

EASTMAN KODAK CO  
Form 10-K/A  
April 01, 2016

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

**(Amendment Number 2)**

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the year ended December 31, 2015**

**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

**16-0417150**  
(IRS Employer

incorporation)

Identification No.)

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

**14650**  
(Zip Code)

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

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

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, \$0.01 par value</b>	<b>New York Stock Exchange</b>

**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

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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, 2015 was approximately \$302 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 1, 2016 was 42,077,595 shares of common stock.

**Explanatory Note**

Eastman Kodak Company (the Company ) is filing this Amendment No. 2 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 15, 2016 and amended by Amendment No. 1 thereto filed with the Securities and Exchange Commission on March 18, 2016 (as amended, the Original Filing ), solely for the purpose of incorporating into the EDGAR version of the Consolidated Statement of Equity (Deficit) included in Item 8 of the Original Filing certain final edits thereto which were not captured during the original EDGAR filing process and to make a conforming change to the Interactive Data Files filed as Exhibit 101 of the Original Filing.

Except as described above, this Amendment No. 2 does not amend any other information set forth in the Original Filing, and the Company has not updated disclosures included therein to reflect any events that occurred subsequent to March 15, 2016.

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**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 statement of financial position as of December 31, 2015 and 2014 and the related consolidated statements of operations, of comprehensive (loss) income, of equity (deficit) and of cash flows for the years ended December 31, 2015 and 2014, and for the four months ended December 31, 2013 present fairly, in all material respects, the financial position of Eastman Kodak Company and its subsidiaries (Successor) at December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2015 and the four months ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of valuation and qualifying accounts appearing under Item 15 for the year ended December 31, 2015 and 2014, and for the four months ended December 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our 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 United States Bankruptcy Court for the Southern District of New York confirmed the Company's revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (as revised, the Plan) on August 23, 2013. Confirmation of the plan resulted in the discharge of certain claims against the Company that arose before January 19, 2012 and substantially alters rights and interests of equity security holders as provided for in the plan. The plan was substantially consummated on September 3, 2013 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting as of September 1, 2013.

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

prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

Rochester, New York

March 15, 2016

**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 operations, of comprehensive (loss) income, of equity (deficit) and of cash flows for the eight months ended August 31, 2013 present fairly, in all material respects, the results of operations and cash flows of Eastman Kodak Company and its subsidiaries (Predecessor) for the eight months ended August 31, 2013 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 the eight months ended August 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

/s/ PricewaterhouseCoopers LLP

Rochester, New York

March 19, 2014

## EASTMAN KODAK COMPANY

## CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
<b>Revenues</b>				
Sales	\$ 1,447	\$ 1,738	\$ 679	\$ 1,267
Services	351	378	133	279
Total net revenues	1,798	2,116	812	1,546
<b>Cost of revenues</b>				
Sales	1,171	1,376	586	959
Services	246	284	106	219
Total cost of revenues	1,417	1,660	692	1,178
Gross profit	381	456	120	368
Selling, general and administrative expenses	226	310	114	297
Research and development costs	61	94	33	66
Restructuring costs and other	38	59	17	43
Other operating expense (income), net	2	9	2	(495)
Earnings (loss) from continuing operations before interest expense, loss on early extinguishment of debt, net, other (charges) income, net, reorganization items, net and income taxes	54	(16)	(46)	457
Interest expense	63	62	22	106
Loss on early extinguishment of debt, net				8
Other (charges) income, net	(21)	(21)	10	(13)
Reorganization items, net	5	13	16	(2,026)
(Loss) earnings from continuing operations before income taxes	(35)	(112)	(74)	2,356
Provision for income taxes	32	10	8	155
(Loss) earnings from continuing operations	(67)	(122)	(82)	2,201
(Loss) earnings from discontinued operations, net of income taxes	(8)	4	4	(135)



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NET (LOSS) EARNINGS	(75)	(118)	(78)	2,066
Less: Net income attributable to noncontrolling interests	5	5	3	

NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (80)	\$ (123)	\$ (81)	\$ 2,066
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Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:

Continuing operations	\$ (1.72)	\$ (3.05)	\$ (2.04)	\$ 8.08
Discontinued operations	(0.19)	0.10	0.10	(0.50)
Total	\$ (1.91)	\$ (2.95)	\$ (1.94)	\$ 7.58

Number of common shares used in basic and diluted (loss) earnings per share	41.9	41.7	41.7	272.7
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The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY****CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME**

(in millions)

	<b>Year Ended December 31, 2015</b>	<b>Successor Year Ended December 31, 2014</b>	<b>Four Months Ended December 31, 2013</b>	<b>Predecessor Eight Months Ended August 31, 2013</b>
<b>NET (LOSS) EARNINGS</b>	\$ (75)	\$ (118)	\$ (78)	\$ 2,066
Less: net income attributable to noncontrolling interests	5	5	3	
<b>Net (loss) earnings attributable to Eastman Kodak Company</b>	<b>(80)</b>	<b>(123)</b>	<b>(81)</b>	<b>2,066</b>
<b>Other comprehensive (loss) income, net:</b>				
Currency translation adjustments	(35)	(33)	1	4
Reclassification of realized losses on available-for-sale securities included in net earnings, net of tax	2			
Pension and other postretirement benefit plan obligation activity, net of tax	(98)	(202)	98	1,604
<b>Other comprehensive (loss) income, net attributable to Eastman Kodak Company</b>	<b>(131)</b>	<b>(235)</b>	<b>99</b>	<b>1,608</b>
<b>COMPREHENSIVE (LOSS) INCOME, NET ATTRIBUTABLE TO EASTMAN KODAK COMPANY</b>	<b>\$ (211)</b>	<b>\$ (358)</b>	<b>\$ 18</b>	<b>\$ 3,674</b>

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

**EASTMAN KODAK COMPANY****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in millions)

	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 547	\$ 712
Receivables, net	365	414
Inventories, net	314	349
Deferred income taxes	22	31
Assets held for sale	2	14
Other current assets	28	30
<b>Total current assets</b>	<b>1,278</b>	<b>1,550</b>
Property, plant and equipment, net of accumulated depreciation of \$330 and \$231, respectively	426	524
Goodwill	88	96
Intangible assets, net	158	182
Restricted cash	43	37
Deferred income taxes	23	38
Other long-term assets	122	129
<b>TOTAL ASSETS</b>	<b>\$ 2,138</b>	<b>\$ 2,556</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable, trade	\$ 195	\$ 212
Short-term borrowings and current portion of long-term debt	5	5
Liabilities held for sale		10
Other current liabilities	259	372
<b>Total current liabilities</b>	<b>459</b>	<b>599</b>
Long-term debt, net of current portion	675	672
Pension and other postretirement liabilities	623	662
Other long-term liabilities	278	324
<b>Total liabilities</b>	<b>2,035</b>	<b>2,257</b>
Commitments and contingencies (Note 9)		
<b>Equity</b>		
Common stock, \$0.01 par value		
Additional paid in capital	633	621
Treasury stock, at cost	(5)	(4)
Accumulated deficit	(283)	(204)

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Accumulated other comprehensive (loss) income	(267)	(136)
Total Eastman Kodak Company shareholders' equity	78	277
Noncontrolling interests	25	22
Total equity	103	299
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,138</b>	<b>\$ 2,556</b>

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							
	Retained		Earnings		Accumulated Other		Noncontrolling	
	Common	Additional Paid	Accumulated	Comprehensive	Treasury	Total	Interests	Total
	Stock	in Capital	(Deficit)	Income (Loss)	Stock			
Equity (deficit) as of December 31, 2012 (Predecessor)	\$ 978	\$ 1,105	\$ 2,600	\$ (2,616)	\$ (5,746)	\$ (3,679)	\$ 2	\$ (3,677)
Net income			2,066			2,066		2,066
Other comprehensive income (net of tax):								
Currency translation adjustments				4		4		4
Pension and other postretirement liability adjustments				1,604		1,604		1,604
Total other comprehensive income				1,608		1,608		1,608
Stock-based compensation		3				3		3
Issuance of treasury stock, net (446,501 shares) <sup>(1)</sup>		(3)	(32)		35			
Equity as of August 31, 2013 (Predecessor)	978	1,105	4,634	(1,008)	(5,711)	(2)	2	
Investment in variable interest entity							8	8
Cancellation of Predecessor Company equity	(978)	(1,105)	(4,634)	1,008	5,711	2		2
Equity as of August 31, 2013 (Predecessor)	\$	\$	\$	\$	\$	\$	\$ 10	\$ 10

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Equity as of August 31, 2013 (Predecessor)	\$	\$	\$	\$	\$	\$	\$	\$	10	\$	10				
Issuance of Successor Company common stock			613					613			613				
Equity as of September 1, 2013 (Successor)			613					613	10		623				
Equity transactions with noncontrolling interest									7		7				
Net (loss) income				(81)				(81)	3		(78)				
Other comprehensive income (net of tax):															
Currency translation adjustments					1			1			1				
Pension and other postretirement liability adjustments					98			98			98				
Stock-based compensation			1					1			1				
Purchases of treasury stock, net (152,746 shares) <sup>(3)</sup>			(1)			(3)		(4)			(4)				
Equity as of December 31, 2013 (Successor)	\$	\$	613	\$	(81)	\$	99	\$	(3)	\$	628	\$	20	\$	648

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)

	Common Stock		Additional Paid-in Capital		Retained Earnings (Accumulated Deficit)		Other Comprehensive Income (Loss)		Treasury Stock	Noncontrolling Interests		
	(2)								Total	Interests	Total	
Equity as of December 31, 2013 (Successor)	\$	\$	613	\$	(81)	\$	99	\$	(3)	\$ 628	\$ 20	\$ 648
Equity transactions with noncontrolling interest											(3)	(3)
Net (loss) income					(123)					(123)	5	(118)
Other comprehensive income (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) (3)								(1)		(1)		(1)
Equity (deficit) as of December 31, 2014 (Successor)	\$	\$	621	\$	(204)	\$	(136)	\$	(4)	\$ 277	\$ 22	\$ 299
Equity transactions with noncontrolling interest					1					1	(2)	(1)
Net (loss) income					(80)					(80)	5	(75)
Other comprehensive income (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) (3)								(1)		(1)		(1)

Equity (deficit) as of  
December 31, 2015  
(Successor)

\$ \$ 633 \$ (283) \$ (267) \$ (5) \$ 78 \$ 25 \$ 103

- (1) Includes stock awards issued, offset by shares surrendered for taxes.
  - (2) There are 60 million shares of no par value preferred stock authorized, none of which have been issued.
  - (3) Represents purchases of common stock and/ 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 FLOWS

(in millions)

	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Predecessor Eight Months Ended August 31, 2013	Hour Months Ended December 31, 2013
Cash flows from operating activities:				
Net (loss) earnings	\$ (75)	\$ (118)	\$ (78)	\$ 2,066
Adjustments to reconcile to net cash used in operating activities:				
Depreciation and amortization	145	199	75	118
Pension and other postretirement (income) expense	(107)	(78)	(61)	145
Stock based compensation	18	8	1	3
Change in U.S. vacation benefits	(17)			
Net gains on sales of businesses/assets	(4)	(23)	(6)	(407)
Gain on assets acquired for no monetary consideration	(3)			
Foreign exchange loss from remeasurement of Venezuela monetary assets		16		
Loss on early extinguishment of debt				8
Non-cash restructuring costs, asset impairments and other charges	9	13	9	81
Reorganization items:				
Non-cash reorganization gain				(1,964)
Payment of claims	(10)	(2)		(94)
Fresh start adjustments, net				(302)
Other non-cash reorganization items, net	4	8	3	119
Provision (benefit) for deferred income taxes	6	5	(2)	448
Decrease (increase) in receivables	15	143	(72)	105
Decrease (increase) in inventories	12	4	147	(27)
Decrease in liabilities excluding borrowings	(109)	(307)	(105)	(595)
Other items, net	21	4	(13)	(269)
Total adjustments	(20)	(10)	(24)	(2,631)
Net cash used in operating activities	(95)	(128)	(102)	(565)
Cash flows from investing activities:				
Additions to properties	(43)	(43)	(21)	(18)
Net proceeds from sales of businesses/assets, net	2	18	9	827

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(Funding) use of restricted cash	(10)	68	93	(134)
Marketable securities sales				21
Marketable securities purchases		(2)		(17)
Net cash (used in) provided by investing activities	(51)	41	81	679
Cash flows from financing activities:				
Repayment of emergence credit facilities	(4)	(4)	(2)	
Net proceeds of other borrowings	5	1		
Equity transactions of noncontrolling interests	(1)	(3)	7	
Treasury stock purchases	(1)	(1)	(3)	
Proceeds from Emergence credit facilities				664
Proceeds from Senior and Junior DIP Credit Agreements				450
Repayment of other borrowings			(40)	(375)
Repayment of term loans under Original Senior DIP Credit Agreement				(664)
Repayment of term loans under Junior DIP Credit Agreement				(844)
Proceeds from Rights Offerings				406
Contingent consideration received with sale of business				35
Net cash used in financing activities	(1)	(7)	(38)	(328)
Effect of exchange rate changes on cash	(18)	(38)	5	(23)
Net decrease in cash and cash equivalents	(165)	(132)	(54)	(237)
Cash and cash equivalents, beginning of period	712	844	898	1,135
Cash and cash equivalents, end of period	\$ 547	\$ 712	\$ 844	\$ 898

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

**EASTMAN KODAK COMPANY****CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)****SUPPLEMENTAL CASH FLOW INFORMATION**

(in millions)

	<b>Successor</b>			<b>Predecessor</b>
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Four Months Ended</b>	<b>Eight Months</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>Ended</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>August 31,</b>
				<b>2013</b>
<b>Cash paid for interest and income taxes was:</b>				
Interest, net of portion capitalized of \$2 as of December 31, 2015, \$3 as of December 31, 2014 and \$0 as of December 31, 2013 and August 31, 2013.	\$ 60	\$ 65	\$ 22	\$ 179
Income taxes (net of refunds)	12	14	18	34

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

## **EASTMAN KODAK COMPANY**

### **NOTES TO FINANCIAL STATEMENTS**

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

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

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

Upon emergence from bankruptcy on September 3, 2013, Kodak adopted fresh-start accounting which resulted in Kodak becoming a new entity for financial reporting purposes. Kodak applied fresh start accounting as of September 1, 2013. Accordingly, the consolidated financial statements on or after September 1, 2013 are not comparable to the consolidated financial statements prior to that date. Refer to Note 25, *Fresh Start Accounting* for additional information.

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

References to *Successor* or *Successor Company* relate to the reorganized Kodak subsequent to September 3, 2013. References to *Predecessor* or *Predecessor Company* relate to Kodak prior to September 3, 2013.

##### *Reclassifications*

Certain amounts for prior periods have been reclassified to conform to the current period classification due to Kodak's new organization structure as of January 1, 2015 and for a change in the segment measure of profitability. In addition to the changes in segment reporting under the new organization structure, tenant rental income for Eastman Business Park previously reported in *Cost of Revenues* is reported in *Revenues*. Refer to Note 23, *Segment Information* for more information about these changes.

##### **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 (collectively Kodak ). Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity.

Kodak is the primary beneficiary of a utilities variable interest entity, RED-Rochester, LLC ( RED ). Therefore, Kodak consolidates RED s assets, liabilities and results of operations. Consolidated assets and liabilities of RED are \$69 million and \$13 million, respectively, as of December 31, 2015 and \$77 million and \$11 million, respectively, as of December 31, 2014. RED s equity in those net assets as of December 31, 2015 and 2014 is \$25 million and \$21 million, respectively. RED s results of operations are reflected in net income attributable to noncontrolling interest in the accompanying Consolidated Statement of Operations.

#### **USE OF ESTIMATES**

The preparation of financial statements in conformity with 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.

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## 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) income in the accompanying Consolidated Statement of Financial Position. Translation adjustments related to investments that are permanent in nature are not tax-effected.

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

The effects of foreign currency transactions, including related hedging activities, are included in Other (charges) income, 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 has maintained currency controls and a fixed official exchange rate since 2003. The official exchange rate at December 31, 2015 and 2014 was 6.3 Venezuelan Bolivars Fuertes ( BsF ) to the U.S. dollar. In 2013, the Venezuelan government announced the creation of a complementary currency exchange system, referred to as SICAD 1. SICAD 1 was determined by an auction process restricted to invited entities for designated uses. At December 31, 2014, the SICAD 1 exchange rate was 12.0 BsF to the U.S. Dollar. In 2014, the Venezuelan government created another currency exchange system known as SICAD 2, indicating that all industry sectors and companies would be eligible to participate in SICAD 2. Transactions in SICAD 2 were regulated by the Venezuelan Central Bank. Entities were required to submit applications to convert BsF to U.S. dollars under SICAD 2. The SICAD 2 exchange rate as of December 31, 2014 was 49.99 BsF to the U.S. dollar.

Given increased uncertainty in Venezuela, Kodak adopted the SICAD 2 rate to remeasure BsF denominated monetary assets and liabilities of its Venezuelan subsidiary to the U.S. dollar as of December 31, 2014. As a result of this change from the official exchange rate, Kodak recorded a charge of \$16 million in other (charges), income net in the fourth quarter of 2014.

In 2015, the Venezuelan government merged the SICAD 1 and SICAD 2 exchange mechanisms into a single mechanism called SICAD and introduced a new open market system, SIMADI. The SIMADI market is intended to have a floating exchange rate determined by market participants. Kodak adopted the SIMADI rate to remeasure BsF denominated monetary assets and liabilities of its Venezuelan subsidiary to the U.S. dollar as of March 31, 2015. The SIMADI exchange rate at March 31, 2015 was 191.97 BsF to the U.S. dollar. As a result of the change from the SICAD 2 rate, Kodak recorded a charge of \$2 million in other (charges), income net in the first quarter of 2015. The SIMADI exchange rate as of December 31, 2015 was 198.7 BsF to the U.S. dollar.

As of December 31, 2015 and December 31, 2014, Kodak's Venezuelan subsidiary had approximately \$1 million and \$2 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, and derivative instruments. Kodak places its cash and cash equivalents with high-quality financial institutions and limits the amount of credit exposure to any one institution. With respect to receivables, such receivables arise from sales to numerous customers in a variety of industries, markets, and geographies around the world. Receivables arising from these sales are generally not collateralized. Kodak performs ongoing credit evaluations of its customers' financial conditions, and

maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management's expectations. Counterparties to the derivative instrument contracts are major financial institutions. Kodak has not experienced non-performance by any of its derivative instruments counterparties.

## 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 with the exception of property, plant and equipment owned as of the application of fresh start accounting. Kodak capitalizes additions and improvements while maintenance and repairs are charged to expense as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to net (loss) earnings. In connection with fresh start accounting, property, plant and equipment were adjusted to their estimated fair value and depreciable lives were revised as of September 1, 2013. Refer to Note 25, Fresh Start Accounting.

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

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

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

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 reported in the Successor period represents the reorganizational value of assets in excess of amounts allocated to identified tangible and intangible assets. Refer to Note 25, Fresh Start Accounting. 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. Kodak performed the annual test of impairment as of October 1, 2015 for all its reporting units and updated its analysis as of December 31, 2015 due to the change in the annual goodwill impairment test date from October 1 to December 31.

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. 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.

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

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

required, revenue is deferred until all acceptance criteria have been met.

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

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**

Research and development ( R&D ) costs, which include costs incurred in connection with new product development, fundamental and exploratory research, process improvement, product use technology and product accreditation, are expensed in the period in which they are incurred.

### **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 \$8 million, \$13 million, \$6 million and \$14 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and for the eight months ended August 31, 2013, respectively.

### **SHIPPING AND HANDLING COSTS**

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

### **IMPAIRMENT OF LONG-LIVED ASSETS**

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. In connection with fresh start accounting, the carrying values of long-lived assets were adjusted to estimated fair value as of September 1, 2013 and Kodak revised its estimates of the remaining useful lives of all long-lived assets. Refer to Note 25, Fresh Start Accounting.

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, 2015 and 2014, 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 April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share expedient. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 (January 1, 2016 for Kodak) with retrospective application to all periods presented. Kodak early adopted ASU 2015-07 effective December 31, 2015. The retrospective adoption resulted in a reduction in Level 3 assets for the U.S. plans of \$1,837 million and \$1,721 million at December 31, 2014 and January 1, 2014, respectively, and a reduction in Level 3 assets for the non-U.S. plans of \$106 million at both December 31, 2014 and January 1, 2014. In addition, Level 2 assets for the U.S. and non-U.S. plans decreased by \$1,761 million and \$251 million, respectively, at December 31, 2014. Refer to Note 16, Retirement Plans.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360). ASU 2014-08 defines a discontinued operation as a disposal of a component (or group of components) of an entity that was disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU 2014-08 expands the disclosures when an entity retains a significant continuing involvement with a discontinued operation as well as for disposals of individually material components that do not qualify as discontinued operations. The amendments in the update were effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014 (January 1, 2015 for Kodak) to new disposals and new disposal groups classified as held for sale after the effective date. The adoption of this guidance did not have a material impact on Kodak's Consolidated Financial Statements.

### **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

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 is currently evaluating the impact of this ASU.

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 is currently evaluating the method of adoption and expects ASU 2015-17 will have an impact on the consolidated balance sheet. The current deferred tax assets in excess of valuation allowance were \$22 million as of December 31, 2015.

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 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). Early adoption is permitted for financial statements not previously issued. Kodak does not expect the adoption of this guidance to have a material impact on its Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis . The amendments in ASU 2015-02 change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years,

beginning after December 15, 2015 (January 1, 2016 for Kodak). Early adoption is permitted, including adoption in an interim period. A reporting entity may apply the amendments in this ASU either retrospectively or use a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. 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 July 2015, the FASB deferred the effective date of ASU 2014-09. The new revenue standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak) and allows either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application of the revised guidance recognized at the date of initial application. Kodak is currently evaluating the adoption alternatives and impact of this ASU.

## NOTE 2: RECEIVABLES, NET

(in millions)	As of December 31,	
	2015	2014
Trade receivables	\$ 318	\$ 361
Miscellaneous receivables	47	53
Total (net of allowances of \$10 and \$11 as of December 31, 2015 and December 31, 2014, respectively)	\$ 365	\$ 414

Approximately \$28 million and \$31 million of the total trade receivable amounts as of December 31, 2015 and 2014, 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,	
	2015	2014
Finished goods	\$ 177	\$ 204
Work in process	65	73
Raw materials	72	72
Total	\$ 314	\$ 349



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

(in millions)	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Land	\$ 74	\$ 100
Buildings and building improvements	171	176
Machinery and equipment	483	432
Construction in progress	28	47
	756	755
Accumulated depreciation	(330)	(231)
Property, plant and equipment, net	\$ 426	\$ 524

Depreciation expense was \$120 million, \$174 million, \$67 million and \$87 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and eight months ended August 31, 2013, respectively, of which approximately \$8 million, \$2 million, \$0 million and \$4 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,	
	2015	2014
Equipment subject to operating leases, net	\$ 37	\$ 25
Accumulated depreciation	(14)	(10)
<b>Equipment subject to operating leases, net</b>	<b>\$ 23</b>	<b>\$ 15</b>

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	Micro 3D	Software and	Consumer	Intellectual	Consolidated
	Systems	Printing and Packaging	Solutions	and Film	Property Solutions	
<b>Balance as of December 31, 2013:</b>	\$ 51	\$ 24	\$ 6	\$ 6	\$ 1	\$ 88
Fresh start accounting adjustment	5	2			1	8
<b>Balance as of December 31, 2014:</b>	\$ 56	\$ 26	\$ 6	\$ 6	\$ 2	\$ 96
Impairment		(6)			(2)	(8)
<b>Balance as of December 31, 2015:</b>	\$ 56	\$ 20	\$ 6	\$ 6	\$	\$ 88

In the first quarter of 2014, Kodak increased the value of goodwill determined as part of fresh start accounting by \$8 million to correct for a liability that should have been recorded at emergence.

As a result of the change in segments that became effective as of January 1, 2015, Kodak's goodwill reporting units changed. Refer to Note 23, Segment Information for additional information on the change to Kodak's organizational structure. 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 has two goodwill reporting units: Commercial Inkjet Printing Solutions and Digital Front-End Controllers. The Intellectual Property Solutions segment and the Eastman Business Park segment each have one goodwill reporting unit.

As of December 31, 2014, the goodwill balance of \$96 million under the prior year segment reporting structure was comprised of \$67 million for the Graphics, Entertainment and Commercial Films segment and \$29 million for the Digital Printing and Enterprise segment. The goodwill in the Graphics, Entertainment and Commercial Films segment

was reported in the Graphics and Intellectual Property and Brand Licensing reporting units. The goodwill in the Digital Printing and Enterprise segment was reported in the Packaging and Functional Printing and Consumer Inkjet Systems reporting units.

Goodwill previously reported in the Graphics goodwill reporting unit was transferred to the Prepress Solutions goodwill reporting unit and the Unified Workflow Solutions goodwill reporting unit. The goodwill previously reported in the Packaging and Functional Printing goodwill reporting unit was transferred to the Packaging goodwill reporting unit and the Micro 3D Printing goodwill reporting unit. The goodwill previously reported in the Intellectual Property and Brand Licensing goodwill reporting unit was transferred to the Intellectual Property Solutions goodwill reporting unit and the Consumer Products goodwill reporting unit. Goodwill was reassigned to affected reporting units using a relative fair value allocation.

Due to the change in Kodak's reporting units 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 (income) 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 October 1, 2015 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 as of October 1 or December 31 valuation dates.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2015 and 2014 were as follows:

(in millions)	As of December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 131	\$ 47	\$ 84	6 years
Kodak trade name	46		46	Indefinite life
Customer-related	37	11	26	7 years
Other	2		2	20 years
<b>Total</b>	<b>\$ 216</b>	<b>\$ 58</b>	<b>\$ 158</b>	

(in millions)	As of December 31, 2014			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 131	\$ 27	\$ 104	7 years
Kodak trade name	46		46	Indefinite life
Customer-related	36	6	30	8 years
Other	2		2	21 years
<b>Total</b>	<b>\$ 215</b>	<b>\$ 33</b>	<b>\$ 182</b>	

Based upon the results of Kodak's October 1, 2015 and December 31, 2015 impairment tests, no impairment of the Kodak trade name was indicated. In the fourth quarter of 2013, Kodak concluded that the carrying value of the Kodak trade name, estimated as part of fresh start accounting, exceeded its fair value and Kodak recorded a pre-tax impairment charge of \$8 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations.

Amortization expense related to intangible assets was \$25 million, \$25 million, \$8 million and \$10 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and eight months ended August 31, 2013, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2015 was as follows:

(in millions)

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2016	\$ 25
2017	23
2018	18
2019	10
2020	9
2021 and thereafter	27
Total	\$ 112

**NOTE 6: OTHER CURRENT LIABILITIES**

(in millions)	As of December 31,	
	2015	2014
Accrued employment-related liabilities	\$ 81	\$ 132
Accrued customer rebates	31	34
Deferred revenue	39	48
Accrued restructuring liabilities	11	27
Deferred consideration on disposed businesses		11
Other	97	120
<b>Total</b>	<b>\$ 259</b>	<b>\$ 372</b>

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,	
	2015	2014
Workers compensation	\$ 113	\$ 123
Environmental liabilities	13	19
Asset retirement obligations	47	53
Other	105	129
<b>Total</b>	<b>\$ 278</b>	<b>\$ 324</b>

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: SHORT-TERM BORROWINGS AND LONG-TERM DEBT**

Debt and related maturities and interest rates were as follows at December 31, 2015 and 2014:

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31,	
				2015	2014
				Carrying Value	Carrying Value
<b>Current portion:</b>					
	Term note	2016	7.56%	\$ 4	\$ 4
	Credit line	2015	2.42%		1
	Other	2016	3.12% - 6.07%	1	
				5	5
<b>Non-current portion:</b>					
	Term note	2019	7.56%	400	403
	Term note	2020	11.04%	270	269
	Other	Various	3.12% - 6.07%	5	
				675	672
				\$ 680	\$ 677

Annual maturities of debt outstanding at December 31, 2015, were as follows:

(in millions)	Carrying Value	Maturity Value
2016	\$ 5	\$ 5
2017	4	4
2018	5	5
2019	392	397
2020	271	276
2021 and thereafter	3	3
<b>Total</b>	<b>\$ 680</b>	<b>\$ 690</b>

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 ABL Lenders will make available asset-based revolving loans in an amount of up to \$200 million (the ABL Loans ). The maturity date of the loans made under the Term Credit Agreements is the earlier to occur of (i) September 3, 2019 (in case of First Lien Loans) or September 3, 2020 (in case of Second Lien Loans) and (ii) the acceleration of such loans due to an event of default (as defined in the Term Credit Agreements). The maturity date of the loans made under the ABL Credit Agreement is the earlier to occur of (i) September 3, 2018 and (ii) the date of termination of the commitments in accordance with the terms of the ABL Credit Agreement. The ABL Credit Agreement also provides for the issuance of letters of credit of up to a sublimit of \$150 million. The Company has issued approximately \$118 million of letters of credit under the ABL Credit Agreement as of December 31,



2015. Under the ABL Loan's borrowing base calculation, the Company had approximately \$16 million and \$29 million Borrowing Base Availability (as defined in the ABL Credit Agreement) under the revolving credit facility as of December 31, 2015 and December 31, 2014, respectively. Availability is subject to the borrowing base calculation, reserves and other limitations.

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. 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.

Under the ABL Credit Agreement, Kodak is required to maintain a minimum Fixed Charge Coverage Ratio (as defined in the ABL Credit Agreement) of 1.00 to 1.00 when Excess Availability is less than 15% of lender commitments (springing covenant). As of December 31, 2015 15% of lender commitments and Excess Availability were \$30 million and \$31 million, respectively. 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) Eligible Equipment (iv) Eligible Cash and (v) Qualified Cash (not to exceed \$15 million) less (i) Rent and Charges Reserves, (ii) Principal Outstanding, (iii) Letters of Credit and (iv) an Availability Block (each item as defined in the ABL Credit Agreement).

As of December 31, 2015 and 2014, Kodak had funded \$30 million and \$20 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, and an additional \$15 million of Qualified Cash as of December 31, 2015 and 2014 in an unrestricted cash account, supporting the Excess Availability amount. If Excess Availability falls below 15% of lender commitments (\$30 million as of both December 31, 2015 and 2014), 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 15% of lender commitments at both December 31, 2015 and 2014, Kodak is not required to have a minimum Fixed Charges Coverage Ratio of 1.0 to 1.0. As of December 31, 2015 Kodak was in compliance with all the covenants under the ABL Credit Agreement and had Kodak been required to have Fixed Charge Coverage Ratio of 1.0 to 1.0 EBITDA, as defined in the ABL Credit agreement, exceeded Fixed Charges by approximately \$17 million.

The First Lien Loans bear interest at the rate of LIBOR plus 6.25% per annum, with a LIBOR floor of 1% or Alternate Base Rate (as defined in the First Lien Term Credit Agreement) plus 5.25%. The Second Lien Loans bear interest at the rate of LIBOR plus 9.5% per annum, with a LIBOR floor of 1.25% or Alternate Base Rate (as defined in the Second Lien Term Credit Agreement) plus 8.5%. The ABL Loans (other than initial borrowings) bear interest at the rate of LIBOR plus 2.75%-3.25% per annum or Base Rate (as defined in the ABL Credit Agreement) plus 1.75%-2.25% per annum, based on Excess Availability (as defined in the ABL Credit Agreement). Each existing and future direct or indirect U.S. subsidiary of the Company (other than immaterial subsidiaries, unrestricted subsidiaries and certain other subsidiaries) have agreed to provide unconditional guarantees of the obligations of the Company under the Credit Agreements. Subject to certain exceptions, obligations under the First Lien Term Credit Agreement and the Second Lien Term Credit Agreement are secured by: (i) a first lien and a second lien, respectively, on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral (as defined below), including a first and a second lien, respectively, on 100% of the stock of material domestic subsidiaries and 65% of the stock of material first-tier foreign subsidiaries (collectively the Term Collateral) and (ii) a second lien and a third lien, respectively, on the ABL Collateral. Obligations under the ABL Credit Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the ABL Collateral) and (ii) a third lien on the Term Collateral. The aggregate carrying value of the Term Collateral and ABL Collateral as of December 31, 2015 and

2014 was \$1,873 million and \$1,964 million, respectively.

The Company may voluntarily prepay the First Lien Loan. The Company may prepay the Second Lien Loan after the second anniversary and prior to the third anniversary of the closing date. A prepayment premium of 1% of the principal amount prepaid is required with respect to the Second Lien Loan.

As defined in each of the Term Credit Agreements, the Company is required to prepay loans with net proceeds from asset sales, recovery events or issuance of indebtedness, subject to, in the case of net proceeds received from asset sales or recovery events, reinvestment rights by the Company in assets used or usable by the business within certain time limits. On an annual basis, starting with the fiscal year ending on December 31, 2014, the Company will prepay on June 30 of the following fiscal year loans in an amount equal to a percentage of Excess Cash Flow ( ECF ) as defined in each of the Term Credit Agreements, provided no such prepayment is required if such prepayment would cause U.S. liquidity (as defined in each of the Term Credit Agreements) to be less than \$100 million. For the years ended December 31, 2015 and 2014, ECF was a negative amount, therefore, no prepayment is required in 2016 and no prepayment was required in 2015. Any mandatory prepayments as described above shall be reduced by any mandatory prepayments of the First Lien Loan.

Under the Term Credit Agreements, the Company is required to maintain minimum U.S. Liquidity (as defined therein) through 2014 and starting December 31, 2014, a Secured Leverage Ratio (as defined therein) not to exceed specified levels. The Secured Leverage Ratio under the Term Credit Agreements 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 (which is more restrictive than the corresponding ratio permitted under the Second 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, 2015, Kodak was in compliance with all covenants under the Term Credit Agreements. Kodak's EBITDA, as calculated under the Term Credit Agreements, exceeded the EBITDA necessary to satisfy the Secured Leverage Ratio by \$33 million.

## NOTE 9: COMMITMENTS AND CONTINGENCIES

### Environmental

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

(in millions)	As of December 31,	
	2015	2014
Other current operating sites	\$ 7	\$ 7
Sites associated with former operations		10
Sites associated with the non-imaging health businesses sold in 1994	6	11
Total	\$ 13	\$ 28

These amounts are reported in Other long-term liabilities and Current liabilities held for sale in the accompanying Consolidated Statement of Financial Position.

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

(in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Four Months Ended December 31, 2013	For the Eight Months Ended August 31, 2013
Recurring costs for pollution prevention and waste treatment	\$ 13	\$ 13	\$ 5	\$ 16
Capital expenditures for pollution prevention and waste treatment	2	2	2	
Total	\$ 15	\$ 15	\$ 7	\$ 16

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

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

The Company provided an indemnity as part of the 1994 sale of Sterling Corporation (now STWB), which covered a number of environmental sites including the Lower Passaic River Study Area (LPRSA) portion of the Diamond Alkali Superfund Site. STWB, now owned by Bayer Corporation, is a potentially responsible party at the LPRSA site based on alleged releases from facilities formerly owned by subsidiaries of Sterling. On February 29, 2012, the Company notified STWB and Bayer that, under the voluntary petition for bankruptcy by the Company and its U.S. subsidiaries, it elected to discontinue funding and participation in remedial investigations of the LPRSA. STWB and its parent, Bayer, filed proofs of claim against the Company and its U.S. subsidiaries. These claims have been discharged pursuant to the First Amended Joint Chapter 11 Plan of Reorganization. Environmental matters at three sites owned by the Company and one site for which the Company was not the owner but was responsible for the remediation were not resolved by the discharge. On March 17, 2015, the Company entered into an agreement with STWB related to these four sites. The agreement calls for the Company to retain ownership and environmental responsibility of one of the sites. Ownership and environmental responsibility for one site and environmental responsibility for the unowned site transferred to STWB in the second quarter of 2015. Ownership of the remaining site is expected to pass to an unrelated party by 2018 at which point the Company's environmental responsibility will pass to STWB. If the ownership for the fourth site does not transfer to that unrelated party prior to January 1, 2020, the Company and STWB will share approximately equally in the ongoing costs of the site. As a result of this agreement, the Company reduced its environmental liabilities by approximately \$5 million and recognized a gain in the first quarter of 2015 of the same amount.

On January 14, 2015, the Company sold its property in Middleway, West Virginia and transferred the related environmental liability to Commercial Liability Partners WV, LLC (CLP). As part of the transaction, the Company withdrew from its Voluntary Remediation Agreement with the West Virginia Department of Environmental Protection, received an indemnity from CLP regarding any environmental obligations, and was named insured in an environmental insurance policy for a period of ten years in the case of breach by CLP. As of December 31, 2014, the \$2 million net book value of the Middleway property was classified in Current assets held for sale and the environmental liability of approximately \$9 million was classified as Current liabilities held for sale. The Company released the environmental liability associated with the site and recognized a gain of approximately \$5 million on the transaction in 2015.

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

### **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,	
	2015	2014
Asset Retirement Obligations at start of period	\$ 53	\$ 52
Liabilities incurred in the current period	1	3
Liabilities settled in the current period	(3)	(1)
Accretion expense	2	2
Revision in estimated cash flows	(6)	(2)
Foreign exchange impact		(1)
Asset Retirement Obligations at end of period	\$ 47	\$ 53

## 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 \$30 million, \$38 million, \$15 million and \$36 million in the years ended December 31, 2015 and December 31, 2014, four months ending December 31, 2013, and eight months ending August 31, 2013, respectively.

As of December 31, 2015, the Company had outstanding letters of credit of \$118 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$4 million, surety bonds in the amount of \$17 million, and restricted cash and deposits of \$58 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, 2015, 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 \$49 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 \$6 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately \$62 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, remediation and proceedings, including commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, 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 \$17 million and the outstanding amount for those guarantees is \$6 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 issues indemnifications in certain instances when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Further, Kodak indemnifies officers and directors who are, or were, serving at the Company's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Additionally, the fair value of the indemnifications that Kodak issued during the year ended December 31, 2015 was not material to Kodak's financial position, results of operations or cash flows.



## Warranty Costs

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

(in millions)

Accrued warranty obligations as of December 31, 2013	\$ 13
Actual warranty experience	(16)
Warranty provisions	8
Accrued warranty obligations as of December 31, 2014	5
Actual warranty experience	(8)
Warranty provisions	7
Accrued warranty obligations as of December 31, 2015	\$ 4

Kodak also offers its customers extended warranty arrangements that are generally one year, but may range from three months to five 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, 2013	\$ 30
New extended warranty and maintenance arrangements	194
Recognition of extended warranty and maintenance arrangement revenue	(197)
Deferred revenue on extended warranties as of December 31, 2014	27
New extended warranty and maintenance arrangements	185
Recognition of extended warranty and maintenance arrangement revenue	(185)
Deferred revenue on extended warranties as of December 31, 2015	\$ 27

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2015 and December 31, 2014 amounted to \$135 million and \$158 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 (loss) earnings at the same time that the exposed assets and liabilities are re-measured through net (loss) earnings (both in Other (charges) income, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2015 and 2014 was approximately \$384 million and \$334 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:

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

	<b>For the Year Ended December 31, 2015</b>	<b>Successor For the Year Ended December 31, 2014</b>	<b>For the Four Months Ended December 31, 2013</b>	<b>Predecessor For the Eight Months Ended August 31, 2013</b>
(in millions)				
Net gain (loss) from derivatives not designated as hedging instruments	\$ 14	\$ 10	\$ (14)	\$ 2

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013 or eight months ended August 31, 2013.

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, 2015 was not significant to Kodak.

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

### ***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 the foreign currency forward contracts was not material as of December 31, 2015 and 2014.

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, 2015.

The fair value of long-term borrowings is measured on a nonrecurring basis. 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. The fair values of long-term borrowings were \$588 million and \$681 million at December 31, 2015 and December 31, 2014, respectively.

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 (INCOME), NET**

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Expense (income) :				
Gain on sale of digital imaging patent portfolio <sup>(1)</sup>	\$	\$	\$	\$ (535)
Goodwill and intangible asset impairments <sup>(2) (3) (4) (5) (6)</sup>	8	9	8	77
Gains related to the sales of assets and businesses	(6)	(3)	(6)	(34)
Gain recognized on assets acquired for no monetary consideration <sup>(7)</sup>	(3)			
Other	3	3		(3)
<b>Total</b>	<b>\$ 2</b>	<b>\$ 9</b>	<b>\$ 2</b>	<b>\$ (495)</b>

- (1) Refer to Note 24, Emergence from Voluntary Reorganization under Chapter 11 Proceedings.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) In the fourth quarter of 2013, Kodak recorded an impairment charge of \$8 million related to the Kodak trade name. Refer to Note 5, Goodwill and Other Intangible Assets.
- (6) In the first quarter of 2013, Kodak recorded a goodwill impairment charge of \$77 million related to the Intellectual Property and Consumer Products reporting unit.
- (7) Refer to Note 23, Segment Information, footnote 5 to the table entitled Segment Operational EBITDA from Consolidated Loss from Continuing Operations Before Income Taxes.

**NOTE 13: OTHER (CHARGES) INCOME, NET**

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Income (charges):				
Interest income	\$ 1	\$ 6	\$ 3	\$ 3
Loss on foreign exchange transactions <sup>(1)</sup>	(17)	(22)	(5)	(7)
Other	(5)	(5)	12	(9)
<b>Total</b>	<b>\$ (21)</b>	<b>\$ (21)</b>	<b>\$ 10</b>	<b>\$ (13)</b>

- (1) In 2015 and 2014 Kodak recorded a charges of \$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, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
<b>(Loss) earnings from continuing operations before income taxes:</b>				
U.S.	\$ (169)	\$ (208)	\$ (119)	\$ 2,243
Outside the U.S.	134	96	45	113
Total	\$ (35)	\$ (112)	\$ (74)	\$ 2,356
<b>U.S. income taxes:</b>				
Current provision (benefit)	\$ 1	\$ (2)	\$ 3	\$
Deferred provision (benefit)	9	4	3	(3)
<b>Income taxes outside the U.S.:</b>				
Current provision (benefit)	22	(1)	8	52
Deferred provision (benefit)		7	(8)	105
<b>State and other income taxes:</b>				
Current provision		1	2	1
Deferred provision		1		
Total provision	\$ 32	\$ 10	\$ 8	\$ 155

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, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
Amount computed using the statutory rate	\$ (12)	\$ (39)	\$ (25)	\$ 825
<b>Increase (reduction) in taxes resulting from:</b>				
State and other income taxes, net of federal		1	2	

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Unremitted foreign earnings	26	4	36	32
Impact of goodwill and intangible impairments			(3)	(22)
Operations outside the U.S.	28	111	73	(18)
Legislative rate changes				1
Valuation allowance	(71)	(121)	(100)	39
Tax settlements and adjustments, including interest	2	(5)	1	5
Discharge of debt and other reorganization related items	60	57	24	(722)
Other, net	(1)	2		15
Provision for income taxes	\$ 32	\$ 10	\$ 8	\$ 155

During 2013, a substantial portion of the Company's pre-petition debt securities, revolving credit facility and other obligations were extinguished. Absent an exception, a debtor recognizes cancellation of indebtedness income (CODI) upon discharge of its outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The Internal Revenue Code of 1986, as amended (IRC), provides that a debtor in a bankruptcy case may exclude CODI from taxable income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. The amount of CODI realized by a taxpayer is the adjusted issue price of any indebtedness discharged less the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness issued and (iii) the fair market value of any other consideration, including equity, issued. As a result of the market value of equity upon emergence from chapter 11 bankruptcy proceedings, the estimated amount of U.S. CODI was approximately \$705 million, which reduced the value of Kodak's U.S. net operating losses that had a value of \$2,495 million. The actual reduction in tax attributes occurred on the first day of the Company's tax year subsequent to the date of emergence, or January 1, 2014.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. The Debtors' emergence from chapter 11 bankruptcy proceedings was considered a change in ownership for purposes of IRC Section 382. The limitation under the IRC is based on the value of the corporation as of the emergence date. However, the ownership changes and resulting annual limitation will result in the expiration of approximately \$711 million of net operating losses, \$567 million of foreign tax credits and \$21 million of research and expenditure credits generated prior to the emergence date. The expiration of these tax attributes was fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which results in no net tax provision.

During 2013, the KPP Global Settlement provided for the acquisition by the KPP of certain assets, and the assumption by the KPP of certain liabilities of Kodak's Personalized Imaging and Document Imaging businesses (the Business). The underfunded position of the U.K. Pension Plan was approximately \$1.5 billion. Kodak Limited held a deferred tax asset related to the pension liability of \$329 million. As a result of the KPP Global Settlement in the period ended December 31, 2013 and the release from the pension liability to the KPP, Kodak Limited reversed the corresponding deferred tax asset.

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

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



(in millions)	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Deferred tax assets</b>		
Pension and postretirement obligations	\$ 187	\$ 221
Restructuring programs	3	5
Foreign tax credit	314	258
Inventories	14	20
Investment tax credit	80	100
Employee deferred compensation	46	43
Depreciation	62	45
Research and development costs	188	232
Tax loss carryforwards	380	355
Other deferred revenue	13	13
Other	112	111
<b>Total deferred tax assets</b>	<b>\$ 1,399</b>	<b>\$ 1,403</b>
<b>Deferred tax liabilities</b>		
Leasing	\$ 1	\$ 7
Goodwill/Intangibles	49	51
Unremitted foreign earnings	121	176
<b>Total deferred tax liabilities</b>	<b>171</b>	<b>234</b>
<b>Net deferred tax assets before valuation allowance</b>	<b>1,228</b>	<b>1,169</b>
<b>Valuation allowance</b>	<b>1,201</b>	<b>1,127</b>
<b>Net deferred tax assets</b>	<b>\$ 27</b>	<b>\$ 42</b>

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

(in millions)	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Deferred income taxes (current)	\$ 22	\$ 31
Deferred income taxes (non-current)	23	38
Other current liabilities		(1)
Other long-term liabilities	(18)	(26)
<b>Net deferred tax assets</b>	<b>\$ 27</b>	<b>\$ 42</b>

As of December 31, 2015, Kodak had available domestic and foreign net operating loss carry-forwards for income tax purposes of approximately \$1,565 million, of which approximately \$481 million have an indefinite carry-forward period. The remaining \$1,084 million expire between the years 2016 and 2035. As of December 31, 2015, Kodak had unused foreign tax credits and investment tax credits of \$314 million and \$80 million, respectively, with various

expiration dates through 2030. 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.

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 \$102 million and \$159 million on the foreign subsidiaries undistributed earnings as of December 31, 2015 and 2014, respectively. Kodak has recorded a deferred tax liability of \$19 million and \$17 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2015 and 2014, respectively.

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.

Kodak's valuation allowance as of December 31, 2014 was \$1,127 million. Of this amount, \$315 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$400 million, and \$812 million related to Kodak's net deferred tax assets in the U.S. of \$769 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 \$27 million and \$42 million as of December 31, 2015 and December 31, 2014, 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:

	<b>Year Ended December 31, 2015</b>	<b>Successor Year Ended December 31, 2014</b>	<b>Four Months Ended December 31, 2013</b>	<b>Predecessor Eight Months Ended August 31, 2013</b>
(in millions)				
<b>Balance as of January 1</b>	\$ 92	\$ 106	\$ 107	\$ 57
<b>Tax positions related to the current year:</b>				
Additions	1	2		68
<b>Tax Positions related to prior years:</b>				
Additions		1	2	1
Reductions	(7)	(14)	(3)	(17)
Settlements with taxing jurisdictions		(1)		(2)
Lapses in Statute of limitations	(1)	(2)		
<b>Balance as of December 31</b>	<b>\$ 85</b>	<b>\$ 92</b>	<b>\$ 106</b>	<b>\$ 107</b>

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 \$21 and \$18 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2015 and 2014, respectively.

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

It is reasonably possible that the liability associated with Kodak's unrecognized tax benefits will increase or decrease within the next twelve months. These changes may be the result of settling ongoing audits or the expiration of statutes of limitations. Such changes to the unrecognized tax benefits could range from \$0 to \$10 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.

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

unrecognized tax benefits associated with the Company's adoption of the Plan of Reorganization.

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 2011 with respective tax authorities. With respect to countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2008 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, 2015 were as follows:

(in millions)	Severance Reserve <sup>(5)</sup>	Exit Costs Reserve <sup>(5)</sup>	Long-lived Asset Impairments and Inventory Write- downs <sup>(5)</sup>	Accelerated Depreciation <sup>(5)</sup>	Total
<b>Balance as of December 31, 2012 (Predecessor):</b>	\$ 38	\$ 45	\$	\$	\$ 83
Eight months charges - continuing operations	38	3	4	4	49
Eight months charges - discontinued operations	3				3
Eight months utilization/cash payments	(48)	(32)	(4)	(4)	(88)
Eight months other adjustments & reclasses <sup>(1)</sup>	(3)	(9)			(12)
<b>Balance as of August 31, 2013 (Predecessor):</b>	\$ 28	\$ 7	\$	\$	\$ 35
Four months charges	\$ 13	\$ 3	\$ 1	\$	\$ 17
Four months utilization/cash payments	(15)	(3)	(1)		(19)
Four months other adjustments & reclasses <sup>(2)</sup>		1			1
<b>Balance as of December 31, 2013 (Successor):</b>	26	8			34
2014 charges	54	2	3	2	61
2014 utilization/cash payments	(47)	(5)	(3)	(2)	(57)
2014 other adjustments & reclasses <sup>(3)</sup>	(11)				(11)
<b>Balance as of December 31, 2014 (Successor):</b>	22	5			27
2015 charges	33	4	1	8	46
2015 utilization/cash payments	(36)	(5)	(1)	(8)	(50)
2015 other adjustments & reclasses <sup>(4)</sup>	(12)				(12)
<b>Balance as of December 31, 2015 (Successor):</b>	\$ 7	\$ 4	\$	\$	\$ 11

<sup>(1)</sup> The \$(12) million includes \$(5) million for amounts reclassified as Liabilities subject to compromise, \$(4) million of severance-related charges for pension plan curtailments, which were reclassified to Pension and other postretirement liabilities and \$(3) million of reserve adjustments due to the application of fresh start accounting,

which were recorded in Reorganization items.

- (2) The \$1 million represents foreign currency translation adjustments.
- (3) 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.
- (4) 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.
- (5) 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.

**2013 Activity**

The \$17 million of charges for the four months ended December 31, 2013 were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The \$52 million of charges for the eight months ended August 31, 2013 includes \$4 million for accelerated depreciation and \$2 million for inventory write-downs which were reported in Cost of revenues, \$43 million reported as Restructuring costs and other and \$3 million which were reported as Earnings (loss) from discontinued operations in the accompanying Consolidated Statement of Operations.

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

Severance payments for these initiatives were substantially completed in 2015. Certain exit costs, such as long-term lease payments, will continue beyond 2015.

#### **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 and \$59 million which was reported as Restructuring costs and other 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 payments for these initiatives will continue 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 2015.

#### **2015 Activity**

Restructuring actions taken in 2015 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included continued progress toward the Leeds plate manufacturing facility exit, a Kodak Technology Center workforce reduction, and various targeted reductions in service, sales, research and development and other administrative functions.

As a result of these actions, for the year ended December 31, 2015 Kodak recorded \$46 million of charges, including \$8 million for accelerated depreciation which was reported in Cost of revenues and \$38 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

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

As a result of these initiatives, severance payments will continue 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 be paid throughout 2016 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, and phased out production at the site in the third quarter of 2015 and expects to complete the exit of the facility by the second quarter of 2016.

As a result of the decision, Kodak currently expects to incur total charges of \$25 to \$30 million, including approximately \$10 million of charges related to separation benefits, \$13 to \$15 million of non-cash related charges for accelerated depreciation and asset write-offs, and \$2 to \$5 million in other cash related charges associated with this action.

Kodak incurred severance charges of \$7 million, long-lived asset impairment charges of \$1 million, accelerated depreciation charges of \$8 million and other exit costs of \$1 million in the year ended December 31, 2015 under this program.

On a cumulative basis as of December 31, 2015, 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 \$1 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 7% 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, 2015		Year Ended December 31, 2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
<b>Change in Benefit Obligation</b>				
Projected benefit obligation at beginning of period	\$ 4,438	\$ 918	\$ 4,361	\$ 960
Transfers				(31)
Service cost	17	3	18	4
Interest cost	148	17	176	30
Plan amendments			(61)	
Benefit payments	(478)	(51)	(339)	(61)
Actuarial (gain) loss	(35)	(24)	567	119
Settlements			(292)	
Special termination benefits	9		8	
Currency adjustments		(63)		(103)
Projected benefit obligation at end of period	\$ 4,099	\$ 800	\$ 4,438	\$ 918
<b>Change in Plan Assets</b>				
Fair value of plan assets at beginning of period	\$ 4,160	\$ 795	\$ 4,184	\$ 833
Transfers				(9)
Gain on plan assets	111	31	607	111
Employer contributions		4		7
Settlements			(292)	
Benefit payments	(478)	(51)	(339)	(61)
Currency adjustments		(51)		(86)
Fair value of plan assets at end of period	\$ 3,793	\$ 728	\$ 4,160	\$ 795
Under Funded Status at end of period	\$ (306)	\$ (72)	\$ (278)	\$ (123)
Accumulated benefit obligation at end of period	\$ 4,098	\$ 792	\$ 4,436	\$ 907

The Non-US transfers of \$31 million of projected benefit obligation and \$9 million of assets for the year ended December 31, 2014 relate to a plan split for a subset of participants into a non-major plan.

The settlement amount of \$292 million for the U.S. for the year ended December 31, 2014 was a result of lump sum payments from KRIP.

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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$	\$ 39	\$	\$ 29
Pension and other postretirement liabilities	(306)	(111)	(278)	(152)
Net amount recognized	\$ (306)	\$ (72)	\$ (278)	\$ (123)

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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$ 4,099	\$ 524	\$ 4,438	\$ 623
Accumulated benefit obligation	4,098	516	4,436	613
Fair value of plan assets	3,793	412	4,160	471

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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	\$ 50	\$ 4	\$ 58	\$ 4
Net actuarial loss	(285)	(6)	(159)	(32)
Total	\$ (235)	\$ (2)	\$ (101)	\$ (28)

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

(in millions)	Successor				Predecessor			
	Year Ended		Year Ended		Four Months Ended		Eight Months Ended	
	December 31, 2015		December 31, 2014		December 31, 2013		August 31, 2013	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established (loss) gain	\$ (126)	\$ 25	\$ (255)	\$ (46)	\$ 97	\$ 8	\$ 80	\$ 78
			61			6		

Newly established prior service credit

Amortization of:				
Prior service (credit) cost	(8)		(3)	1
Net actuarial loss		2		120 55
Prior service cost recognized due to curtailment				1 1
Net curtailment gain not recognized in expense				20 7
Net loss (gain) recognized in expense due to settlements		10	(11)	1,542
Transfers			1	

Total Income (loss) recognized in

Other comprehensive income before fresh start accounting	\$ (134)	\$ 27	\$ (187)	\$ (45)	\$ 86	\$ 14	\$ 222	\$ 1,683
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Effect of application of fresh start accounting							\$ 1,955	\$ 418
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The Company expects to recognize \$7 million of prior service credits and \$1 million of net actuarial losses as components of net periodic benefit cost over the next year.

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

(in millions)	Successor				Predecessor			
	Year Ended		Year Ended		Four Months Ended		Eight Months Ended	
	December 31, 2015		December 31, 2014		December 31, 2013		August 31, 2013	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:								
Service cost	\$ 17	\$ 3	\$ 18	\$ 4	\$ 7	\$ 2	\$ 19	\$ 6
Interest cost	148	17	176	30	67	10	120	95
Expected return on plan assets	(272)	(30)	(295)	(38)	(122)	(14)	(236)	(105)
Amortization of:								
Prior service credit	(8)		(3)				1	
Actuarial loss		2					120	55
Pension (income) expense before special termination benefits, curtailments and settlements	(115)	(8)	(104)	(4)	(48)	(2)	24	51
Special termination benefits	9		8					
Curtailment (gains) losses						(1)	1	1
Settlement (gains) losses			10		(11)			114
Net pension (income) expense for major defined benefit plans	(106)	(8)	(86)	(4)	(59)	(3)	25	166
Other plans including unfunded plans		4		8			4	19
Net pension (income) expense	\$ (106)	\$ (4)	\$ (86)	\$ 4	\$ (59)	\$ (3)	\$ 29	\$ 185

The pension (income) expense before special termination benefits, curtailments, and settlements reported above for the eight months ended August 31, 2013 includes \$38 million which was reported as (Loss) earnings from discontinued operations.

The special termination benefits of \$9 million and \$8 million for the years ended December 31, 2015 and December 31, 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 \$114 million of settlement losses for the eight months ended August 31, 2013 were incurred as a result of the Global Settlement, and have been included in (Loss) earnings from discontinued operations in the Consolidated Statement of Operations.

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

Successor

Predecessor

	<b>December 31, 2015</b>		<b>December 31, 2014</b>		<b>December 31, 2013</b>		<b>August 31, 2013</b>	
	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>
Discount rate	3.89%	2.50%	3.50%	2.09%	4.50%	3.40%	4.25%	3.33%
Salary increase rate	3.37%	1.91%	3.34%	1.95%	3.37%	2.74%	3.39%	2.77%

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:

	<b>Year Ended December 31, 2015</b>		<b>Successor Year Ended December 31, 2014</b>		<b>Four Months Ended December 31, 2013</b>		<b>Predecessor Eight Months Ended August 31, 2013</b>	
	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>
Discount rate	3.50%	2.09%	4.19%	3.34%	4.25%	3.33%	3.52%	3.63%
Salary increase rate	3.34%	1.95%	3.37%	2.62%	3.39%	2.77%	3.40%	2.79%
Expected long-term rate of return on plan assets	7.40%	4.69%	7.63%	4.93%	8.20%	5.54%	8.12%	6.66%

#### **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, 2015 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, 2015, 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 7.4%.

As with KRIP, the EROA assumptions for certain of Kodak's other pension plans were reassessed as of December 31, 2015. The annual expected return on plan assets for the major non-U.S. pension plans range from 3.0% to 6.5% based on the plans' respective asset allocations as of December 31, 2015.

### 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, 2015 and 2014, 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,		
	2015	2014	2015 Target
Equity securities	15%	15%	12-18%
Debt securities	35%	35%	32-38%
Real estate	3%	3%	2-8%
Cash and cash equivalents	1%	3%	0-6%
Global balanced asset allocation funds	13%	14%	10-20%
Other	33%	30%	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:

<b>Asset Category</b>	<b>As of December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2015 Target</b>
Equity securities	3%	6%	0-10%
Debt securities	35%	27%	28-38%
Real estate	0%	1%	0-5%
Cash and cash equivalents	3%	4%	0-10%
Global balanced asset allocation funds	6%	11%	0-10%
Other	53%	51%	50-60%
Total	100%	100%	

### **Fair Value Measurements**

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2015 and 2014 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, 2015**

(in millions)	U.S.			Measured at NAV	Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
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
	\$ 7	\$ 382	\$ 58	\$ 3,346	\$ 3,793

**Major U.S. Plans****December 31, 2014**

(in millions)	U.S.			Measured at NAV	Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash and cash equivalents	\$ 1	\$	\$	\$ 114	\$ 115
Equity Securities				632	632
Debt Securities:					
Government Bonds				989	989
Investment Grade Bonds		442			442
Real Estate			41	98	139
Global Balanced Asset Allocation Funds				587	587
Other:					
Absolute Return				426	426
Private Equity			28	752	780
Derivatives with unrealized gains	50				50
	\$ 51	\$ 442	\$ 69	\$ 3,598	\$ 4,160

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. 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. 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.

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

(in millions)	Quoted Prices in Active Markets for			Non - U.S.	
	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)
	\$ 5	\$ 407	\$	\$ 316	\$ 728

**Major Non-U.S. Plans****December 31, 2014**

(in millions)	Quoted Prices in Active Markets for			Non - U.S.	
	Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	\$ 4	\$	\$	\$ 32	\$ 36
Equity Securities		8		38	46
Debt Securities:					
Government Bonds		39		114	153
Inflation-Linked Bonds				9	9
Investment Grade Bonds		37			37
Global High Yield & Emerging Market Debt				11	11
Real Estate		2			2
Global Balanced Asset Allocation Funds		1		90	91
Other:					
Absolute Return		4		7	11
Private Equity				56	56
Insurance Contracts		340			340
Derivatives with unrealized gains	5				5
Derivatives with unrealized losses	(2)				(2)
	\$ 7	\$ 431	\$	\$ 357	\$ 795

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. Private equity investments are comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital and leveraged buyouts. 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.

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, 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, 2014 major U.S. plans investments, 9% and 25% of the total pension assets represented exposures to equity securities and U.S. government bonds (at 18 years target duration), respectively, obtained from the use of derivatives, 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 derivatives exposures to equity securities and government bonds (at 13 years target duration), respectively, and are reported in those respective classes. Of the December 31, 2014 major Non-U.S. total pension investments, 1% and 9% of the total pension assets represented exposures to equity securities and government bonds (at 25 years target duration), respectively, obtained from the use of derivatives, 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.			
	Net Realized and		Net Transfer	
	Balance at	Unrealized Net	Purchases	of)
	January 1, 2015	(Losses)	and Sales	Level 3
	2015	2015	2015	December 31, 2015
Real Estate	\$ 41	\$ 6	\$ (13)	\$ 34
Private Equity	28	1	(5)	24
<b>Total</b>	<b>\$ 69</b>	<b>\$ 7</b>	<b>\$ (18)</b>	<b>\$ 58</b>

	U.S.			
	Net Realized and		Net Transfer	
	Balance at	Unrealized Net	Purchases	of)
	January 1, 2014	(Losses)	and Sales	Level 3
	2014	2014	2014	December 31, 2014
Real Estate	\$ 47	\$	\$ (6)	\$ 41
Private Equity	54	(12)	(14)	28
<b>Total</b>	<b>\$ 101</b>	<b>\$ (12)</b>	<b>\$ (20)</b>	<b>\$ 69</b>

Kodak expects to contribute \$4 million in 2016 for the major Non-U.S. defined benefit pension plans and does not expect to make a contribution to KRIP in 2016.

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

(in millions)	U.S.	Non-U.S.
2016	\$ 357	\$ 47
2017	341	47
2018	331	46
2019	321	46
2020	311	45
2021-2025	1,401	214



**NOTE 17: OTHER POSTRETIREMENT BENEFITS**

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

The Company's subsidiaries in Canada and the U.K. offer similar postretirement benefits. Information on the U.S., Canada and U.K. other postretirement plans is presented below.

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

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

Changes in Kodak's benefit obligation and funded status were as follows:

(in millions)	Year Ended December 31,	
	2015	2014
Net benefit obligation at beginning of period	\$ 86	\$ 95
Interest cost	3	4
Plan participants' contributions	7	9
Actuarial (gain) loss	(8)	2
Benefit payments	(12)	(18)
Currency adjustments	2	(6)
Net benefit obligation at end of period	\$ 78	\$ 86
Underfunded status at end of period	\$ (78)	\$ (86)

Amounts recognized in the Consolidated Statement of Financial Position consist of:

(in millions)	As of December 31,	
	2015	2014
Other current liabilities	\$ (5)	\$ (8)
Pension and other postretirement liabilities	(73)	(78)
	\$ (78)	\$ (86)

Amounts recognized in Accumulated other comprehensive loss consist of:

(in millions)	As of December 31,	
	2015	2014
Net actuarial gain	\$ (8)	\$
Total recorded in Accumulated other comprehensive income	\$ (8)	\$

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

(in millions)	Year Ended December 31,	
	2015	2014
Newly established loss	\$ (8)	\$ (2)
Total loss recognized in Other comprehensive (loss) income	\$ (8)	\$ (2)

Other postretirement benefit cost included:

(in millions)	Successor			Predecessor
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
<b>Components of net postretirement benefit cost:</b>				
Service cost	\$	\$	\$	\$
Interest cost	3	4	1	3
Amortization of:				
Prior service credit				(75)
Actuarial loss				3
<b>Other postretirement benefit cost (income) from continuing operations</b>				
	\$ 3	\$ 4	\$ 1	\$ (69)

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

	Year Ended December 31,	
	2015	2014
Discount rate	3.60%	3.49%
Salary increase rate	1.80%	2.60%

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

	Successor			Predecessor
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Discount rate	3.49%	4.28%	4.09%	3.23%
Salary increase rate	2.60%	2.50%	2.50%	2.50%

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

	2015	2014
Healthcare cost trend	5.81%	6.47%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.21%	4.65%
Year that the rate reaches the ultimate trend rate	2022	2021

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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:

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

Kodak expects to make benefit payments of \$5 million to these postretirement benefit plans in 2016.

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

(in millions)	
2016	\$ 5
2017	5
2018	5
2019	4
2020	4
2021-2025	19

#### NOTE 18: 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.

As a result of the net loss from continuing operations for the years ended December 31, 2015 and December 31, 2014 and four months ended December 31, 2013, 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 and four months ended December 31, 2013, 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	Year Ended December 31, 2014	Four Months Ended December 31, 2013
Unvested share-based awards	0.2	0.1	0.2
Warrants to purchase common shares	0.3	1.5	1.7
<b>Total</b>	<b>0.5</b>	<b>1.6</b>	<b>1.9</b>

The computation of diluted earnings per share for the years ended December 31, 2015 and December 31, 2014 also excluded 0.1 million shares associated with the assumed conversion of outstanding employee stock options because the effects would have been anti-dilutive. There were no employee stock options outstanding for the four months ended December 31, 2013.

The Predecessor Company reported earnings from continuing operations for the eight months ended August 31, 2013. However, the computation of diluted earnings per share for the eight months ended August 31, 2013 excluded the assumed conversion of outstanding employee stock options and detachable warrants to purchase common shares, and approximately \$400 million of convertible senior notes due 2017 because the effects would have been anti-dilutive. The following table sets forth the total amount of outstanding employee stock options and detachable warrants to purchase common shares as of August 31, 2013:

(in millions of shares)	<b>Predecessor Eight Months Ended August 31, 2013</b>
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Employee stock options	7.0
Detachable warrants to purchase common shares	40.0
<b>Total</b>	<b>47.0</b>

**NOTE 19: 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 not less than 100% of the per share fair market value 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. 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 \$7 million for the years ended December 31, 2015 and 2014 and \$1 million for the four months ending December 31, 2013.

As of December 31, 2015, there was \$6 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, 2015:

	<b>Number of Restricted Stock Units</b>	<b>Weighted-Average Grant Date Fair Values</b>
Outstanding on December 31, 2014	685,430	\$ 22.15
Granted	387,187	\$ 14.86
Vested	(237,957)	\$ 21.73
Forfeited	(60,115)	\$ 15.74
Outstanding on December 31, 2015	774,545	\$ 19.13

### Stock Options

The following table summarizes information about stock option activity for the year ended December 31, 2015:

	<b>Shares Under Option</b>	<b>Weighted Average Exercise Price Per Share</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>
Outstanding on December 31, 2014	781,321	\$ 22.56	
Granted	783,476	\$ 15.31	
Forfeited	(44,002)	\$ 20.25	
Outstanding on December 31, 2015	1,520,795	\$ 18.89	6.17
Exercisable on December 31, 2015	273,205	\$ 22.61	5.73
Expected to vest December 31, 2015	1,247,590	\$ 18.08	6.27

There was no intrinsic value of options outstanding and exercisable due to the fact that the market price of the Company's common stock as of December 31, 2015 was below the weighted average exercise price of options. There were no options exercises in 2015.

The weighted average grant date fair value of options granted for the years ended December 31, 2015 and 2014 was \$5.94 and \$7.74, respectively. The total fair value of options that vested during the year ended December 31, 2015 was \$2 million. No options vested during the year ended December 31, 2014 and no options were granted during the four months ended December 31, 2013. Compensation cost related to stock options for the years ended December 31, 2015 and 2014 was \$4 million and \$1 million, respectively.



As of December 31, 2015, 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.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions in the following table. 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. The expected volatility was generally based on the historical volatility of a set of publicly-traded benchmark companies, taking into consideration the difference in leverage between the Company and the benchmark companies. 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:

	<b>For the Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Weighted-average fair value of options granted	\$5.94	\$7.74
Weighted-average risk-free interest rate	1.46%	1.46%
Range of risk-free interest rates	1.26% - 1.60%	1.39% - 1.51%
Weighted-average expected option lives	4.5 years	4.5 years
Expected option lives	4.5 years	4.5 years
Weighted-average volatility	46%	39%
Range of expected volatilities	40% - 49%	36% - 42%
Weighted-average expected dividend yield	0.0%	0.0%

#### **Stock-based Awards Classified as Liabilities**

Kodak will settle a portion of its 2015 incentive compensation plans with a variable amount of common stock based on the stock price at the time of settlement. The plans include minimum performance gates and annual performance metrics for 2015. The amount of incentive compensation to be paid is based on performance against the metrics. The fair value of the awards is determined based on a targeted dollar amount for the expected performance against the plans' criteria as of the balance sheet date. The actual number of shares to be issued will be determined based on actual results achieved by Kodak, the stock price on the date of issuance and any discretion exercised by the Executive Compensation Committee. The shares will be issued under the 2013 Omnibus Incentive Plan. Stock compensation expense associated with these awards was approximately \$6 million for the year ended December 31, 2015.

#### **Predecessor**

Prior to the Effective Date, Kodak had shares or share-based awards outstanding under two share-based employee compensation plans consisting of the 2005 Omnibus Long-Term Compensation Plan (the "2005 Plan"), and the 2000 Omnibus Long-Term Compensation Plan (the "2000 Plan"). In conjunction with the Plan (see Note 24, "Emergence from Voluntary Reorganization under Chapter 11 Proceedings"), all shares, options, restricted shares and other share-based awards that were outstanding on the Effective Date were canceled.

Kodak recognized stock-based compensation expense in the amount of \$3 million for the eight months ended August 31, 2013. There were no proceeds from the issuance of common stock through stock option plans for the eight months ended August 31, 2013.

#### **NOTE 20: SHAREHOLDERS' EQUITY**

In connection with the Company's reorganization and emergence from bankruptcy, all shares of the Predecessor Company's common stock were canceled. The Successor Company has 560 million shares of authorized stock, consisting of: (i) 500 million shares of common stock, par value \$0.01 per share and (ii) 60 million shares of preferred stock, no par value, issuable in one or more series. As of December 31, 2015 and December 31, 2014 there were 42.0 million and 41.9 million shares of common stock outstanding, respectively, and no shares of preferred stock issued and outstanding.

On the Effective Date, the Company issued, to the holders of general unsecured claims and the retiree settlement unsecured claim, net-share settled warrants to purchase: (i) 2.1 million shares of common stock at an exercise price of \$14.93 and (ii) 2.1 million shares of common stock at an exercise price of \$16.12. The warrants are classified as equity instruments and reported within Additional paid in capital in the Consolidated Statement of Financial Position at their fair value as of the Effective Date (\$24 million). As of December 31, 2015, there were warrants outstanding to purchase 3.6 million shares of common stock.

During each of the years ended December 31, 2015 and December 31, 2014, the Company repurchased shares of common stock for approximately \$1 million to satisfy tax withholding obligations in connection with the issuance of stock to employees under the 2013 Plan. Treasury stock consisted of approximately 0.3 million shares and 0.2 million shares at December 31, 2015 and December 31, 2014, respectively.

**NOTE 21: OTHER COMPREHENSIVE (LOSS) INCOME**

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

(in millions)	Successor			Predecessor
	Year Ended	Year Ended	Four Months	Eight Months
	December 31,	December 31,	Ended	Ended
	2015	2014	December 31,	August 31,
	2015	2014	2013	2013
<b>Currency translation adjustments</b>	\$ (35)	\$ (33)	\$ 1	\$ 4
Reclassification adjustment for losses included in Other charges (net), before tax	2			
Reclassification adjustment for losses included in Other charges (net), net of tax	2			
<b>Pension and other postretirement benefit plan changes</b>				
Newly established prior service credit	4	61	6	
Newly established net actuarial (loss) gain	(88)	(278)	95	393
Tax (benefit) provision	(5)	7	(3)	(14)
Newly established prior service credit and net actuarial (loss) gain, net of tax	(89)	(210)	98	379
<b>Reclassification adjustments:</b>				
Amortization of prior service credit	(a) (8)	(3)		(75)
Amortization of actuarial (gains) losses	(a) (2)	1		185
Recognition of losses due to settlements and curtailments	(a) 1	10		1,563
<b>Total reclassification adjustments</b>	(9)	8		1,673
Tax (provision)				(448)
<b>Reclassification adjustments, net of tax</b>	(9)	8		1,225
	(98)	(202)	98	1,604

Pension and other postretirement benefit plan  
changes, net of tax

Other comprehensive (loss) income	\$ (131)	\$ (235)	\$ 99	\$ 1,608
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<sup>(a)</sup> Reclassified to Pension (income) expense - refer to Note 16, Retirement Plans and Note 17, Other Postretirement Benefits for additional information.

**NOTE 22: ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME**

Accumulated other comprehensive (loss) income is composed of the following:

(in millions)	As of December 31,	
	2015	2014
Currency translation adjustments	\$ (67)	\$ (32)
Available for sale securities	2	\$
Pension and other postretirement benefit plan changes	(202)	(104)
Ending balance	\$ (267)	\$ (136)

**NOTE 23: SEGMENT INFORMATION**

Effective January 1, 2015, Kodak has seven reportable segments: Print Systems, Enterprise Inkjet Systems, Micro 3D Printing and Packaging, Software and Solutions, Consumer and Film, 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. Prior period segment results have been revised to conform to the current period segment reporting structure. A description of the reportable segments follows.

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

**Enterprise Inkjet Systems:** The Enterprise Inkjet Systems segment is comprised of two lines of business: Commercial Inkjet Printing Solutions and Digital Front-End Controllers.

**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: Kodak Technology Solutions and Unified Workflow 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.

**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 15 "Discontinued Operations") and the RED utilities variable interest entity.

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

	Successor		Four	Predecessor
	Year Ended December 31, 2015	Year Ended December 31, 2014	Months Ended December 31, 2013	Eight Months Ended August 31, 2013
(in millions)				
Print Systems	\$ 1,106	\$ 1,257	\$ 485	\$ 844
Enterprise Inkjet Systems	173	185	83	133
Micro 3D Printing and Packaging	128	130	42	75
Software and Solutions	112	108	39	82
Consumer and Film	265	352	147	371
Intellectual Property Solutions	1	70	9	1
Eastman Business Park	13	14	4	4
All Other			3	36
Consolidated total	\$ 1,798	\$ 2,116	\$ 812	\$ 1,546

### 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 income (loss) from continuing operations excluding the provision (benefit) for income taxes; depreciation and amortization expense; corporate components of pension and OPEB income; restructuring costs; stock-based compensation expense; change in U.S. vacation benefits; consulting and other costs; idle costs; indirect costs previously allocated to discontinued operations; other operating (expense) income, net (unless otherwise indicated); loss on early extinguishment of debt; interest expense; other (charges) income, net; reorganization items, net and; in prior periods, the impact of certain fresh start accounting adjustments.

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 third quarter of 2015 a \$3 million gain was recognized related to assets that were acquired for no monetary consideration. 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 for the year ended 2015. No other periods were impacted by this change.



**Segment Operational EBITDA and Consolidated Loss from Continuing Operations Before Income Taxes**

(in millions)	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
Print Systems	\$ 98	\$ 93	\$ 38	\$ 32
Enterprise Inkjet Systems	(26)	(44)	(15)	(34)
Micro 3D Printing and Packaging <sup>(5)</sup>	9	(1)		(3)
Software & Solutions	9	3	(1)	(11)
Consumer & Film	52	66	34	127
Intellectual Property Solutions	(22)	40	(2)	(19)
Eastman Business Park	2	1	4	1
Total of reportable segments	122	158	58	93
All Other	5	5	4	5
Depreciation and amortization	(145)	(199)	(75)	(97)
Corporate components of pension and OPEB income <sup>(1)</sup>	133	110	67	43
Restructuring costs and other	(38)	(59)	(17)	(45)
Stock-based compensation	(18)	(8)	(1)	(3)
Change in U.S. vacation benefits <sup>(4)</sup>	17			
Consulting and other costs <sup>(2)</sup>	(13)	(6)	(2)	
Idle costs <sup>(3)</sup>	(3)	(4)		1
Costs previously allocated to discontinued operations	(1)	(4)	(5)	(35)
Fresh start adjustments			(73)	
Other operating (expense) income, net excluding gain related to Unipixel termination <sup>(5)</sup>	(5)	(9)	(2)	495
Loss on early extinguishment of debt, net				(8)
Interest expense	(63)	(62)	(22)	(106)
Other charges, net	(21)	(21)	10	(13)
Reorganization items, net	(5)	(13)	(16)	2,026
Consolidated (loss) earnings from continuing operations before income taxes	\$ (35)	\$ (112)	\$ (74)	\$ 2,356

- (1) 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.
- (2) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in the current year periods. The prior year periods 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.
- (3) 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.
  - (4) In the fourth quarter of 2015, Kodak changed the timing of when U.S. employees earn their vacation benefits which reduced the related accrual as of December 31, 2015.
  - (5) 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.

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)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
<b>Intangible asset amortization expense from continuing operations:</b>				
Print Systems	\$ 9	\$ 9	\$ 3	\$ 6
Enterprise Inkjet Systems	4	4	1	2
Micro 3D Packaging & Printing	9	9	3	1
Software & Solutions	2	2	1	1
Consumer & Film	1	1		
Consolidated total	\$ 25	\$ 25	\$ 8	\$ 10

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
<b>Depreciation expense from continuing operations:</b>				
Print Systems	\$ 39	\$ 51	\$ 19	\$ 34
Enterprise Inkjet Systems	12	12	5	8
Micro 3D Packaging & Printing	6	8	3	4
Software & Solutions	1	2	1	2
Consumer & Film	30	65	23	23
Intellectual Property Solutions	2	8	4	2
Eastman Business Park	6	11	7	7
Sub-total	96	157	62	80
Other	16	15	5	3
Restructuring-related depreciation	8	2		4
Consolidated total	\$ 120	\$ 174	\$ 67	\$ 87

## Geographic Information

(in millions)	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
<b>Net sales to external customers attributed to <sup>(1)</sup>:</b>				
The United States	\$ 622	\$ 751	\$ 243	\$ 519
Europe, Middle East and Africa	597	727	287	548
Asia Pacific	402	451	207	330
Canada and Latin America	177	187	75	149
Non U.S. countries total	1,176	1,365	569	1,027
Consolidated total	\$ 1,798	\$ 2,116	\$ 812	\$ 1,546

- <sup>(1)</sup> 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, 2015 and December 31, 2014, four months ended December 31, 2013 or eight months ended August 31, 2013.

(in millions)	As of December 31,		
<b>Property, plant and equipment, net located in:</b>	2015	2014	2013
The United States	\$ 217	\$ 271	\$ 378
Europe, Middle East and Africa	55	68	91
Asia Pacific	76	75	83
Canada and Latin America	78	110	132
Non U.S. countries total <sup>(1)</sup>	209	253	306
Consolidated total	\$ 426	\$ 524	\$ 684

- <sup>(1)</sup> Of the total non U.S. property, plant and equipment in 2015, \$64 million are located in Brazil and \$60 million are located in China. Of the total non U.S. property, plant and equipment in 2014, \$95 million are located in Brazil and \$59 million are located in China. Of the total non U.S. property, plant and equipment in 2013, \$113 million are located in Brazil. No other non U.S. country had greater than 10% of property, plant and equipment in 2015, 2014 or 2013.

### Major Customers

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

**NOTE 24: EMERGENCE FROM VOLUNTARY REORGANIZATION UNDER CHAPTER 11 PROCEEDINGS**

***PLAN OF REORGANIZATION***

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

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

The Debtors' obligations under the second lien notes indentures, unsecured notes indentures, stock certificates, equity interests, and / or any other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of, or ownership interest in, the Debtors or giving rise to any claim or equity interest were cancelled, except as provided under the Plan;

The Company's certificate of incorporation was amended and restated to authorize the issuance of 560 million shares of stock, consisting of 60 million shares of preferred stock, no par value, and 500 million shares of common stock, par value \$0.01 per share;

The Company entered into a senior secured first lien term loan agreement and senior secured second lien term loan agreement for an aggregate principal amount of \$695 million and a \$200 million senior secured asset-based revolving credit facility;

The Company issued 34 million shares of common stock to unsecured creditors and the Backstop Parties (as defined below) at a per share price of \$11.94, for an aggregate purchase price of approximately \$406 million. In addition, the Company issued 1.7 million shares of common stock to the Backstop Parties in payment of fees pursuant to the Backstop Commitment Agreement (as defined below);

The Company issued 6 million shares of common stock and net-share settled warrants to purchase:

- (i) approximately 2.1 million shares of new common stock at an exercise price of \$14.93 and
- (ii) approximately 2.1 million shares of new common stock at an exercise price of \$16.12, to the holders of general unsecured and retiree committee unsecured claims;

The Debtors established a liquidating trust (the Kodak GUC Trust) for the benefit of holders of general unsecured and retiree committee unsecured claims, into which certain avoidance actions of the Debtors were transferred;

The Debtors paid approximately \$94 million in administrative, priority or secured claims; and

The Debtors resolved claims held by the Kodak Pension Plan of the United Kingdom (the U.K. Pension Plan) pursuant to the terms of the Global Settlement (as defined below).

*Backstop Commitment Agreement and Rights Offering*

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

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

*Registration Rights Agreement*

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

Stockholders holding registrable securities representing 25% of the outstanding common stock as of the Effective Date may require the Company to facilitate a registered offering of registrable securities; provided that if such registration has not been consummated prior to the second anniversary of the Effective Date, stockholders holding registrable securities representing 10% of the outstanding common stock as of the Effective Date may require the Company to facilitate such an offering (such offering, the Initial Registration ). The registrable securities requested to be sold in the Initial Registration must have an aggregate market value of at least \$75 million.

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

*KPP Global Settlement*

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

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

On April 26, 2013, Eastman Kodak Company, the Trustee, Kodak Limited and certain other Kodak entities entered into a global settlement agreement (the *Global Settlement*) that resolved all liabilities of Kodak with respect to the U.K. Pension Plan. The Global Settlement also provided for the acquisition by KPP and/or its subsidiaries of certain assets, and the assumption by KPP and/or its subsidiaries of certain liabilities of Kodak's Personalized Imaging and Document Imaging businesses (together the *Business*) under a Stock and Asset Purchase Agreement dated April 26, 2013 (the *SAPA*).

On August 30, 2013, the Company entered into an agreement (the *Amended SAPA*) amending and restating the SAPA. The Amended SAPA provided for, among other things, a series of deferred closings to take place in certain foreign jurisdictions following the initial closing under the Amended SAPA. The deferred closings implemented the legal transfer of the Business to KPP subsidiaries in the deferred closing foreign jurisdictions in accordance with local law. Pursuant to the Amended SAPA, Kodak operated the Business relating 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 payment reflecting the actual economic benefit (or detriment) to the Business in the applicable deferred closing jurisdiction(s) from September 1, 2013 through the time of the applicable deferred closing. Up to the time of the deferred closing, the results of the operations of the Business were reported as Loss (earnings) from discontinued operations, net of income taxes in the Consolidated Statement of Operations and the assets and liabilities of the Business were categorized as Assets held for sale or Liabilities held for sale in the Consolidated Statement of Financial Position, as appropriate.

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

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

The KPP Note was cancelled after being assigned by the Company to the Subsidiary and subsequently assigned by the Subsidiary to KPP as settlement, by way of setoff, of an equal amount of outstanding

pension liabilities of the Subsidiary to KPP.

The cash consideration was comprised of \$325 million sourced from assets of the U.K. Pension Plan and \$200 million sourced from a payment by the Subsidiary to KPP as payment for outstanding pension liabilities of the Subsidiary to KPP.

Up to \$35 million in aggregate of the purchase price is subject to repayment to KPP if the Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018.

***SECTION 363 ASSET SALES***

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



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

On June 17, 2013, the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, d/b/a Empire State Development entered into a settlement agreement, subsequently amended on August 6, 2013 (the Amended EBP Settlement Agreement ). The Amended EBP Settlement Agreement was subject to the satisfaction or waiver of certain conditions including a covenant not to sue from the EPA. On May 13, 2014, the Bankruptcy Court approved the U.S. Environmental Settlement, which contained the EPA covenant not to sue, and on May 20, 2014 the Amended EBP Settlement Agreement was implemented and became effective. The Amended EBP Settlement Agreement included the settlement of certain of the Company's historical environmental liabilities at EBP through the establishment of the EBP Trust as follows: (i) the EBP Trust is responsible for investigation and remediation at EBP arising from the Company's historical subsurface environmental liabilities in existence prior to the effective date of the Amended EBP Settlement Agreement, (ii) the Company funded the EBP Trust on the effective date with a \$49 million cash payment and transferred certain equipment and fixtures used for remediation at EBP and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million. Prior to the implementation of the Amended EBP Settlement Agreement, \$49 million was already held in a separate trust and escrow account.

### ***OTHER POSTEMPLOYMENT BENEFITS***

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

### ***RETIREES SETTLEMENT***

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

On April 30, 2013, Eastman Kodak Retirees Association Ltd. and certain holders of KERIP and KURIP claims (together with the Debtors, the Settlement Parties ) filed a motion (the Motion ) requesting that the Bankruptcy Court appoint a committee pursuant to section 1102(a)(2) of the Bankruptcy Code, to represent the interests of the holders of the KERIP and KURIP claims, and asserted that they and certain other holders of the KERIP and KURIP claims disagreed with the underlying discount rates and mortality tables used by the Debtors to calculate the KERIP and KURIP estimated allowed claim amounts. Subsequent to the filing of the Motion, the Settlement Parties entered into a stipulation (the Stipulation ) approved by an order of the Bankruptcy Court, which became effective on July 18, 2013, for a total allowed claim of approximately \$244 million. During August 2013 a provision for expected allowed claims of approximately \$27 million was reflected in Reorganization Items, net in the accompanying Consolidated Statement of Operations to increase the recorded liability to what was ultimately agreed to in the Stipulation.

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

**NOTE 25: FRESH START ACCOUNTING**

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

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

***Reorganization Value***

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

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

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

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

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

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

(in millions, except share and per share value)

Enterprise value	\$ 1,000
Plus: Cash and cash equivalents	898
Less: Other non-operating liabilities	18
Less: Fair value of debt and capitalized lease obligations	734
Less: Fair value of pension and other postretirement obligations	533
Less: Fair value of warrants	24
<b>Fair value of Successor common stock</b>	<b>\$ 589</b>

Shares outstanding at September 3, 2013	41,753,211
<b>Per share value</b>	<b>\$ 14.11</b>

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

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

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

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

(in millions)

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

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

capital lease obligations and \$18 million in other non-operating liabilities.

**Consolidated Statement of Financial Position**

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

(in millions)	Predecessor Company (a)	Reorganization Adjustments	Fresh Start Adjustments	Successor Company
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,070	\$ (172) <sup>(1)</sup>	\$	\$ 898
Restricted cash	24	98 <sup>(2)</sup>		122
Receivables, net	492			492
Inventories, net	435		67 <sup>(21)</sup>	502
Assets held for sale	109		8 <sup>(22)</sup>	117
Other current assets	77	8 <sup>(3)</sup>	(42) <sup>(23)</sup>	42
		(1) <sup>(4)</sup>		
Total current assets	2,207	(67)	33	2,173
Property, plant & equipment, net	507		220 <sup>(24)</sup>	727
Goodwill	56		32 <sup>(25)</sup>	88
Intangible assets, net	43		192 <sup>(26)</sup>	235
Deferred income taxes	22	(21) <sup>(3)</sup>	55 <sup>(23)</sup>	56
Other long-term assets	202	15 <sup>(5)</sup>	(26) <sup>(27)</sup>	184
		8 <sup>(6)</sup>	(8) <sup>(28)</sup>	
		(8) <sup>(7)</sup>	1 <sup>(29)</sup>	
<b>TOTAL ASSETS</b>	<b>\$ 3,037</b>	<b>\$ (73)</b>	<b>\$ 499</b>	<b>\$ 3,463</b>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>				
<b>Current Liabilities</b>				
Accounts payable, trade	\$ 317	\$ 6 <sup>(8)</sup>	\$	\$ 339
		3 <sup>(9)</sup>		
		13 <sup>(10)</sup>		
Short-term borrowings and current portion of long-term debt	681	(641) <sup>(11)</sup>		44
		4 <sup>(12)</sup>		
Other current liabilities	600	(17) <sup>(13)</sup>	(8) <sup>(30)</sup>	586
		(13) <sup>(3)</sup>	(14) <sup>(29)</sup>	
		38 <sup>(14)</sup>		
Liabilities held for sale	45		(3) <sup>(22)</sup>	42
Total current liabilities	1,643	(607)	(25)	1,011
Long-term debt, net of current portion	370	(370) <sup>(15)</sup>	11 <sup>(31)</sup>	676
		665 <sup>(16)</sup>		

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Pension and other postretirement liabilities	411	156 <sup>(17)</sup>	178 <sup>(29)</sup>	745
Other long-term liabilities	318	61 <sup>(17)</sup>	82 <sup>(23)</sup>	408
			(53) <sup>(32)</sup>	
Liabilities subject to compromise	2,475	(2,475) <sup>(17)</sup>		
<b>Total liabilities</b>	<b>5,217</b>	<b>(2,570)</b>	<b>193</b>	<b>2,840</b>
<b>Equity (Deficit)</b>				
Common stock (Successor)		(18)		
Additional paid in capital (Successor)		540 <sup>(18)</sup>	73 <sup>(33)</sup>	613
Common stock (Predecessor)	978	(978) <sup>(19)</sup>		
Additional paid in capital (Predecessor)	1,105	(1,105) <sup>(19)</sup>		
Retained earnings (deficit)	2,446	(1,671) <sup>(20)</sup>	(775) <sup>(34)</sup>	
Accumulated other comprehensive loss	(1,008)		1,008 <sup>(34)</sup>	
	3,521	(3,214)	306	613
Less: Treasury stock (Predecessor)	(5,711)	5,711 <sup>(19)</sup>		
<b>Total Eastman Kodak Company shareholders (deficit) equity</b>	<b>(2,190)</b>	<b>2,497</b>	<b>306</b>	<b>613</b>
Noncontrolling interests	10			10
<b>Total equity (deficit)</b>	<b>(2,180)</b>	<b>2,497</b>	<b>306</b>	<b>623</b>
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>\$ 3,037</b>	<b>\$ (73)</b>	<b>\$ 499</b>	<b>\$ 3,463</b>

- (a) On the Effective Date, Kodak completed the sale of substantially all of its assets constituting the Personalized Imaging and Document Imaging businesses to KPP Holdco Limited. This transaction has been reflected in the Predecessor Company period. Refer to Note 27, *Discontinued Operations* for additional information.

*Reorganization adjustments*

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

(in millions)

**Sources:**

Net proceeds from Emergence Credit Facilities	\$ 664
Proceeds from Rights Offerings	406

Total sources \$ 1,070

**Uses:**

Repayment of Junior DIP Term Loans	\$ 644
Repayment of Second Lien Notes	375
Claims paid at emergence	94
Funding of escrow accounts	113
Other fees and expenses	16

Total uses 1,242

**Net uses** \$ (172)

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

- (2) Reflects the funding of \$80 million to the professional fee escrow account for professional fees accrued at emergence and \$18 million related to the EBP Settlement Agreement. Refer to Note 24, *Emergence from Voluntary Reorganization under Chapter 11 Proceedings* for additional information regarding the EBP Settlement Agreement.
- (3) Reflects the expiration of tax attributes, which was fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, as a result of the Debtors' emergence from chapter 11 bankruptcy proceedings. Refer to Note 14, *Income Taxes* for additional information.
- (4) Represents the write-off of unamortized debt issuance costs of \$1 million related to the Junior DIP Credit Agreement upon repayment in full of all outstanding term loans on the Effective Date. This amount has been included in Reorganization items, net in the Consolidated Statement of Operations.
- (5) Represents the funding of \$15 million in cash collateralization for letters of credit under the ABL Credit Facility.
- (6) Represents \$8 million of debt issuance costs incurred related to the Emergence Credit Facilities.
- (7) Represents the write-off of \$5 million of deferred debt issuance costs upon repayment in full of all loans outstanding under the 9.75% senior secured notes due 2018 and 10.625% senior secured notes due 2019 and the write-off of \$3 million of deferred equity issuance costs. These amounts have been included in Reorganization items, net in the Consolidated Statement of Operations.



- (8) Represents \$6 million in claims expected to be satisfied in cash that were reclassified from Liabilities subject to compromise.
- (9) Represents \$3 million of accrued expenses related to the Emergence Credit Facilities that have been deferred and recorded as part of Other Current assets.
- (10) Represents \$13 million in success fees accrued upon emergence that have been included in Reorganization items, net in the Consolidated Statement of Operations.
- (11) On the Effective Date, the Company repaid in full all term loans outstanding under the Junior DIP Credit Agreement for an aggregate remaining principal amount of approximately \$644 million offset by \$3 million of unamortized debt discount that was written off upon repayment of the debt and is included in Reorganization items, net in the Consolidated Statement of Operations.
- (12) Represents \$4 million of principal amount recorded as short-term borrowings pursuant to the terms of the Emergence Credit Facility.

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

(in millions)

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

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

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

(in millions)

Gain on settlement of liabilities subject to compromise	\$ 2,021
Fair value of shares issued to Backstop Parties and employees	(25)
Write-off of unamortized debt discounts and debt issuance costs	(14)
Success fees accrued at emergence	(13)

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Emergence and success fees paid at emergence	(9)
Write-off of deferred equity issuance costs	(3)
Net gain on reorganization adjustments	1,957
Cancellation of Predecessor Company equity	(3,628)
Net impact to Retained earnings (deficit)	\$ (1,671)

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

***Fresh Start adjustments***

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

Fair value of finished goods inventory were determined based on the estimated selling price less costs to sell, including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort.

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

Fair value of raw materials was determined based on current replacement costs.

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

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

- (22) Represents fair value adjustment to the assets and liabilities of the Company's Personalized Imaging and Document Imaging businesses in delayed close countries.
- (23) Represents the net decrease in tax assets and tax liabilities associated with adjustments for fresh start accounting.

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

The market, sales comparison or trended cost approach was utilized for land, buildings and building improvements. This approach relies upon recent sales, offerings of similar assets or a specific inflationary adjustment to original purchase price to arrive at a probable selling price.

The cost approach was utilized for machinery and equipment. This approach considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, and functional and economic obsolescence. Physical deterioration is an adjustment made in the cost approach to reflect the real operating age of an asset with regard to wear and tear, decay and deterioration that is not prevented by maintenance. Functional obsolescence is the loss in value or usefulness of an asset caused by inefficiencies or inadequacies of the asset, as compared to a more efficient or less costly replacement asset with newer technology. Economic obsolescence is the loss in value or usefulness of an asset due to factors external to the asset, such as the economics of the industry, reduced demand, increased competition or similar factors.

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

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

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

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

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

Refer to Note 5, Goodwill and Other Intangible Assets for Successor goodwill by reportable segment.

- (26) The net adjustment of \$192 million reflects the write-off of existing intangibles of \$43 million and an adjustment of \$235 million to record the fair value of intangibles, determined as follows:

- a. Trade names of \$54 million were valued using the income approach, specifically the relief from royalty method based on the following significant assumptions:
  - i. Forecasted revenues attributable to the trade names ranging from September 1, 2013 to December 31, 2023, including a terminal year with growth rates ranging from 0% to 3%;
  - ii. Royalty rates ranging from .5% to 1% of expected net sales determined with regard to comparable market transactions and profitability analysis;
  - iii. Discount rates ranging from 27% to 32%, which were based on the after-tax weighted-average cost of capital; and
  - iv. Kodak anticipates using its trade name for an indefinite period.
- b. Technology based intangibles of \$131 million were valued using the income approach, specifically the relief from royalty method based on the following significant assumptions:
  - i. Forecasted revenues attributable to the respective technologies for the period ranging from September 1, 2013 to December 31, 2025;

- ii. Royalty rates ranging from 1% to 16% determined with regard to comparable market transactions and cash flows of the respective technologies;
  - iii. Discount rates ranging from 29% to 34%, based on the after-tax weighted-average cost of capital; and
  - iv. Economic lives ranging from 4 to 12 years.
- c. Customer related intangibles of \$39 million were valued using the income approach, specifically the multi-period excess earnings approach based on the following significant assumptions:
- i. Forecasted revenues and profit margins attributable to the current customer base for the period ranging from September 1, 2013 to December 31, 2024;
  - ii. Attrition rates ranging from 2.5% to 20%;
  - iii. Discount rates ranging from 29% to 38%, based on the after-tax weighted-average cost of capital; and
  - iv. Economic lives ranging from 3 to 10 years.
- d. In-process research and development of \$9 million was determined using the income approach, specifically the multi-period excess earnings method based on the following significant assumptions:
- i. Forecasted revenues attributable to the respective research and development projects for the period of September 1, 2013 to December 31, 2019;
  - ii. Discount rate of 40% based on the after-tax weighted-average cost of capital adjusted for perceived risks inherent in the individual assets; and
  - iii. Economic life of 6 years.
- e. In addition, the Company recorded the fair value of other intangibles of \$2 million primarily related to favorable contracts and leasehold improvements that were favorable relative to available market terms.

- (27) Represents the write-off of deferred costs under various licensing transactions now being reflected in intangible assets.
- (28) Represents the write-off of unamortized debt issuance costs related to the Emergence Credit Facilities.
- (29) Represents the revaluation of pension and other postretirement obligations. Refer to Note 16, Retirement plans and Note 17, Other postretirement benefits for additional information.
- (30) Represents the revaluation of deferred revenues to the fair value of Kodak's related future performance obligations.
- (31) Represents the write-off of unamortized debt discounts related to the Emergence Credit Facilities based on the fair value of debt.
- (32) Represents \$38 million decrease in capitalized lease obligations determined based on market rents, \$19 million decrease related to the remeasurement of employee benefit obligations offset by net \$4 million increase in fair value adjustment related to asset retirement obligations and other miscellaneous liabilities.
- (33) Reflects the increase in fair value of the 34 million shares of common stock issued in connection with the Rights Offering from \$11.94 to \$14.11 per share.
- (34) Reflects the cumulative impact of fresh start adjustments as discussed above and the elimination of the Predecessor Company's accumulated other comprehensive loss.

(in millions)

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

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



**NOTE 26: REORGANIZATION ITEMS, NET**

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

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2014	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Professional fees	\$ 1	\$ 10	\$ 19	\$ 114
Provision for expected allowed claims		(1)		133
Net gain on reorganization adjustments				(1,957)
Net gain on fresh start adjustments				(302)
Other items, net	4	4	(3)	(14)
Reorganization items, net	\$ 5	\$ 13	\$ 16	\$ (2,026)
Cash payments for reorganization items	\$ 9	\$ 21	\$ 85	\$ 210

Subsequent to the Effective Date, costs directly attributable to the implementation of the Plan are reported as Reorganization items, net. The cash payments for reorganization items for the eight months ended August 31, 2013 includes \$84 million of claims related to liabilities subject to compromise paid on the Effective Date. Refer to Note 25, Fresh Start Accounting for additional information on the net gain on reorganization and fresh start adjustments.

**NOTE 27: DISCONTINUED OPERATIONS**

On the Effective Date, as a part of the Global Settlement and pursuant to the Amended SAPA, Kodak consummated the sale of certain assets of the Business to the KPP Purchasing Parties for net cash consideration, in addition to the assumption by the KPP Purchasing Parties of certain liabilities of the Business, of \$325 million. Up to \$35 million in aggregate of the purchase price is subject to repayment to KPP if the Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. Certain assets and liabilities of the Business in certain jurisdictions were not transferred at the initial closing, which took place on the Effective Date, but were transferred at a series of deferred closings in accordance with the Amended SAPA. The final deferred closing occurred in September 2015. Kodak operated the 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 Business in the applicable deferred closing jurisdiction(s) from the time of the initial closing through the time of the applicable deferred closing. Up to the time of the deferred closing, the results of the operations of the Business were being reported as (Loss) earnings from discontinued operations, net of income taxes in the Consolidated Statement of Operations and the assets and liabilities of the Business were being categorized as Assets held for sale or Liabilities held for sale in the Consolidated Statement of Financial Position, as appropriate.

Kodak recognized a pre-tax loss on the sale of the Business of approximately \$163 million during the third quarter 2013 predecessor period. The pre-tax loss excluded recognition of \$64 million of non-refundable consideration related to the delayed closings, which non-refundable consideration was received on the Effective Date, and \$35 million of contingent consideration, subject to repayment to KPP which was also received by Kodak on the Effective Date. The pre-tax loss included the recognition of approximately \$1.5 billion of unamortized pension losses previously reported

in Accumulated other comprehensive income.

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

The following table summarizes the major classes of assets and liabilities related to the disposition of the Business which have been segregated and reported as part of Current assets held for sale and Current liabilities held for sale in the Consolidated Statement of Financial Position:

(in millions)	As of December 31,	
	2015	2014
Inventories, net	\$	\$ 2
Property, plant and equipment, net		4
Other assets		6
Current assets held for sale	\$	\$ 12
Trade payables	\$	\$ 1
Current liabilities held for sale	\$	\$ 1

Discontinued operations of Kodak include the Business (excluding the consumer film business, for which Kodak entered into an ongoing supply arrangement with one or more KPP Purchasing Parties) and other miscellaneous businesses.

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

(in millions)	Successor			Predecessor
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Revenues from Personalized and Document Imaging	\$ 1	\$ 61	\$ 77	\$ 738
Revenues from other discontinued operations			1	23
Total revenues from discontinued operations	\$ 1	\$ 61	\$ 78	\$ 761
Pre-tax (loss) earnings from Personalized and Document Imaging	\$ (5)	\$ 9	\$ 5	\$ (217)
Pre-tax loss from other discontinued operations			1	(14)
(Provision) benefit for income taxes related to discontinued operations	(3)	(5)	(2)	96

Earnings (loss) from discontinued operations, net of income taxes	\$ (8)	\$ 4	\$ 4	\$ (135)
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The \$5 million in pre-tax loss recognized in 2015 represents costs incurred related to the final deferred closing.

Kodak was required to use a portion of the proceeds from the divestiture of the Business to repay \$200 million of the Junior DIP Credit Agreement. Interest expense on the debt that was required to be repaid as a result of the sale of the Business has therefore been allocated to discontinued operations (\$14 million for the eight months ended August 31, 2013).

Depreciation and amortization of long-lived assets of the Business included in discontinued operations ceased as of July 1, 2013.

Direct operating expenses of the discontinued operations are included in the results of discontinued operations. Indirect expenses that were historically allocated to the discontinued operations have been included in the results of continuing operations. Prior period results have been reclassified to conform to the current period presentation.

**QUARTERLY SALES AND EARNINGS DATA (UNAUDITED)**

(in millions, except per share data)	<b>4th Qtr.</b>	<b>3rd Qtr.</b>	<b>2nd Qtr.</b>	<b>1st Qtr.</b>
<b>2015</b>				
Net revenues from continuing operations	\$ 467	\$ 446	\$ 458	\$ 427
Gross profit from continuing operations	119	99	86	77
Earnings (loss) from continuing operations	23 <sup>(3)</sup>	(13)	(23)	(54)
(Loss) earnings from discontinued operations <sup>(4)</sup>		(8)		
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				
Continuing operations	\$ 0.57	\$ (0.34)	\$ (0.57)	\$ (1.38)
Discontinued operations		(0.19)		
Total	\$ 0.57	\$ (0.53)	\$ (0.57)	\$ (1.38)
(in millions, except per share data)	<b>4th Qtr.</b>	<b>3rd Qtr.</b>	<b>2nd Qtr.</b>	<b>1st Qtr.</b>
<b>2014</b>				
Net revenues from continuing operations	\$ 532	\$ 568	\$ 528	\$ 488
Gross profit from continuing operations	109	156	102	89
(Loss) earnings from continuing operations	(40) <sup>(2)</sup>	31 <sup>(1)</sup>	(60)	(53)
(Loss) earnings from discontinued operations <sup>(4)</sup>	(1)	(12)	(2)	19
Net (loss) earnings attributable to Eastman Kodak Company	(42)	17	(62)	(36)
Basic net (loss) earnings per share attributable to Eastman Kodak Company				
Continuing operations	\$ (0.98)	\$ 0.70	\$ (1.44)	\$ (1.32)
Discontinued operations	(0.02)	(0.29)	(0.05)	0.46
Total	\$ (1.00)	\$ 0.41	\$ (1.49)	\$ (0.86)
Diluted net (loss) earnings per share attributable to Eastman Kodak Company				
Continuing operations	\$ (0.98)	\$ 0.67	\$ (1.44)	\$ (1.32)
Discontinued operations	(0.02)	(0.28)	(0.05)	0.46
Total	\$ (1.00)	\$ 0.39	\$ (1.49)	\$ (0.86)

(1) Includes pre-tax licensing revenue of \$51 million which increased net earnings from continuing operations by \$51 million.

(2) Includes pre-tax charge of \$16 million from the remeasurement of the Venezuelan subsidiary monetary assets and liabilities, which decreased net earnings from continuing operations by \$16 million.

(3)

Includes \$17 million pre-tax benefit from the change in U.S. vacation benefits, which increased net earnings from continuing operations by \$17 million.

- (4) Refer to Note 27, Discontinued Operations , in the Notes to Financial Statements for a discussion regarding discontinued operations.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

- (a) Exhibits required as part of this report are listed in the index appearing on pages 77 through 80.

**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/ John N. McMullen  
John N. McMullen  
Chief Financial Officer  
April 1, 2016



**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.  
(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) Third Amended and Restated By-Laws.  
(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).
- \*(10.1) Eastman Kodak Company 2013 Omnibus Incentive Plan.  
(Incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013).
- \*(10.2) Eastman Kodak 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement.  
(Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*(10.3) Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement.

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(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) 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).
- #(10.6) 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).
- (10.7) 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).
- #(10.8) Senior Secured First Lien Term Credit Agreement dated September 3, 2013 among Eastman Kodak Company, as the Borrower, the lenders party hereto, JPMorgan Chase Bank, N.A. as Administrative Agent, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners.  
(Incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- #(10.9) 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).
- #(10.10) 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).
- #(10.11) 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).
- (10.12)

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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).

- \*(10.13) 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).
- \*(10.14) Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 10, 2014.  
(Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- \*#(10.15) Management Agreement with Douglas J. Edwards, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*(10.16) Management Agreement with Antonio M. Perez, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*#(10.17) Management Agreement with Patrick M. Sheller, dated September 3, 2013.  
(Incorporated by reference to Exhibit 10.14 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
- \*(10.18) Management Agreement with Brad Kruchten, dated September 3, 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) Settlement Agreement between Eastman Kodak Company, Kodak Limited, Kodak International Finance Limited, Kodak Polychrome Graphics Finance UK Limited, and the KPP Trustees Limited, as trustee for the Kodak Pension Plan of the United Kingdom, dated April 26, 2013.  
(Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013).
- (10.20) 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).
- \*(10.21) Eastman Kodak Company Executive Compensation for Excellence and Leadership Plan, dated 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).
- \*(10.22) 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).
- \*(10.23) 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).

- \*(10.24) 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).
- \*(10.25) Eastman Kodak Company Officer Severance Policy, previously filed.
- (12) Statement regarding Computation of Ratio of Earnings to Fixed Charges, previously filed.
- (21) Subsidiaries of Eastman Kodak Company, previously filed.
- (23) Consents of Independent Registered Public Accounting Firm, previously filed.
- (31.1) Certification signed by Jeffrey J. Clarke, filed herewith.
- (31.2) Certification signed by John N. McMullen, 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, furnished 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 John N. McMullen, furnished herewith.
- (99.1) Section 13(r) Disclosure, previously filed.
- (101.CAL) XBRL Taxonomy Extension Calculation Linkbase, filed herewith.
- (101.INS) XBRL Instance Document, filed herewith.
- (101.LAB) XBRL Taxonomy Extension Label Linkbase, filed herewith.
- (101.PRE) XBRL Taxonomy Extension Presentation Linkbase, filed herewith.
- (101.SCH) XBRL Taxonomy Extension Scheme Linkbase, filed herewith.
- (101.DEF) XBRL Taxonomy Extension Definition Linkbase, filed herewith.

\* 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.