, 2013).
(2.2)	First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates. (Incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K as filed on August 29, 2013).
(2.3)	Amended and Restated Stock and Asset Purchase Agreement between Eastman Kodak Company, Qualex, Inc., Kodak (Near East), Inc., KPP Trustees Limited, as Trustee for the Kodak Pension Plan of the United Kingdom, and, solely for purposes of Section 11.4, KPP Holdco Limited, dated August 30, 2013. (Incorporated by reference to Exhibit 2.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
(3.1)	Second Amended and Restated Certificate of Incorporation 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)	Third Amended and Restated By-Laws of Eastman Kodak Company. (Incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 as filed on August 5, 2014).
(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).
- *(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), filed herewith.
- *(10.6) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Continued Vesting), filed herewith.
- *(10.7) 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).
- *(10.8) 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).
- *(10.9) 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).
- *(10.10) Eastman Kodak Company Administrative Guide for the 2014 Performance Period under the Executive Compensation for Excellence and Leadership Plan.
(Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- *(10.11) Eastman Kodak Company Administrative Guide for the 2015 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, 2015 as filed on May 7, 2015).
- *(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 2016 Excel Restricted Stock Unit Form of Award Agreement (US Employees), filed herewith.
- *(10.14) Eastman Kodak Company 2016 Excel Restricted Stock Unit Form of Award Agreement (Non-US Employees), filed herewith.
- *(10.15) 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).
- *(10.16) 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).
- *(10.17) Eastman Kodak Company 2013 Omnibus Incentive Plan Award Agreement for Jeffrey J. Clarke, dated March 12, 2014, filed herewith.
- *(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) 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).
- *(10.24) 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).
- *(10.25) Employment Agreement between Eastman Kodak Company and John N. McMullen, dated May 16, 2014. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 as filed on August 5, 2014).
- *(10.26) Amendment to Employment Agreement between Eastman Kodak Company and John N. McMullen, dated March 14, 2016. (Incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).

- *(10.27) Amendment to Employment Agreement between Eastman Kodak Company and John N. McMullen, dated July 15, 2014.
(Incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- *# (10.28) Employment Agreement with Douglas J. Edwards, dated July 30, 2013.
(Incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- *(10.29) Employment Agreement with Antonio M. Perez, dated July 30, 2013.
(Incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- (10.30) Backstop Commitment Agreement among Eastman Kodak Company and the Backstop Parties party thereto, dated June 18, 2013.
(Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- # (10.31) Credit Agreement dated September 3, 2013 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, Barclays Bank PLC as Syndication Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC and J.P. Morgan Securities LLC as Joint Lead Arrangers and Joint Bookrunners.
(Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- # (10.32) Security Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to Bank of America, N.A. as Agent.
(Incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- (10.33) 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).
- # (10.34) 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).
- # (10.35) 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).
- # (10.36) Senior Secured Second Lien Term Credit Agreement dated September 3, 2013, among Eastman Kodak Company, as the Borrower and the lenders party thereto, Barclays Bank PLC, as Administrative Agent and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners.
(Incorporated by reference to Exhibit 10.8 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- # (10.37) Guarantee and Collateral Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to Barclays Bank PLC as Administrative Agent.
(Incorporated by reference to Exhibit 10.9 of the Company's Quarterly Report on Form 10-Q for the quarterly

period ended September 30, 2013 as filed on November 12, 2013).

- # (10.38) 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).
- # (10.39) 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).
- (10.40) 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).
- (10.41) 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).
- (10.42) 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).
- (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.

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NOTICE OF 2017 ANNUAL MEETING AND PROXY STATEMENT

Date of Notice: April 10, 2017

**EASTMAN KODAK COMPANY
343 STATE STREET
ROCHESTER, NEW YORK 14650**

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EXHIBIT A

Reconciliation of Non-GAAP Measure

NOTICE OF 2017 ANNUAL MEETING

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders on Tuesday, May 23, 2017 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 2017 ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Eastman Kodak Company will be held on Tuesday, May 23, 2017 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. Ratification of the Audit and Finance Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm.
4. 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 and 3.

If you held your shares at the close of business on March 29, 2017, 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 10, 2017

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 23, 2017.
The Notice of 2017 Annual Meeting and Proxy Statement and 2016 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 2017 Annual Meeting of Shareholders (the Annual Meeting), which will take place on Tuesday, May 23, 2017. 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 10, 2017.

Q. What is included in these proxy materials?

- A. These proxy materials include:
- Our 2016 Annual Report on Form 10-K; and
 - Notice of 2017 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 23, 2017 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. 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 and 3.

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 10, 2017.

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 10, 2017, at www.edocumentview.com/KODK. We are also making our 2016 Annual Report on Form 10-K available at the same time and by the same method. The 2016 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 and 3) 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 and 2, which are non-routine proposals. Your broker, trustee or nominee has discretionary authority to vote your uninstructed shares with respect to Proposal 3, 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 23, 2017, 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 29, 2017, 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. At the Annual Meeting, each share of Series A convertible preferred stock is entitled to 5.7471 votes.

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 2017 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	To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting.
Proposal 3 - Ratification of the Audit and Finance Committee's Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm	To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting.

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 and 3. In tabulating the voting results for these proposals, "FOR" and "AGAINST" votes are counted. Abstentions are not counted and will not impact the outcome of the vote. With respect to Proposal 2, 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 vote. 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 29, 2017, 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 29, 2017 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 29, 2017, there were 42,451,096 shares of our common stock outstanding and 2,000,000 shares of our Series A convertible preferred stock outstanding. At the Annual Meeting, each share of Series A convertible preferred stock is entitled to 5.7471 votes.

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 2018 Annual Meeting, notice of nomination must be delivered to our Secretary no earlier than January 23, 2018 and no later than February 22, 2018.

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 2018 Annual Meeting of Shareholders.

Q. What is the deadline to propose actions for consideration at the 2018 Annual Meeting?

- A. For a shareholder proposal to be considered for inclusion in our proxy statement for the 2018 Annual Meeting, the Secretary must receive the written proposal at our principal executive office no later than the close of business on December 11, 2017. 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 23, 2018; and
- No later than the close of business on February 22, 2018.

If the date of the shareholder meeting is moved more than 30 days before or 30 days after the anniversary of the 2017 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 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 \$2,300, 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/sustainabilityreport
 - 2016 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 2016 ANNUAL REPORT ON FORM 10-K

We will provide you, without charge, upon request, a printed copy of our 2016 Annual Report on Form 10-K. To receive a printed copy of the 2016 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 nine 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 seven 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, George Karfunkel, Jason New and William G. Parrett. On February 9, 2017, John A. Janitz notified the Board that he will retire from his position as a director effective as of the 2017 Annual Meeting in accordance with the Company's mandatory retirement policy applicable to directors, as set forth in our Corporate Governance Guidelines. Also on February 9, 2017, Derek Smith notified the Board that he will not stand for re-election to the Board of Directors at the Annual Meeting.

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 Craig A. Rogerson and Jeffrey D. Engelberg as directors of the Company. Messrs. Rogerson 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, initially 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 all 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.

MARK S. BURGESS *Director since September 2013*

Mark S. Burgess, 58, 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, 55, 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 March 2016, Mr. Clarke joined the board of directors of Autodesk, Inc., a 3D design, engineering and entertainment software company. Mr. Clarke served 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, and 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, 54, 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, LLC (formerly TBC Holdings I, Inc., the parent company of The Berry Company, LLC), 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.

Mr. Continenza served as Chief Operating Officer of Arch Wireless, Inc., a wireless services provider, from September 2000 to September 2002. From April 1999 to September 2000, Mr. Continenza 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.

In addition to his management experience, Mr. Continenza currently serves on the boards of NII Holdings, Inc. (since 2015), a provider of wireless communication services under the Nextel brandTM in Brazil, Neff Rental LLC (since 2014), an industrial and construction equipment rental company, and Tembec, Inc. (since 2008), a manufacturer of lumber-derived products. Mr. Continenza also serves or has served on the boards of several 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 expertise in 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 service as a board member of diverse companies.

MATTHEW A. DOHENY *Director since September 2013*

Matthew A. Doheny, 46, 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. during 2016 and 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 boards of YRC Worldwide, Inc. (since July 2011) and Affinity Gaming (since May 2013) and 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 *2017 Nominee*

Jeffrey Engelberg, 40, is a co-founder and managing member since 2016 of Additive Advisory and Capital, LLC, a CFTC registered commodity pool operator and SEC registered investment advisor to C2W Partners Master Fund, a \$170 million global hedge fund. From 2007 until 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 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, 68, 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, 48, 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 has served as a director of MPM Holdings Inc. since October 2014. Mr. New 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, 71, is a former Senior Partner of Deloitte & Touche USA LLP, a public accounting firm. Mr. Parrett retired in 2007. From 2003 to 2007, he served as the Chief Executive Officer of Deloitte Touche Tohmatsu (DTT). Prior to serving as Chief Executive Officer of DTT, he was Managing Partner of Deloitte & Touche USA since 1999. Mr. Parrett joined Deloitte in 1967 and served in a series of roles of increasing responsibility. Mr. Parrett is a certified public accountant licensed by the State of New York.

Mr. Parrett currently serves as a director of The Blackstone Group L.P., Thermo Fisher Scientific Inc., UBS AG and Conduent Incorporated.

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.

CRAIG A. ROGERSON *2017 Nominee*

Mr. Rogerson, 60, has served as the Chairman, President and Chief Executive Officer of Chemtura Corporation, a global, specialty chemicals company, since December 2008. Mr. Rogerson previously served as President, Chief Executive Officer and director of Hercules, Incorporated until its acquisition by Ashland, Incorporated in November 2008. Mr. Rogerson joined Hercules in 1979 in the firm's Water Management Chemicals Division. In April 1997, he left Hercules to join Wacker Silicones Corporation where he served as President and Chief Executive Officer. In May 2000, Mr. Rogerson rejoined Hercules as vice president, business operations of their BetzDearborn Division, eventually being named vice president and general manager of that division in August 2000. Prior to being named chief executive officer of Hercules in December 2003, Mr. Rogerson held a variety of senior management positions with the company including president of the Fiber Visions and Pinova Divisions, vice president-global procurement and chief operating officer.

Mr. Rogerson serves on the boards of directors of Chemtura Corporation, PPL Corporation, the Society of Chemical Industry and the American Chemistry Council. He also serves on the Advisory Board of Michigan State University's Chemical Engineering and Material Science school. Mr. Rogerson previously served on the boards of First State Innovation and the Delaware Business Roundtable.

Key Experience, Skills and other Qualifications:

Mr. Rogerson brings to the board extensive managerial, financial, operational and international experience, which will be valuable to our business. His significant expertise in strategic planning, mergers and acquisitions, risk management, executive compensation and marketing, both as a chief executive officer and board member, will greatly assist our ability to complete the transformation of the Company into a sustainable, growing and profitable business. In addition, Mr. Rogerson's experience successfully turning around Chemtura Corporation will be valuable as we complete the turnaround of the Company.

DIRECTOR AND NOMINEE INDEPENDENCE

The Board has determined that each of the following directors and nominees for director 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 NYSE's independence standards: Mark S. Burgess, James V. Continenza, Matthew A. Doheny, Jeffrey D. Engelberg, John A. Janitz, George Karfunkel, Jason New, William G. Parrett, Craig A. Rogerson 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. New, Engelberg, Rogerson and Smith, 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 2016 by, each of these committees.

Board Committee Membership

Director Name	Audit and Finance Committee	Corporate Governance and Nominating Committee	Executive Compensation Committee
James V. Continenza		Member	Member
Mark S. Burgess	Member		
Matthew A. Doheny	Member		
John A. Janitz		Member	Member
George Karfunkel	Member		
Jason New		Chair	Member
William G. Parrett	Chair		
Derek Smith		Member	Chair
Total Meetings in 2016	6	2	6

Audit and Finance Committee

The current members of the Audit and Finance Committee are Mark S. Burgess, Matthew A. Doheny, 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 James V. Continenza, John A. Janitz, Jason New, Chair, and Derek Smith. 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 James V. Continenza, John A. Janitz, Jason New and Derek Smith, Chair, 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. 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. Continenza, Janitz, New and Smith served as members of the Executive Compensation Committee during 2016. 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 2016, the Board held a total of eleven meetings. Each director attended more than 75% of the meetings of the Board and committees of the Board on which the director served. All of our directors, with the exception of Mr. Doheny, who had a conflict, attended the Annual Meeting of Shareholders held on May 24, 2016.

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

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. 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 generally uses the services of a third-party executive search firm when identifying and evaluating possible nominees for director. This firm assists in identifying candidates who meet skills and qualifications specified by the Governance Committee. The Board has a mandatory retirement age of 72, unless an extension is approved by the Board, but in no event above age 75.

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, 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 2016, 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.

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 2016, 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, 2016, 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 2016. 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
Mark S. Burgess
Matthew A. Doheny
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.

Derek Smith, Chair
James V. Continenza
John A. Janitz
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 2016 (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).
- **Brad W. Kruchten**, President, Print Systems Division (PSD) and Senior Vice President.
- **Philip Cullimore**, President, Enterprise Inkjet Systems Division, President, Micro 3D Printing and Packaging (MPPD), and Senior Vice President.
- **Eric-Yves Mahe**, President, Software and Solutions Division and Senior Vice President.
- **John N. McMullen**, former Chief Financial Officer and Executive Vice President.

On June 13, 2016, Mr. McMullen notified us of his intention to resign, effective June 30, 2016, to pursue another business opportunity. On June 14, 2016, the Board appointed David E. Bullwinkle as the Company's Chief Financial Officer and Senior Vice President, effective July 1, 2016. In connection with his appointment, we entered into a new employment agreement with Mr. Bullwinkle, effective July 1, 2016, on terms approved by the Committee as described under "Employment Agreements" beginning on page 30, which superseded Mr. Bullwinkle's prior employment agreement.

EXECUTIVE SUMMARY

2016 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, Packaging, Micro 3D Printing and Software and Solutions;
- Maintain a stable 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, 2016, Kodak continued to make good progress in executing on its strategy. During 2016, the Company achieved the following operating results:

- Net earnings were \$16 million, an improvement of \$95 million as compared to 2015.
- Total Company revenues for 2016 were \$1.543 billion, a decline of \$166 million from 2015 and within guidance of \$1.5 billion to \$1.7 billion for the year.
- The Company continued to reduce selling, general and administrative expenses and research and development expenses. For 2016, these expenses were down 15% or \$36 million from 2015 on a combined basis. This reduction in operating expenses includes \$15 million of higher pension income.

- The Company improved its capital structure in 2016 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. During 2016, \$282 million of total secured debt was repaid. This will result in a net cash interest and dividend savings of \$17 million in 2017.
- The Company ended 2016 with \$434 million of cash, which was down \$113 million from December 31, 2015. While the cash balance at the end of 2016 was below the Company's target, cash used in operating activities improved \$82 million in 2016 compared to 2015.
- From a product perspective:
 - In MPPD, the packaging business continued its strong growth in 2016 with FLEXCEL NX plate volume up 16% over 2015.
 - In the PSD, Sonora Process-Free Plates volume grew by 9% in 2016.

In 2016, 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 2016, 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 2016 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 2016, as provided in his employment agreement, Mr. Clarke received a grant of equity in the form of stock options. Also, as provided in their respective employment agreements, Messrs. Kruchten, Cullimore and Mahe 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, given that the employment agreement for Mr. Kruchten expired on September 3, 2016, he received an additional grant of equity on November 15, 2016 in place of the grant that he would have received in 2017 if his employment agreement had not expired, and which is intended as an incentive to drive necessary growth in the Print Systems Division. One-half of the grant was in the form of restricted stock units and the other half of the grant was in the form of stock options. The grant to Mr. Kruchten will begin to vest on September 3, 2017 subject to his continued employment on that date. Also, given Mr. Bullwinkle's promotion to Chief Financial Officer on July 1, 2016, he received a grant of equity on July 1, 2016 pursuant to the terms of his new employment agreement. One half of the grant was in the form of restricted stock units and the other half of the grant was in the form of stock options. Mr. McMullen did not receive a grant of equity in 2016 due to his termination of employment effective June 30, 2016.

Please see "Long-Term Incentive Compensation" on page 24 for more information on these 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 27 for a description.
- *Share Ownership Guidelines.* Our executive officers and directors are subject to share ownership guidelines. Please see "Share Ownership Guidelines" on page 27 for a description of executive officer guidelines and page 47 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 27 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 26 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 both company and individual performance;
- Provides an external market-based competitive compensation structure (base salary, variable pay and long-term incentives); and
- Supports a corporate culture of customer focus, innovation, accountability, collaboration, agility, transparency and integrity.

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, 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 2016, 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. During 2016, Lyons Benenson conducted a detailed compensation analysis of management’s compensation compared to the Company’s peer group. It was agreed that no change to existing compensation levels was warranted. Lyons Benenson did not provide any other services to the Company during 2016.

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 2016, we used the Aon Hewitt

U.S. Total Compensation Measurement (TCM™) Survey, the 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 2016, 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, total target cash compensation and total direct compensation of our named executive officers to those of comparable positions within our peer group, as well as survey market data in late 2016, but did not make any changes to the base salaries, total target cash compensation or total direct compensation of our named executive officers other than an increase in Mr. Bullwinkle's base salary and target annual variable pay in connection with his promotion to Chief Financial Officer and Senior Vice President. 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. Cullimore participates in the benefit plans, policies and arrangements (other than severance) that are provided to similarly situated executives in Switzerland. Mr. Mahe participates in the benefit plans, policies and arrangements (other than severance) that are provided to employees under local

Singapore practice. Please see “Other Compensation” beginning on page 24 for more information on the indirect compensation of our named executive officers.

2016 COMPENSATION DECISIONS

Base Salary

The annual base salary rate for each named executive officer in 2016 is set forth in the “2016 Annual Base Rates and 2016 EXCEL Target Opportunities” table below. Mr. Bullwinkle’s salary was increased from \$270,000 to \$400,000 in July 2016 under his new employment agreement, which was entered into in connection with his promotion to Chief Financial Officer and Senior Vice President. Otherwise, no changes were made to the base salaries of our named executive officers during 2016.

Annual Variable Pay: Executive Compensation for Excellence and Leadership (EXCEL)

For 2016, 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 our named executive officers were determined as part of their contract negotiations.

Mr. Bullwinkle’s target variable pay opportunity was increased from 45% to 65% of his base salary in July 2016 under his new employment agreement, which was entered into in connection with his promotion to Chief Financial Officer and Senior Vice President. Otherwise, no other adjustments were made to the target variable pay opportunities for any named executive officer in 2016.

The following table shows the 2016 annual base salary rates and the 2016 full-year EXCEL target opportunity as a percentage of base salary for each of our named executive officers:

2016 Annual Base Rates and 2016 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
B.W. Kruchten	\$465,000	75%	\$348,750
P. Cullimore ⁽¹⁾	\$548,440	50%	\$274,220
E. Mahe ⁽²⁾	\$434,844	50%	\$217,422
J.N. McMullen	\$600,000	75%	\$450,000

⁽¹⁾ Mr. Cullimore’s base salary is CHF 540,000. The amount shown was converted from Swiss francs to U.S. dollars using a 2016 average exchange rate of 1.01563.

⁽²⁾ Mr. Mahe’s base salary is SGD 600,000. The amount shown was converted from Singapore dollars to U.S. dollars using a 2016 average exchange rate of 0.72474.

EXCEL Design and Performance Results

Performance Gates

For 2016, we established performance gates as part of the EXCEL program, which provided that no payments under EXCEL would be made unless the performance gates were satisfied. The performance gates for 2016 were: (a) compliance with our financial covenants contained in the September 3, 2013 exit financing arrangements, and (b) December 31, 2016 Consolidated Cash Balance of at least \$542M, excluding RED cash balance (December 31, 2015 Consolidated Cash Balance less RED cash of \$4.9M).⁽¹⁾ We used these performance gates to ensure that no award would be earned absent financial covenant compliance

and a minimum level of Consolidated Cash Balance. Please see “EXCEL: Definitions of Metrics” beginning on page 34 for more information about the performance gates.

- (1) Threshold adjusted down should the Company decide to use cash, subject to applicable governance approvals for:
- (1) repurchasing debt or equity; (2) specific Board-approved decisions on non-recurring cash use for strategic initiatives;
 - (3) cash expenditure in excess of \$5M in the aggregate for disposition or acquisition projects during the year or (4) other Board-approved non-recurring actions. Consolidated Cash Balance at December 31, 2016 includes cash proceeds from planned or unplanned asset or business sales or dispositions.

Performance Metrics Design and Results

We continued to use Company-wide metrics for the 2016 EXCEL performance period so that the 2016 EXCEL metrics would align to our external guidance, which is reported on a Company-wide basis. The performance factors, associated weights, performance metrics and adjustments are set forth in the following table.

Performance Factor	Weight	Threshold (50%)	Target (100%)	Stretch (200%)
Revenue	50%	\$1,500M	\$1,600M	N/A
Operational EBITDA after Variable Pay Accrual	50% ⁽¹⁾	\$130M	\$145M	\$208M

(1) The portion of Operational EBITDA performance above target is weighted 100%.

We selected Revenue and Operational EBITDA after Variable Pay Accrual as the performance factors to maintain focus on earnings from our operational performance while also driving growth through a focus on our revenue. 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 34 for more information about the performance metrics.

We established the targets based on our annual commitment plan for 2016, and we used payout slopes that generally reflected a combined performance under the associated metrics so the under-performance of one metric generally would offset any over-performance in another metric. Any portion of Operational EBITDA performance above target is weighted 100%. The plan matrices also included a minimum Operational EBITDA (after Variable Pay Accrual) of \$130M. After calculating performance against the matrices, the payout would be capped if payout would result in Operational EBITDA below the \$130M minimum.

Determination of 2016 Named Executive Officer EXCEL Awards

Achievement of the Performance Gates

One of the two performance gates for 2016 EXCEL awards was not achieved. We complied with the financial covenants contained in the September 3, 2013 exit financing arrangements, but our December 31, 2016 Consolidated Cash Balance of \$434M did not satisfy the performance gate requirement that we have a December 31, 2016 Consolidated Cash Balance of at least \$455M, excluding RED cash balance and adjusted for repurchase of debt or equity as provided for under EXCEL design.

Actual Performance:

The following table shows the results for the Revenue and Operational EBITDA after Variable Pay Accrual performance factors for 2016. The result for the Revenue performance factor was above the threshold amount, and the result for the Operational EBITDA after Variable Pay Accrual performance factor was also above the threshold amount.

Performance Factor	Weight	Threshold (50%)	Target (100%)	Stretch (200%)	Result
Revenue	50%	\$1,500M	\$1,600M	N/A	\$1,543M
Operational EBITDA after Variable Pay Accrual	50% ⁽¹⁾	\$130M	\$145M	\$208M	\$144M ⁽²⁾

(1) The portion of Operational EBITDA performance above target is weighted 100%.

(2) Given that the cash performance gate was not achieved, there was no variable pay accrual subtracted from the Operational EBITDA result (both pre and post-accrual amount was \$144M).

EXCEL Awards Paid to NEOs for 2016

None of our named executive officers earned an EXCEL payment for 2016 because one of the two performance gates was not achieved.

Long-Term Incentive Compensation

Long-term incentives, mainly in the form of equity, are a significant part of our compensation program for our named executive officers.

As provided in his employment agreement, Mr. Clarke received a grant of stock options under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2016 on the second anniversary of the effective date of his employment agreement with a grant date value of \$1 million, and which vest one-third upon the first, second and third anniversary of the grant date.

As provided in his employment agreement, Mr. Bullwinkle received a one-time promotion equity grant under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2016 with a grant date value of \$600,000, with one-half of the grant date value in the form of restricted stock units (RSUs) and the other half of the grant date value in the form of stock options. These RSUs and stock options vest one-third upon the first, second and third anniversary of their respective grant dates.

Under their respective employment agreements, Messrs. Kruchten and Cullimore were entitled to receive an annual long-term incentive award with a grant date value of \$840,000 and \$200,000, respectively. As provided in their respective employment agreements, Messrs. Kruchten and Cullimore received a grant of equity under the Eastman Kodak Company 2013 Omnibus Incentive Plan in September 2016 with grant date values of \$840,000 and \$200,000, respectively, 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. These RSUs and stock options vest one-third upon the first, second and third anniversary of their respective grant dates.

Mr. Kruchten also received an additional grant of equity under the Eastman Kodak Company 2013 Omnibus Incentive Plan in November 2016 with a grant date value of \$840,000, 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. The vesting schedule for these RSUs and stock options starts on September 3, 2017 with vesting terms of one-third upon the first, second and third anniversary of the vesting start date, contingent upon Mr. Kruchten's continued employment.

Under his employment agreement, Mr. Mahe is entitled to receive an annual long-term incentive award with a grant date value of \$250,000. In 2015, in recognition of the significant expansion of his role since he joined the Company, the Committee determined that Mr. Mahe's annual long-term incentive award for future years (beginning in 2016) will have a grant date value of \$350,000, instead of the \$250,000 grant date value specified under his employment agreement. Accordingly, Mr. Mahe received a grant of equity under the Eastman Kodak Company 2013 Omnibus Incentive Plan in 2016 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. These RSUs and stock options vest one-third upon the first, second and third anniversary of their respective grant dates.

Under his employment agreement, Mr. McMullen was entitled to receive an annual long-term incentive award with a grant date value of \$1 million, but due to his termination of employment effective June 30, 2016, Mr. McMullen did not receive a grant of equity in 2016.

The grant date values of the long-term incentives for our named executive officers were generally determined as part of their contract negotiations. The grant date value of Mr. Kruchten's additional equity award was equal to the last grant under his contract.

Please see the "Grants of Plan-Based Awards Table" on page 33 for the number and grant date fair value of these equity awards.

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 37.

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%. 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).

Mr. Kruchten is the only named executive officer with a benefit under KURIP. The details of KURIP are described following the "Pension Benefits Table" on page 37.

Perquisites

During 2016, Messrs. Clarke and McMullen each received a housing and travel allowance of \$5,000 per month for travel to and from Rochester, New York. Any expenses for other business-related travel are separately reimbursed. Additionally, we provided Messrs. Clarke and McMullen with gross-up payments for the income and employment taxes associated with the allowances paid to them in 2016. Mr. Cullimore received a monthly car allowance of \$1,320 (CHF 1,300), which is paid directly to him as a monthly lump sum subject to tax. We also provided disability and life insurance benefits to Mr. Cullimore, for which we paid the premiums. (The Swiss francs were converted to U.S. dollars using a 2016 average exchange rate of 1.01563). During 2016, Mr. Mahe received a housing allowance of \$82,620 (SGD 114,000) and company car allowance of \$43,484 (SGD 60,000) in accordance with local Singapore practice. (The Singapore dollars were converted to U.S. dollars using a 2016 average exchange rate of 0.72474). 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.

The value of these perquisites is included in the "All Other Compensation" column of the "Summary Compensation Table" on page 28.

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 provide severance benefits in the event his employment is terminated by us without "cause" or if he 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 39. 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 40.

Since 2013, the severance benefits of Mr. Kruchten were provided pursuant to the terms of an individual employment agreement with him, which became effective upon the effective date of our Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, and which we generally refer to as an Emergence Contract. The Emergence Contract had a term of three years and expired in September 2016. Since the expiration of the Emergence Contract, the severance benefits for Mr. Kruchten are provided under the Company's Officer Severance Policy, as discussed below under "Officer Severance Policy" on this page.

Since 2013, the severance benefits of Mr. Cullimore were also provided pursuant to the terms of an Emergence Contract. However, 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, which provides severance benefits in the event his employment is terminated by us without "cause" or if he 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 39.

The employment agreement with Mr. McMullen provided for severance benefits in the event his employment was terminated by us without "cause" or if he terminated for "good reason." However, no severance benefits were payable as a result of Mr. McMullen's voluntary termination of employment with the Company effective June 30, 2016.

Officer Severance Policy

In order to provide severance benefits to certain officers and employees, we have maintained an Officer Severance Policy (Policy) since November 10, 2015. The Policy 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 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 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, (2) a corporate officer with an employment agreement with an indefinite term, or (3) an employee with an Emergence Contract during the remaining term of his or her agreement. 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, as our CEO, Mr. Clarke is not eligible for benefits under the Policy, and neither are Messrs. Bullwinkle and Mahe because they each have an employment agreement with an indefinite term. Mr. McMullen also was not eligible for benefits under the Policy because, prior to his termination of employment effective June 30, 2016, he had an employment agreement with an indefinite term. Mr. Kruchten was entitled to severance benefits only under his Emergence Contract until it expired in September 2016, at which time he became eligible for separation pay under the Policy. Mr. Cullimore is not covered under the Policy because his individual retention agreement provides for severance benefits. Please see "Individual Termination Arrangements" beginning on page 40 for more details on the severance provisions for Messrs. Clarke, Bullwinkle and Mahe under their respective employment agreements, and the severance provisions for Mr. Cullimore under his retention agreement.

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 is eligible for grandfathered benefits under the Policy, and is entitled to separation pay at the prior level (1.5 times total target cash compensation) specified under his Emergence Contract. Payment under the Policy is conditioned on a 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 43.

Change in Control Arrangements

The employment agreements with Messrs. Clarke, Bullwinkle and Mahe allow for payment of severance under certain conditions following a change in control (double trigger). The employment agreement for Mr. McMullen, prior to his termination of employment effective June 30, 2016, also allowed for such payments. 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 40 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.

Policy on Qualifying Compensation

When designing all aspects of compensation, we consider the deductibility of executive compensation under Section 162(m) of the Code. Section 162(m) provides that deductions are capped at compensation of \$1 million paid to Covered Employees (as defined in Section 162(m)), other than compensation that is "performance-based." Certain of our compensation arrangements may permit, but do not require, us to award compensation that meets the requirements for "performance-based" compensation under Section 162(m). Generally, whether compensation will be deductible under Section 162(m) will be a factor, but not a decisive factor with respect to our decisions. We reserve 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. We make no representation that the compensation of our named executive officers will be fully deductible for federal income tax purposes.

Say-On-Pay

In 2016, 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 99.7% 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 2016.

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	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
	2014	758,885	0	3,000,024	1,000,004	0	9,765	91,094	4,859,772
D.E. Bullwinkle CFO	2016	331,840	0	300,002	300,001	0	22,176	0	954,019
B.W. Kruchten SVP	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
	2014	463,380	0	420,002	420,000	85,444	359,621	0	1,748,447
P. Cullimore ⁽⁷⁾ SVP	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
E. Mahe ⁽⁸⁾ SVP	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
J.N. McMullen Former CFO	2016	375,994	0	0	0	0	21,307	83,681	480,982
	2015	620,907	0	500,006	500,000	75,602	18,046	152,347	1,866,908
	2014	298,955	0	1,000,020	0	0	9,869	58,976	1,367,820

(1) This column reports the base salary paid to each of our NEOs during each year reported. For 2016, the amount reported for Mr. McMullen includes a \$67,841 cash payment for accrued vacation that was made to Mr. McMullen in connection with his termination of employment.

(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 2016, the grant date fair value of each RSU granted to Mr. Bullwinkle on July 1, 2016 was \$16.24; the grant date fair value of each RSU granted to Messrs. Kruchten and Cullimore on September 3, 2016 was \$15.58; the grant date fair value of each RSU granted to Mr. Kruchten on November 15, 2016 was \$15.20; and the grant date fair value of each RSU granted to Mr. Mahe on April 28, 2016 was \$12.32.

(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 2016 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, 2016.

Grant Date	NEOs Receiving Award	Grant Date Fair Value of Stock Option (\$)	Risk-Free Rate (%)	Expected Option Life (years)	Expected Volatility (%)	Expected Dividend Yield (%)
3/12/2016	J.J. Clarke	10.19	1.40	4.5	50.7	0.00
7/1/2016	D.E. Bullwinkle	16.24	0.93	4.5	48.0	0.00
9/3/2016	B.W. Kruchten	15.58	1.13	4.5	44.3	0.00
11/15/2016	B.W. Kruchten	15.20	1.65	4.9	46.7	0.00
9/3/2016	P. Cullimore	15.58	1.13	4.5	44.3	0.00
4/28/2016	E. Mahe	12.32	1.19	4.5	50.6	0.00

(4) The amounts in this column reflect payments under EXCEL for performance in 2016, 2015 and 2014. Please see the “Grants of Plan-Based Awards Table” on page 33 for the potential payouts for fiscal year 2016 for each NEO, which depend on performance. For a description of the performance criteria, please see “EXCEL Design and Performance Results” beginning on page 22. 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. McMullen, 6,092 shares; Mr. Kruchten, 4,497 shares; Mr. Cullimore, 1,223 shares and Mr. Mahe, 3,221 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 McMullen participate in KRIP. Mr. Kruchten also has a frozen benefit under KURIP. Mr. Cullimore participates in the Switzerland Pension, which is a defined contribution plan. Mr. Mahe does not participate in a Company-sponsored pension 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	2014			2015			2016		
	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	9,765	0	9,765	17,581	0	17,581	19,056	0	19,056
D.E. Bullwinkle	N/A	N/A	N/A	N/A	N/A	N/A	22,176	0	22,176
B.W. Kruchten	359,621	0	359,621	16,882	0	16,882	127,718	0	127,718
P. Cullimore ^(b)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
E. Mahe ^(c)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
J.N. McMullen ^(d)	9,869	0	9,869	18,046	0	18,046	21,307	0	21,307

(a) The primary actuarial assumption changes used to calculate Pension Values for 2016 were a decrease in the discount rate for KRIP, no change in the lump sum interest 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 McMullen were driven primarily by their respective cash balance accruals under KRIP during 2016. Upon his resignation, effective June 30, 2016, Mr. McMullen received a lump sum of \$49,222, which was the final value of his cash balance accrual.

(b) Mr. Cullimore participates in the Switzerland Pension, a defined contribution plan.

(c) Mr. Mahe does not participate in a Company-sponsored pension plan.

(d) Mr. McMullen’s Pension Value for 2016 increased by \$21,307. Upon his resignation, effective June 30, 2016, Mr. McMullen received a lump sum of \$49,222, which was the final value of his cash balance accrual.

(6) The table below shows the components of the All Other Compensation column for 2016:

Name	Amount (\$)
J.J. Clarke ^(a)	164,855
D.E. Bullwinkle	0
B.W. Kruchten	0
P. Cullimore ^(b)	64,991
E. Mahe ^(c)	128,050
J.N. McMullen ^(d)	83,681

(a) Other compensation for Mr. Clarke includes \$60,000 for housing and travel expense allowances for 2016 and \$104,855 for an income and employment tax gross-up payment on the amount of the housing and travel expense allowances for 2016.

(b) Mr. Cullimore received a monthly car allowance of \$1,320 (CHF 1,300), which is paid directly to him as a monthly lump sum subject to tax. Accordingly, other compensation for Mr. Cullimore includes \$15,844 (CHF 15,600) paid to him in 2016 as a car allowance. We also contributed \$46,302 (CHF 45,589) to the Switzerland Pension on behalf of Mr. Cullimore, which includes life (disability and death) insurance coverage, and paid \$2,845 (CHF 2,801) 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 2016 average exchange rate of 1.01563.

(c) Other compensation for Mr. Mahe includes \$82,620 (SGD 114,000) paid as a housing allowance, \$43,484 (SGD 60,000) paid as a car allowance, \$1,439 (SGD 1,986) in insurance premiums that the Company paid to provide disability and life insurance benefits to Mr. Mahe and \$507 (SGD 700) 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 2016 average exchange rate of 0.72474.

(d) Other compensation for Mr. McMullen includes \$32,308 for housing and travel expense allowances for 2016 and \$51,373 for an income and employment tax gross-up payment on the amount of the housing and travel expense allowances for 2016.

(7) Amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2016 average exchange rate of 1.01563.

(8) Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2016 average exchange rate of 0.72474.

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.

During 2016, each named executive officer 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 the scheduled term ending March 12, 2017. Under his employment agreement, Mr. Clarke was eligible for the following in 2016:

- 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);
- A housing and travel allowance of \$5,000 (net of taxes) per month;
- 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 40.

As of March 30, 2017, the Board approved our entering into an amended and restated employment agreement with Mr. Clarke, effective as of March 12, 2017, for a new three-year term.

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 2016:

- An annual base salary of \$400,000 effective July 1, 2016;
- 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 40.

Brad W. Kruchten

We employed Mr. Kruchten under an emergence employment agreement effective September 3, 2013, with a scheduled term ending date of September 3, 2016. Under this employment agreement, Mr. Kruchten was eligible for the following in 2016 (prior to the expiration of his employment agreement on September 3, 2016):

- An annual base salary of \$465,000;
- Participation in our EXCEL Plan, with an annual target opportunity of 75% of base salary;
- A grant of restricted stock units and stock options having an aggregate grant date fair value of \$840,000;
- 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 40.

Philip Cullimore

We employed Mr. Cullimore under an employment agreement effective January 1, 2011, with an amendment effective January 1, 2013 and a further amendment effective September 3, 2013, with a scheduled term ending date of September 3, 2016. Under this employment agreement, Mr. Cullimore was eligible for the following in 2016 (prior to the expiration of his employment agreement on September 3, 2016):

- An annual base salary of CHF 540,000;
- Participation in our EXCEL Plan, with an annual target opportunity of 50% of base salary;
- A grant of restricted stock units and stock options having an aggregate grant date fair value of \$200,000;
- Participation in all benefit plans, policies and arrangements that are provided to similarly situated executives in Switzerland; and
- Certain severance benefits, as described under "Individual Termination Arrangements" beginning on page 40.

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 the following in 2016:

- A one-time individualized special retention incentive in the event of the successful closing of the planned sale of our Prosper enterprise inkjet printing business; and
- Certain severance benefits, as described under "Individual Termination Arrangements" beginning on page 40.

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 2016:

- 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 40.

John N. McMullen

We employed Mr. McMullen under an employment agreement effective June 16, 2014. Under this employment agreement, Mr. McMullen was eligible for the following in 2016 (prior to his termination of employment effective June 30, 2016):

- An annual base salary of \$600,000;
- Participation in our EXCEL Plan, with an annual target opportunity of 75% 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 \$1,000,000;
- A housing and travel allowance of \$5,000 (net of taxes) per month;
- 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 40.

For more information regarding our EXCEL award program, please see the discussion following “Annual Variable Pay: Executive Compensation for Excellence and Leadership (EXCEL)” beginning on page 22; and for more information regarding our restricted stock unit and stock option awards, please see “Long-Term Incentive Compensation” on page 24.

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 2016.

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 2016 NQSO ⁽⁴⁾	— 3/12/16	500,000	1,000,000	5,000,000		229,358	10.19	1,000,001
D.E. Bullwinkle	EXCEL 2016 RSU ⁽³⁾	— 7/1/16	130,000	260,000	1,350,000	18,473			300,002
	2016 NQSO ⁽⁴⁾	7/1/16					45,942	16.24	300,001
B.W. Kruchten	EXCEL	—	174,375	348,750	2,325,000				
	2016 RSU ⁽³⁾	9/3/16				26,958			420,006
		11/15/16				27,632			420,006
	2016 NQSO ⁽⁴⁾	9/3/16					71,308	15.58	420,004
		11/15/16					65,935	15.20	420,006
P. Cullimore	EXCEL 2016 RSU ⁽³⁾	— 9/3/16	137,110	274,220	2,742,200	6,419			100,008
	2016 NQSO ⁽⁴⁾	9/3/16					16,978	15.58	100,000
E. Mahe	EXCEL 2016 RSU ⁽³⁾	— 4/28/16	108,711	217,422	2,174,220	14,205			175,006
	2016 NQSO ⁽⁴⁾	4/28/16					33,461	12.32	175,001
J.N. McMullen	EXCEL	—	225,000	450,000	3,000,000				

⁽¹⁾ The amounts shown for the “threshold,” “target” and “maximum” levels represent the possible payouts for 2016 under EXCEL. As shown in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table, no amounts were earned for 2016 under EXCEL. Amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2016 average exchange rate of 1.01563. Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2016 average exchange rate of 0.72474.

⁽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 2016 Awards. The maximum EXCEL payout for Covered Employees is the lesser of: (i) 10% of the EXCEL aggregate award pool (without discretion) as of May 23, 2016; (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 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 RSUs on this line generally vest in substantially equal installments on the first, second and third anniversaries of the grant date. The RSUs granted to Mr. Kruchten on November 15, 2016 vest in substantially equal installments on the first, second and third anniversaries of September 3, 2017.

⁽⁴⁾ The stock options on this line generally vest in substantially equal installments on the first, second and third anniversaries of the grant date. The stock options granted to Mr. Kruchten on November 15, 2016 vest in substantially equal installments on the first, second and third anniversaries of September 3, 2017.

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>
Revenue	Revenue as defined by U.S. GAAP.
Performance Gates	<p>Compliance with financial covenants contained in the exit financing arrangements, and December 31, 2016 Consolidated Cash Balance⁽¹⁾ of at least \$542M, excluding RED cash balance (December 31, 2015 Consolidated Cash Balance less RED cash of \$4.9M).⁽²⁾</p> <p>⁽¹⁾ Consolidated Cash Balance means the amount of cash reported as Cash and cash equivalents within Assets in the Consolidated Statement of Financial Position as filed with the SEC on our Annual Report on Form 10-K for the year ending December 31, 2016.</p> <p>⁽²⁾ Threshold adjusted down should the Company decide to use cash, subject to applicable governance approvals for: (1) repurchasing debt or equity; (2) specific Board-approved decisions on non-recurring cash use for strategic initiatives; (3) cash expenditure in excess of \$5M in the aggregate for disposition or acquisition projects during the year or (4) other Board-approved non-recurring actions. Consolidated Cash Balance at December 31, 2016 includes cash proceeds from planned or unplanned asset or business sales or dispositions.</p>

OUTSTANDING EQUITY AWARDS AT 2016 FISCAL YEAR-END TABLE⁽¹⁾

The following table sets forth additional information concerning equity awards held by named executive officers as of December 31, 2016.

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 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		229,358 ⁽⁴⁾	10.19	3/11/2023				
	50,735	101,472 ⁽⁵⁾	18.46	3/11/2022				
	76,628	38,315 ⁽⁶⁾	27.20	3/11/2021				
					36,767 ⁽¹⁷⁾	569,889		
D.E. Bullwinkle		45,942 ⁽⁷⁾	16.24	6/30/2023				
	2,654	5,311 ⁽⁸⁾	13.76	9/2/2022				
	3,564	1,785 ⁽⁹⁾	20.25	12/14/2021				
	3,868	1,937 ⁽¹⁰⁾	23.78	9/2/2021				
					21,984 ⁽¹⁸⁾	340,752		
B.W. Kruchten		65,935 ⁽¹¹⁾	15.20	11/14/2023				
		71,308 ⁽¹²⁾	15.58	9/2/2023				
	24,347	48,697 ⁽⁸⁾	13.76	9/2/2022				
	35,486	17,746 ⁽¹⁰⁾	23.78	9/2/2021				
					80,828 ⁽¹⁹⁾	1,252,834		
P. Cullimore		16,978 ⁽¹²⁾	15.58	9/2/2023				
	5,797	11,595 ⁽⁸⁾	13.76	9/2/2022				
	8,448	4,227 ⁽¹⁰⁾	23.78	9/2/2021				
					12,669 ⁽²⁰⁾	196,370		
E. Mahe		33,461 ⁽¹³⁾	12.32	4/27/2023				
	2,334	4,669 ⁽¹⁴⁾	17.95	5/11/2022				
	5,835	11,673 ⁽¹⁵⁾	20.44	4/27/2022				
					25,136 ⁽²¹⁾	389,608		
J.N. McMullen	26,164	0 ⁽¹⁶⁾	17.64	6/15/2022				

⁽¹⁾ This table includes only those grants outstanding as of December 31, 2016.

⁽²⁾ This column represents outstanding grants of RSUs.

⁽³⁾ The market value of shares, units or other rights that have not vested was calculated using a stock price of \$15.50, which was the closing price of our common stock as of December 30, 2016, the last trading day of the year.

⁽⁴⁾ This stock option was granted on March 12, 2016 and the first of three substantially equal installments vested on March 12, 2017, and the second and third installments will vest on the second and third anniversaries of the grant date.

⁽⁵⁾ This stock option was granted on March 12, 2015 and the first two of three substantially equal installments vested on March 12, 2016 and March 12, 2017, respectively, and the third installment will vest on the third anniversary of the grant date.

⁽⁶⁾ This stock option was granted on March 12, 2014 and vested in three substantially equal installments on March 12, 2015, March 12, 2016 and March 12, 2017.

⁽⁷⁾ This stock option was granted on July 1, 2016 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 September 3, 2015 and the first of three substantially equal installments vested on September 3, 2016, 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 December 15, 2014 and the first two of three substantially equal installments vested on December 15, 2015 and December 15, 2016, respectively, and the third installment will vest on the third anniversary of the grant date.
- (10) This stock option was granted on September 3, 2014 and the first two of three substantially equal installments vested on September 3, 2015 and September 3, 2016, respectively, and the third installment will vest on the third anniversary of the grant date.
- (11) 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.
- (12) This stock option was granted on September 3, 2016 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.
- (13) This stock option was granted on April 28, 2016 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 May 12, 2015 and the first of three substantially equal installments vested on May 12, 2016, 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 April 28, 2015 and the first of three substantially equal installments vested on April 28, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date.
- (16) This stock option was granted on June 16, 2015 and the first of three substantially equal installments vested on June 16, 2016, and the second and third installments would have vested on the second and third anniversaries of the grant date, but the unvested portion of the stock option was forfeited due to Mr. McMullen's voluntary termination of employment effective June 30, 2016.
- (17) These RSUs were granted on March 12, 2014 and vested in three substantially equal installments on March 12, 2015, March 12, 2016 and March 12, 2017.
- (18) 644 of these RSUs were granted on September 3, 2014 and the first two of three substantially equal installments vested on September 3, 2015 and September 3, 2016, respectively, and the third installment will vest on the third anniversary of the grant date; 647 of these RSUs were granted on December 15, 2014 and the first two of the three substantially equal installments vested on December 15, 2015 and December 15, 2016, respectively, and the third installment will vest on the third anniversary of the grant date; 2,220 of these RSUs were granted on September 3, 2015 and the first of three substantially equal installments vested on September 3, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date; 18,473 of these RSUs were granted on July 1, 2016 and will vest in substantially equal installments on the first, second, and third anniversaries of the grant date.
- (19) 5,888 of these RSUs were granted on September 3, 2014 and the first two of three substantially equal installments vested on September 3, 2015 and September 3, 2016, respectively, and the third installment will vest on the third anniversary of the grant date; 20,350 of these RSUs were granted on September 3, 2015 and the first of three substantially equal installments vested on September 3, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date; 26,958 of these RSUs were granted on September 3, 2016 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date; and 27,632 of these RSUs were granted on November 15, 2016 and will vest in substantially equal installments on the first, second and third anniversaries of September 3, 2017.
- (20) 1,404 of these RSUs were granted on September 3, 2014 and the first two of three substantially equal installments vested on September 3, 2015 and September 3, 2016, respectively, and the third installment will vest on the third anniversary of the grant date; 4,846 of these RSUs were granted on September 3, 2015 and the first of three substantially equal installments vested on September 3, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date; and 6,419 of these RSUs were granted on September 3, 2016 and will vest in substantially equal installments on the first, second and third anniversaries of the grant date.
- (21) 4,995 of these RSUs were granted on April 28, 2014 and the first two of three substantially equal installments vested on April 28, 2015 and April 28, 2016, respectively, and the third installment will vest on the third anniversary of the grant date; 4,078 of these RSUs were granted on April 28, 2015 and the first of three substantially equal installments vested on April 28, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date; 1,858 of these RSUs were granted on May 12, 2015 and in the first of three substantially equal installments vested on May 12, 2016, and the second and third installments will vest on the second and third anniversaries of the grant date; 14,205 of these RSUs were granted on April 28, 2016 and will vest in substantially equal installments on the first, 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	36,764	374,625
D.E. Bullwinkle	0	0	10,744	139,844
B.W. Kruchten	0	0	29,794	442,875
P. Cullimore	0	0	10,871	163,573
E. Mahe	0	0	11,180	132,479
J.N. McMullen	0	0	27,867	406,163

⁽¹⁾ This column represents the value of RSUs that vested during 2016, based on the closing stock price on the vesting date, and includes the fully-vested RSUs granted in payment of 2015 EXCEL awards.

PENSION BENEFITS FOR 2016

The "Pension Benefits Table" below shows the present value as of December 31, 2016 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 16 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2016. 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	2.80	46,402	0
	KURIP (post-petition)	N/A	N/A	N/A
D.E. Bullwinkle ⁽²⁾	KRIP	12.35	110,768	0
	KURIP (post-petition)	N/A	N/A	N/A
B. W. Kruchten ⁽³⁾	KRIP	34.58	1,805,933	0
	KURIP (post-petition)	1.62	86,692	0
P. Cullimore ⁽⁴⁾	Switzerland Pension	N/A	N/A	N/A
E. Mahe ⁽⁵⁾	N/A	N/A	N/A	N/A
J.N. McMullen ⁽⁶⁾	KRIP	N/A	N/A	49,222
	KURIP (post-petition)	N/A	N/A	N/A

⁽¹⁾ Mr. Clarke had been employed with us for 2.80 years as of December 31, 2016. 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 12.35 years as of December 31, 2016. His accumulated benefit is the value of his account value under the cash balance arrangement in KRIP.

⁽³⁾ 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.

⁽⁴⁾ Mr. Cullimore participates in the Switzerland Pension, a defined contribution plan.

⁽⁵⁾ Mr. Mahe does not participate in a Company-sponsored pension plan.

⁽⁶⁾ Upon his resignation, effective June 30, 2016, Mr. McMullen received a lump sum of \$49,222, which was the final value of his cash balance accrual.

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, Bullwinkle and McMullen. Mr. Kruchten 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 Mr. Kruchten 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. 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)

Mr. Kruchten was the only named executive officer 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 2016

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, 2016.

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, 2016, pursuant to their employment and retention agreements with us, and the Officer Severance Policy, are described below. For Mr. McMullen, the Severance Payments Table below shows the actual amounts to which he was entitled as a result of his termination of employment effective June 30, 2016.

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 McMullen 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 Mr. Kruchten), disability benefits and accrued vacation pay (for Messrs. Clarke and McMullen, residents of the State of California), in accordance with those plans and policies.

Mr. Cullimore will be eligible to receive any benefits provided under the benefit plans, policies and arrangements (other than severance) that are provided to similarly situated executives in Switzerland. 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. Our named executive officers will also be eligible to receive any present value of accrued benefits as set forth in "Pension Benefits for 2016" beginning on page 37.

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, Mahe and McMullen 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 previously with Mr. McMullen) 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 previously Mr. McMullen) would be entitled to receive the same payments and benefits that they 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 39 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 previously Mr. McMullen) 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 previously Mr. McMullen), 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.

Jeffrey J. Clarke

Under the terms of his employment agreement effective March 12, 2014, 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 employment agreement effective March 12, 2014, 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, plus his accrued but unused vacation;
- Continued vesting of his equity grant(s) in accordance with the terms of such award(s) without regard to any continued employment condition; and
- Annual incentive eligibility consisting of EXCEL 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 receive an amount equal to his accrued but unused vacation, but he would not be eligible to receive any severance benefits, and he would forfeit any unvested equity-based compensation.

Termination for Disability or Death. Under the terms of Mr. Clarke's employment agreement effective March 12, 2014, 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) an amount equal to his accrued but unused vacation, continued vesting of any awards granted under our 2013 Omnibus Incentive Plan 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. 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 employment agreement, Mr. Clarke would be eligible to receive (less applicable withholding and subject to Code Section 409A compliance):

- An amount equal to his accrued but unused vacation;
- Any earned, but unpaid, EXCEL award for the prior performance year;
- A bonus award under EXCEL in respect of the fiscal year in which the end of the scheduled term occurs, based on actual achievement of performance targets and the applicable Administrative Guide or Award Notice, which amount shall not be prorated; and
- Continued vesting of any awards granted under our 2013 Omnibus Incentive Plan in accordance with the terms of such awards.

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 is 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
- Annual Incentive eligibility consisting of EXCEL 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 is not 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. Bullwinkle is terminated due to his disability or death, he or his estate, as applicable, will 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."

Philip Cullimore

Under the terms of his retention agreement, Mr. Cullimore will be eligible for certain severance benefits in the event his employment is terminated by us without "cause" or by him with "good reason." If the employment of Mr. Cullimore is terminated by us without cause or by him with good reason, he is 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 is given;
- Mr. Cullimore's annual incentive will be governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice; and
- Continued vesting of his equity grants in accordance with the terms of such awards without regard to any continued employment condition.

Any severance payments to Mr. Cullimore under his retention agreement are 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 is terminated by us for cause or by him without good reason, he is not eligible to receive any severance benefits and he forfeits any unvested equity-based compensation.

Eric-Yves Mahe

Under the terms of his employment agreement, Mr. Mahe 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 the employment of Mr. Mahe is terminated by us without cause or by him with good reason, he is eligible to receive (less applicable withholding):

- An amount equal to his annual base salary;
- Mr. Mahe's annual incentive will be governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice; and
- Continued vesting of his equity grants in accordance with the terms of such awards.

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 is not 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, will be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards.

John N. McMullen

Under the terms of his employment agreement effective June 16, 2014, Mr. McMullen was eligible for certain severance benefits in the event his employment was terminated, depending on the circumstances surrounding termination. Mr. McMullen's employment agreement provided that if his employment was terminated by us for cause or by him without good reason, he would receive an amount equal to his accrued but unused vacation, but would not be eligible to receive any severance benefits, and he would forfeit any unvested equity-based compensation. Due to his voluntary termination of employment effective June 30, 2016, no severance benefits were payable to Mr. McMullen.

Payment of Nonqualified Deferred Compensation upon Termination

Upon termination of employment for any reason, Mr. Kruchten is eligible to receive his 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 37 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 may provide for accelerated exercisability, lapse of restrictions or deemed satisfaction of performance goals with respect to any outstanding awards. The events constituting a change in control under our 2013 Omnibus Incentive Plan include the change in control events described above for the employment agreements with Messrs. Clarke, Bullwinkle and Mahe (and previously with Mr. McMullen), and also include 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, 2016, using the closing price of our common stock as of December 31, 2016, which was \$15.50, and including all outstanding grants through the assumed last date of employment of December 31, 2016. The amounts shown for Mr. McMullen are the actual amounts which he was entitled to receive as a result of his termination of employment effective June 30, 2016.

	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	222,298	222,298	222,298	222,298
Restricted Stock/RSUs ⁽³⁾⁽⁴⁾	569,889	0	569,889	569,889
Stock Options ⁽³⁾⁽⁴⁾	1,217,891	0	1,217,891	1,217,891
EXCEL ⁽⁵⁾	0	0	0	0
Benefits/Perquisites ⁽⁶⁾	4,500	0	0	0
Total	4,014,578	222,298	2,010,078	2,010,078
D.E. Bullwinkle				
Cash Severance ⁽²⁾	400,000	0	0	0
Restricted Stock/RSUs ⁽³⁾⁽⁴⁾	340,752	0	340,752	340,752
Stock Options ⁽³⁾⁽⁴⁾	9,241	0	9,241	9,241
EXCEL ⁽⁵⁾	0	0	0	0
Benefits/Perquisites ⁽⁶⁾	4,500	0	0	0
Total	754,493	0	349,993	349,993
B.W. Kruchten				
Cash Severance ⁽²⁾	1,220,625	0	0	0
Restricted Stock/RSUs ⁽³⁾⁽⁴⁾	824,538	0	824,538	824,538
Stock Options ⁽³⁾⁽⁴⁾	84,732	0	84,732	84,732
EXCEL ⁽⁵⁾	0	0	0	0
KURIP	86,692	86,692	86,692	86,692
Benefits/Perquisites ⁽⁶⁾	4,500	0	0	0
Total	2,221,087	86,692	995,962	995,962
P. Cullimore⁽⁷⁾				
Cash Severance ⁽²⁾	822,660	0	0	0
Restricted Stock/RSUs ⁽³⁾⁽⁴⁾	196,370	0	196,370	196,370
Stock Options ⁽³⁾⁽⁴⁾	20,175	0	20,175	20,175
EXCEL ⁽⁵⁾	0	0	0	0
Benefits/Perquisites ⁽⁶⁾	0	0	2,031,260	406,252
Total	1,039,205	0	2,247,805	622,797

	Termination Without Cause or With Good Reason ⁽¹⁾ (\$)	Termination For Cause or Without Good Reason (\$)	Termination Based on Disability (\$)	Termination Based on Death (\$)
E. Mahe⁽⁸⁾				
Cash Severance ⁽²⁾	434,844	0	0	0
Restricted Stock/RSUs ⁽³⁾⁽⁴⁾	389,608	0	389,608	389,608
Stock Options ⁽³⁾⁽⁴⁾	106,406	0	106,406	106,406
EXCEL ⁽⁵⁾	0	0	0	0
Benefits/Perquisites ⁽⁶⁾	0	0	1,304,532	869,688
Total	930,858	0	1,800,546	1,365,702
J.N. McMullen⁽⁹⁾				
Cash Severance ⁽²⁾	N/A	0	N/A	N/A
Accrued Vacation	N/A	67,841	N/A	N/A
Restricted Stock/RSUs ⁽³⁾	N/A	0	N/A	N/A
Stock Options ⁽³⁾	N/A	0	N/A	N/A
EXCEL	N/A	0	N/A	N/A
Benefits/Perquisites	N/A	0	N/A	N/A
Total	N/A	67,841	N/A	N/A

⁽¹⁾ For Messrs. Clarke, Bullwinkle, Mahe and McMullen, “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 target total cash compensation (base salary plus EXCEL target award) for Messrs. Kruchten and Cullimore. Cash severance for Mr. Clarke is equal to 2 times base salary. Cash severance for Messrs. Bullwinkle and Mahe is equal to base salary. Cash severance for Mr. Kruchten is equal to 1.5 times target total cash compensation. Cash severance for Mr. Cullimore is equal to target total cash compensation. All severance cash amounts are based on salary or total target cash compensation in the year that the termination notice was given. Mr. McMullen was not entitled to receive any cash severance as a result of his termination of employment effective June 30, 2016.

⁽³⁾ The RSU and stock option awards generally have a continued vesting provision for all leaving reasons except in the case of a termination with cause or without good reason. The RSU and stock option awards granted to Mr. Kruchten on November 15, 2016 provide for accelerated vesting only for terminations on or after September 3, 2017, and only with respect to the unvested RSUs and stock options under such awards which would otherwise vest on the vesting date immediately following the date of the termination of Mr. Kruchten’s employment. Accordingly, the RSU and stock options awards granted to Mr. Kruchten on November 15, 2016 would not have vested if Mr. Kruchten’s employment had terminated on December 31, 2016.

⁽⁴⁾ As described under “Potential Benefits upon Change in Control” on page 42, 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, 2016 for our NEOs would be \$1,787,780 for Mr. Clarke, \$349,993 for Mr. Bullwinkle, \$1,357,347 for Mr. Kruchten, \$216,545 for Mr. Cullimore and \$495,919 for Mr. Mahe.

⁽⁵⁾ EXCEL awards for the 2016 performance period would not be payable to an NEO in the event that the NEO left us during the 2016 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, 2016 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.

⁽⁶⁾ 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 \$1,304,532 (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 \$869,688 (SGD 1,200,000). (The amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2016 average exchange rate of 0.72474.) In the event of Mr. Cullimore's termination due to disability, he is eligible to receive benefits under our Switzerland insurance policy in an annual amount up to \$203,126 (CHF 200,000). The estimated total amount of such payments to Mr. Cullimore through age 65 in accordance with the policy is up to \$2,031,260 (CHF 2,000,000), which represents 10 annual payments. In the event of Mr. Cullimore's termination due to death, he is eligible to receive life insurance benefits under our Switzerland insurance policy in the amount of \$406,252 (CHF 400,000). (The amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2016 average exchange rate of 1.01563.)

- (7) Amounts shown for Mr. Cullimore were converted from Swiss francs to U.S. dollars using a 2016 average exchange rate of 1.01563.
- (8) Amounts shown for Mr. Mahe were converted from Singapore dollars to U.S. dollars using a 2016 average exchange rate of 0.72474.
- (9) Amounts shown for Mr. McMullen are the actual amounts which he was entitled to receive as a result of his termination of employment effective June 30, 2016.

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.

With the appointment of the new Board upon our emergence from Chapter 11 proceedings, the Board, through the Committee, conducted an analysis to determine an appropriate annual compensation structure and amount for the directors. The analysis included reference to board compensation at public companies of a size similar to us, while considering the complex issues facing our Board following our emergence from bankruptcy and our growth as a technology company. The Board also considered that the compensation structure should differ for those directors employed by our significant shareholders (Messrs. New and Smith) and as a result they do not receive equity awards. Based upon these considerations, the Board and Chair Retainers that the Board adopted effective September 2013 remained unchanged until August 11, 2015, when a new compensation structure for our non-employee directors was approved on the recommendation of our compensation consultant, as shown below.

	Cash Retainer (\$)	Committee Chair/Board Chair Fee (\$)	Equity Value (\$)	Total Retainer (\$)
Mark S. Burgess	100,000	—	150,000	250,000
James V. Continenza	100,000	50,000	250,000	400,000
Matthew A. Doheny	100,000	—	150,000	250,000
John A. Janitz	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	180,000	20,000	—	200,000

2016 Director Compensation Table

Our non-employee directors received the following compensation in 2016:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Mark S. Burgess	100,000	150,004	250,004
James V. Continenza	161,753 ⁽²⁾	250,003	411,756
Matthew A. Doheny	100,000	150,004	250,004
John A. Janitz	100,000	150,004	250,004
George Karfunkel	100,000	150,004	250,004
Jason New	200,000	0	200,000
William G. Parrett	120,000	150,004	270,004
Derek Smith	200,000	0	200,000

⁽¹⁾ The 2016 equity award was granted effective January 8, 2016 as RSUs, and will vest after one year. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718.

⁽²⁾ Mr. Continenza received a pro-rata portion of his increased Chair fee for 2015 in 2016.

The following table reports the outstanding stock awards and stock option awards held by each of the non-employee directors at the end of fiscal year 2016:

Aggregate Stock and Option Awards Outstanding at Fiscal Year End

Name	Restricted Stock Units		Stock Options	
	Unvested (#)	Vested (#)	Unvested (#)	Vested (#)
Mark S. Burgess	16,938	15,290	0	0
James V. Continenza	27,503	29,071	0	0
Matthew A. Doheny	16,648	14,710	0	0
John A. Janitz	16,648	14,710	0	0
George Karfunkel	16,648	14,710	0	0
Jason New	0	0	0	0
William G. Parrett	16,648	0	0	0
Derek Smith	0	0	0	0

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 8, 2016:

- James V. Continenza - 23,878 RSUs (100%);
- Matthew A. Doheny - 14,327 RSUs (100%); and
- Mark S. Burgess - 7,164 RSUs (50%).

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 2017 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 2016 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. 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.

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 29, 2017 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 42,451,096 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⁾	21.1%	--	--
BlueMountain Capital Management, LLC, et al 280 Park Avenue, 12th Floor New York, New York 10017	7,359,481 ⁽²⁾	17.1%	--	--
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, New Jersey 07078-2789	3,169,991 ⁽³⁾	7.5%	--	--
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	5,382,656 ⁽⁵⁾	12.6%	--	--
Paradice Investment Management LLC, et al 257 Fillmore Street, Suite 200 Denver, Colorado 80206	2,582,004 ⁽⁶⁾	6.1%	--	--
Southeastern Asset Management, Inc., et al 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	12,154,200 ⁽⁷⁾	22.5%	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⁾ BlueMountain Capital Management, LLC (BlueMountain) serves as investment manager to various funds and reports shared voting and dispositive power with respect to 7,359,481 shares of our common stock directly owned by the funds. This amount includes 511,358 net-share settled warrants to purchase shares of our common stock. This information is based on Amendment No. 3 to Schedule 13D filed with the SEC on March 16, 2017 by BlueMountain, et al. and subsequent Form 4s filed with the SEC by BlueMountain, et al.

⁽³⁾ Franklin Mutual Advisers, LLC reports sole voting and dispositive power with respect to all 3,169,991 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 3,169,991 shares (including the 97,164 net-share settled warrants to purchase shares of our common stock). This information is based on Amendment No. 2 to Schedule 13G filed with the SEC on February 3, 2017 by Franklin Mutual Advisers, LLC, reporting beneficial ownership as of December 31, 2016.

- (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, 8,041 shares held by Marneau Holding Company (Marneau), in which Mr. Marx holds a direct and indirect 75% interest and an aggregate of 127,214 net-share settled warrants to purchase shares of our common stock held by United Equities and Marneau. 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. This information is based on the Schedule 13D filed jointly by Mr. Marx and Momar Corporation on September 13, 2013 and subsequent 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 all 2,582,004 shares 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 the Schedule 13G filed with the SEC on February 6, 2017 by Paradice Investment Management LLC, et al, reporting beneficial ownership as of December 31, 2016.
- (7) Southeastern Asset Management, Inc., a Tennessee corporation and a registered investment advisor (Southeastern), reports beneficial ownership of 12,154,200 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 10,714,319 shares. Southeastern reports no voting power with respect to 1,439,881 shares. Southeastern has sole dispositive power with respect to 205,171 shares and shares dispositive power with respect to 11,682,229 shares, including 10,714,319 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. All 10,714,319 shares reported by Longleaf are owned by Longleaf. This information is based on Amendment No. 1 to the Schedule 13G filed with the SEC on February 14, 2017 by Southeastern, et al. and information provided to us by representatives of Southeastern.

BENEFICIAL SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below presents certain information as of March 29, 2017 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>				
Mark S. Burgess	28,314 ⁽⁴⁾	--	--	--
Jeffrey J. Clarke ⁽⁵⁾	381,045 ⁽⁶⁾	--	--	--
James V. Continenza	0 ⁽⁷⁾	--	--	--
Matthew A. Doheny	0 ⁽⁸⁾	--	--	--
Jeffrey D. Engelberg	10,000 ⁽⁹⁾	--	-- ⁽⁹⁾	--

John A. Janitz	31,358	--	--	--
George Karfunkel	1,430,572 ⁽³⁾⁽¹⁰⁾	3.4%	--	--
Jason New	-- ⁽¹¹⁾	--	--	--
William G. Parrett	2,347 ⁽¹²⁾	--	--	--
Craig A. Rogerson	0	--	--	--
Derek Smith	-- ⁽¹³⁾	--	--	--
Named Executive Officers				
Philip Cullimore	20,070 ⁽¹⁴⁾	--	--	--
Brad W. Kruchten	78,869 ⁽³⁾⁽¹⁵⁾	--	--	--
Eric-Yves Mahe	14,343 ⁽¹⁶⁾	--	--	--
John N. McMullen	21,269 ⁽¹⁷⁾	--	--	--
All directors and executive officers as a group (19 persons, including the above)	2,204,052 ⁽¹⁸⁾	5.1%	-- ⁽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 42,451,096 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 and Kruchten 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 292,866 shares of our common stock.

⁽⁷⁾ Mr. Continenza has 56,574 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.

⁽⁸⁾ Mr. Doheny has 31,358 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.

⁽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 14,327 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.
- (13) Various private funds managed by BlueMountain hold the 7,359,481 shares (inclusive of warrants) reported in the table "Beneficial Security Ownership of More than 5% of the Company's Shares." Each fund has delegated voting and investment power of its investments, including the 7,359,481 shares, to BlueMountain, which is exercised by BlueMountain's Investment Committee. Mr. Smith is a member of the Investment Committee.
- (14) The amount shown includes a presently exercisable option to purchase 14,247 shares of our common stock.
- (15) The amount shown includes 90 shares of our common stock held by Mr. Kruchten's spouse; presently exercisable options to purchase 59,836 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.
- (16) The amount shown includes presently exercisable options to purchase 8,170 shares of our common stock.
- (17) Mr. McMullen resigned as Chief Financial Officer and Executive Vice President, effective June 30, 2016. The amount shown is based on information available to the Company as of Mr. McMullen's retirement date and may not reflect his benefits ownership as of March 29, 2017.
- (18) The amount shown includes presently exercisable options and presently exercisable warrants that vest within 60 days for executive officers who are not named executive officers as follows: options to purchase an aggregate of 123,526 shares of common stock; 125% warrants to purchase an aggregate of 1,102 shares of common stock; and 135% warrants to purchase an aggregate of 1,102 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 2016, except for directors Mr. Burgess, Mr. Karfunkel and Mr. Parrett, who filed one late report disclosing two transactions, one late report disclosing four transactions, and one late report disclosing six transactions, respectively; Mr. Kruchten, an executive officer, who filed two late reports disclosing five transactions by his spouse; Ms. Underberg, an executive officer, who filed one late report disclosing two transactions by her spouse; Mr. O'Grady, an executive officer, who filed one late report disclosing one transaction; and GSO Special Situations Master Fund LP, a greater than 10% owner of our common stock, which filed a late Form 3 and one late report disclosing six 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 in any calendar year, 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. We were party to the following interested transaction with amounts exceeding \$120,000 with related parties occurring since the beginning of 2016 as follows:

- Messrs. Karfunkel, New and Smith, 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 is affiliated with certain trusts that collectively hold approximately 5.9% of our outstanding common stock. Mr. New is a Senior Managing Director of The Blackstone Group L.P. The Blackstone Group L.P. may be deemed to hold approximately 21.1% of our outstanding common stock. Mr. Smith is a Managing Partner and Co-Chief Investment Officer at BlueMountain Capital Management, LLC, which holds approximately 17.1% of our outstanding common stock.
- Messrs. Rogerson and Engelberg are director nominees 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 22.5% of our outstanding common stock and C2W may be deemed to hold approximately 2.9% 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 in excess of \$120,000 during 2016.

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 2016 and 2015.

Type of Service (in millions)	2016	2015
Audit Fees	\$3.49	\$3.90
Audit-Related Fees	0.10	1.90
Tax Fees	0.03	0.04
All Other Fees	0.05	0.00
Total	\$3.67	\$5.84

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 and for 2015 related to assurance and related services.

Tax fees in 2016 and 2015 were for tax compliance and consulting services.

All other fees for 2016 were 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 3

PROPOSAL 3 - 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.

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 10, 2017

ANNUAL MEETING INFORMATION

DIRECTIONS TO 2017 ANNUAL MEETING

Location

The Benjamin

125 East 50th Street
New York, New York 10022

Directions

NYC Taxi etiquette: Taxis are available when only the middle light is illuminated. Simply hold out your arm to flag down a taxi, and they should promptly pull over. Taxi drivers should be tipped between 15 – 20% of the fare total. 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. Airports LaGuardia Airport (LGA), approximately 25-30 minutes by taxi or town car service. Yellow taxi provides metered fare (approximately \$24-28) plus tolls & 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 MEASURE

In this Proxy Statement, we provide information regarding Operational EBITDA, a non-GAAP financial measure. 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 this non-GAAP measure represents an important internal measure of performance. We provide this measure 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.

All figures are in millions

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, 2016:

	YTD 2016
Net Income Attributable to Eastman Kodak Company (GAAP basis)	\$ 15
Net income attributable to noncontrolling interests	1
Net Earnings	\$ 16
All Other (1)	(3)
Corporate components of pension and OPEB income (2)	(161)
Depreciation and amortization	102
Restructuring costs and other (3)	16
Overhead supporting, but not directly absorbed by discontinued operations (4)	15
Stock-based compensation	8
Consulting and other costs (5)	5
Idle costs (6)	3
Manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production (7)	3
Other operating expense, net	16
Interest expense	60
Loss on early extinguishment of debt	4
Other charges, net	4
Reorganization items, net	(6)
Provision for income taxes	32
Loss from discontinued operations, net of income taxes	30
Operational EBITDA	\$ 144

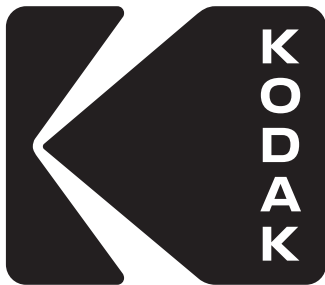
- (1) RED utilities variable interest entity (interest and depreciation of RED are included in the respective lines in the table).
- (2) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailments and settlement components of pension and other postretirement benefit expenses.
- (3) Restructuring costs and other as reported in the Consolidated Statement of Operations plus \$1 million of inventory write-downs included in cost of revenues for the twelve months ended December 31, 2016.
- (4) Primarily consists of costs for shared resources allocated to the PROSPER Enterprise Inkjet business discontinued operation in the prior-year periods which are now included in the results of continuing operations and an estimate of costs for shared resources which would have been allocated to the PROSPER Enterprise Inkjet business discontinued operation in the current-year period had the business remained in continuing operations.

- (5) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in 2016 and 2015.
- (6) 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.
- (7) 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.

About Kodak

Kodak is a technology company focused on imaging. We provide – 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 our 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.

For additional information on Kodak, visit us at **Kodak.com**, follow us on Twitter @Kodak or like us on Facebook at <https://www.facebook.com/kodak>.



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