

EASTMAN KODAK CO

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2017

or

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

For the transition period from _____ to _____

Commission File Number 1-87

EASTMAN KODAK COMPANY

(Exact name of registrant as specified in its charter)

NEW JERSEY
(State of incorporation)

16-0417150
(IRS Employer
Identification No.)

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

14650
(Zip Code)

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

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 web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a small reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of May 1, 2017, the registrant had 42,462,863 shares of common stock, \$0.01 par value per share, outstanding.

EASTMAN KODAK COMPANY
Form 10-Q

March 31, 2017

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

**EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)**

(in millions, except per share data)

(in millions)	Three Months Ended March 31,	
	2017	2016
Revenues		
Sales	\$ 280	\$ 297
Services	77	80
Total revenues	357	377
Cost of revenues		
Sales	222	236
Services	52	53
Total cost of revenues	274	289
Gross profit	83	88
Selling, general and administrative expenses	53	45
Research and development costs	15	15
Restructuring costs and other	7	4
Other operating expense, net	10	14
(Loss) earnings from continuing operations before interest expense, other (income) charges, net and income taxes	(2)	10
Interest expense	8	16
Other (income) charges, net	(20)	1
Earnings (loss) from continuing operations before income taxes	10	(7)
Provision for income taxes	3	7
Earnings (loss) from continuing operations	7	(14)
Loss from discontinued operations, net of income taxes	—	(1)
Net earnings (loss)	7	(15)
Less: Net income attributable to noncontrolling interests	—	3
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 7	\$ (18)
Basic net earnings (loss) per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ 0.05	\$ (0.41)
Discontinued operations	—	(0.02)
Total	\$ 0.05	\$ (0.43)
Diluted net earnings (loss) per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ 0.05	\$ (0.41)
Discontinued operations	—	(0.02)
Total	\$ 0.05	\$ (0.43)
Number of common shares used in basic and diluted net earnings (loss) per share		
Basic	42.4	42.1
Diluted	42.7	42.1

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

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

(in millions)

(in millions)	Three Months Ended	
	March 31,	
	2017	2016
NET INCOME (LOSS)	\$ 7	\$ (15)
Less: Net income attributable to noncontrolling interests	—	3
Net income (loss) attributable to Eastman Kodak Company	7	(18)
Other comprehensive loss, net of tax:		
Currency translation adjustments	14	8
Pension and other postretirement benefit plan obligation activity, net of tax	(3)	(146)
Other comprehensive income (loss), net of tax attributable to Eastman Kodak Company	11	(138)
COMPREHENSIVE INCOME (LOSS), NET OF TAX ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 18	\$ (156)

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(in millions)	March 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$ 378	\$ 434
Receivables, net	288	311
Inventories, net	308	271
Other current assets	21	21
Current assets held for sale	2	2
Total current assets	997	1,039
Property, plant and equipment, net of accumulated depreciation of \$360 and \$343 respectively	326	342
Goodwill	88	88
Intangible assets, net	113	121
Restricted cash	36	36
Deferred income taxes	37	35
Other long-term assets	120	115
TOTAL ASSETS	\$ 1,717	\$ 1,776
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)		
Accounts payable, trade	\$ 179	\$ 200
Short-term borrowings and current portion of long-term debt	6	6
Other current liabilities	208	211
Total current liabilities	393	417
Long-term debt, net of current portion	404	405
Pension and other postretirement liabilities	581	603
Other long-term liabilities	239	268
Total Liabilities	1,617	1,693
Commitments and Contingencies (Note 8)		
Redeemable, convertible Series A preferred stock, no par value, \$100 per share liquidation preference	158	156
Equity (Deficit)		
Common stock, \$0.01 par value	—	—
Additional paid in capital	638	641
Treasury stock, at cost	(8)	(8)
Accumulated deficit	(261)	(268)
Accumulated other comprehensive loss	(427)	(438)
Total shareholders' deficit	(58)	(73)
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND DEFICIT	\$ 1,717	\$ 1,776

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2017	2016
Cash flows from operating activities:		
Net earnings (loss)	\$ 7	\$ (15)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	19	30
Pension income	(32)	(37)
Change in fair value of embedded conversion features derivative liability	(22)	—
Prosper asset remeasurement	12	—
Non-cash restructuring costs, asset impairments and other charges, net	8	25
Net gain on sales of assets	(2)	—
Stock based compensation	2	2
Provision for deferred income taxes	1	3
Decrease in receivables	30	38
Increase in inventories	(40)	(20)
Decrease in trade payables	(24)	(15)
Decrease in liabilities excluding borrowings and trade payables	(20)	(31)
Other items, net	8	(1)
Total adjustments	(60)	(6)
Net cash used in operating activities	(53)	(21)
Cash flows from investing activities:		
Additions to properties	(7)	(5)
Proceeds from sales of assets, net	2	—
Proceeds from sales of marketable securities	1	—
Net cash used in investing activities	(4)	(5)
Cash flows from financing activities:		
Repayment of emergence credit facilities	—	(1)
Repayment of capital leases	(1)	—
Preferred stock dividend payments	(2)	—
Net cash used in financing activities	(3)	(1)
Effect of exchange rate changes on cash	4	3
Net decrease in cash, cash equivalents and restricted cash	(56)	(24)
Cash, cash equivalents and restricted cash, beginning of period	478	600
Cash, cash equivalents and restricted cash, end of period	\$ 422	\$ 576

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

NOTE 1: BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

BASIS OF PRESENTATION

The consolidated interim financial statements are unaudited, and certain information and footnote disclosures related thereto normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been omitted in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, the accompanying unaudited consolidated interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of operations, financial position and cash flows of Eastman Kodak Company (“EKC” or the “Company”) and all companies directly or indirectly controlled, either through majority ownership or otherwise (collectively, “Kodak”). The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. These consolidated interim statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

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, 2017 and a change in the presentation of discontinued operations and assets held for sale. In addition to the changes in segment reporting under the new organization structure, solvent recovery income for Consumer and Film previously reported in Cost of Revenues is reported in Revenues and there is a change in the segment measure of profitability. Refer to Note 20, “Segment Information” and Note 21, “Discontinued Operations” for additional information.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No: 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment. The ASU simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which required a hypothetical purchase price allocation. The ASU requires entities to calculate a goodwill impairment as the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The same one-step impairment test applies to goodwill at all reporting units, even those with zero or negative carrying amounts. The ASU requires entities to disclose the amount of goodwill at reporting units with zero or negative carrying amounts. The ASU is effective prospectively for annual periods beginning after December 15, 2019, (January 1, 2020 for Kodak) with early adoption permitted for goodwill impairment tests performed after January 1, 2017. Kodak early adopted ASU 2017-04 effective January 1, 2017. The adoption of this guidance had no impact on Kodak’s Consolidated Financial Statements. As of the last goodwill assessment date, December 31, 2016, the Unified Workflow Solutions reporting unit had a negative carrying value. Total goodwill assigned to the Unified Workflow Solutions reporting unit is \$6 million.

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

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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 2017, the FASB issues ASU 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 requires entities to report the service cost component in the same line item(s) as other compensation costs arising from services rendered during the period and to report all other components of net benefit costs outside a subtotal of income from operations. In addition, the ASU allows only the service cost component to be eligible for capitalization when applicable. ASU 2017-07 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak); retrospective application is required for the presentation of the service cost and other cost components however the restrictions on the capitalization eligibility will be applied prospectively from the date of adoption. The components of the net benefit cost are shown in Note 14, "Retirement Plans and Other Postretirement benefits". Kodak is currently evaluating the impact of this ASU.

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

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

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and eliminates certain real estate-specific provisions. The new leasing standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018 (January 1, 2019 for Kodak). Early adoption is permitted. Kodak is currently evaluating the impact of this ASU.

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

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition" and most industry-specific guidance. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In July 2015, the FASB deferred the effective date of ASU 2014-09. In 2016 the FASB issued ASU 2016-08, ASUs 2016-10 through 12 and ASU 2016-20 clarifying guidance regarding principle vs agent considerations, identification of performance obligations, analysis of licensing transactions, impairment considerations and disclosures. The new revenue standards are collectively effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak) and allow either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application recognized at the date of initial application. Kodak currently anticipates the adoption of this standard will not have a significant impact on its consolidated financial statements. Kodak has not yet selected a transition method or determined the impact adoption of ASU 2014-09, including the new disclosure requirements will have on business processes, systems and controls. The impact of ASU 2014-09

(including how it may impact contracts entered into during 2017 as well as emerging interpretations of the standard) will continue to be evaluated through the date of adoption.

NOTE 2: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

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

(in millions)	March 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 378	\$ 434
Restricted cash included in Other current assets	8	8
Restricted cash	<u>36</u>	<u>36</u>
Total cash, cash equivalents and restricted cash shown in the Statement of Cash Flows	<u>\$ 422</u>	<u>\$ 478</u>

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

Restricted cash on the Statement of Financial Position primarily represents amounts required to support compliance with the Excess Availability threshold under the ABL Credit Agreement, legal contingencies, rental payments and various customs, tax and trade activities.

NOTE 3: RECEIVABLES, NET

(in millions)	March 31, 2017	December 31, 2016
Trade receivables	\$ 251	\$ 277
Miscellaneous receivables	37	34
Total (net of allowances of \$8 as of both March 31, 2017 and December 31, 2016)	<u>\$ 288</u>	<u>\$ 311</u>

Approximately \$21 million and \$26 million of the total trade receivable amounts as of March 31, 2017 and December 31, 2016, 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 4: INVENTORIES, NET

(in millions)	March 31, 2017	December 31, 2016
Finished goods	\$ 176	\$ 149
Work in process	63	57
Raw materials	69	65
Total	<u>\$ 308</u>	<u>\$ 271</u>

NOTE 5: INTANGIBLE ASSETS

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

(in millions)	March 31, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 122	\$ 65	\$ 57	6 years
Kodak trade name	40	-	40	Indefinite life
Customer-related	26	12	14	6 years
Other	2	-	2	21 years
Total	\$ 190	\$ 77	\$ 113	

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

Amortization expense related to intangible assets was \$4 million and \$6 million for the periods ended March 31, 2017 and March 31, 2016.

In the first quarter of 2017, Kodak recorded \$4 million to adjust the Prosper intangible asset carrying value to the amount that would have been recorded had the Prosper intangible assets been continuously classified as held and used. Refer to Note 10, "Other Operating Expense, net and Note 21, "Discontinued Operations".

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

(in millions)	
Q2-Q4 2017	\$ 15
2018	16
2019	9
2020	8
2021	7
2022 and thereafter	18
Total	\$ 73

NOTE 6: OTHER CURRENT LIABILITIES

(in millions)	March 31, 2017	December 31, 2016
Accrued employee related liabilities	\$ 51	\$ 49
Deferred revenue	31	32
Accrued customer rebates	22	27
Deferred consideration on disposed businesses	17	7
Accrued restructuring liabilities	9	8
Workers compensation	9	8
Other	69	80
Total	\$ 208	\$ 211

NOTE 7: OTHER LONG-TERM LIABILITIES

(in millions)	March 31, 2017	December 31, 2016
Workers compensation	\$ 104	\$ 105
Asset retirement obligations	43	43
Embedded conversion features derivative liability	21	43
Deferred taxes	17	16
Deferred consideration on disposed businesses	14	24
Environmental liabilities	12	12
Other	28	25
Total	<u>\$ 239</u>	<u>\$ 268</u>

NOTE 8: COMMITMENTS AND CONTINGENCIES

As of March 31, 2017, the Company had outstanding letters of credit of \$116 million issued under the Amended Credit Agreement, as well as bank guarantees and letters of credit of \$4 million, surety bonds in the amount of \$18 million, and restricted cash and deposits of \$50 million, primarily to support compliance with the Excess Availability threshold under the Amended Credit Agreement, to ensure the payment of possible casualty and workers' compensation claims, environmental liabilities, legal contingencies, rental payments and to support various customs, tax and trade activities. The restricted cash and deposits are reflected in Restricted cash, Other current assets and Other long-term assets in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its position. Kodak routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of March 31, 2017, the unreserved portion of these contingencies, inclusive of any related interest and penalties, for which there was at least a reasonable possibility that a loss may be incurred, amounted to approximately \$55 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 March 31, 2017, Kodak has posted security composed of \$7 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately \$76 million. Generally, any encumbrances on the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products. These matters are in various stages of investigation and litigation, and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial position 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 9: GUARANTEES

EKC guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$12 million and the outstanding amount for those guarantees is \$4 million.

In connection with the settlement of certain of the Company's historical environmental liabilities at Eastman Business Park, in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million with no limitation to the maximum potential future payments. There is no liability recorded for this guarantee.

Extended Warranty Arrangements

Kodak offers its customers extended warranty arrangements that are generally one year, but may range from three months to six years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements from December 31, 2016 to March 31, 2017, 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, 2016	\$	24
New extended warranty and maintenance arrangements in 2017		41
Recognition of extended warranty and maintenance arrangement revenue in 2017		(41)
Deferred revenue on extended warranties as of March 31, 2017	\$	<u>24</u>

NOTE 10: OTHER OPERATING EXPENSE, NET

	Three Months Ended	
	March 31,	
(in millions)	<u>2017</u>	<u>2016</u>
(Income) expense:		
Prosper asset remeasurement (1)	\$ 12	\$ -
Silver metal mesh touch screen long-lived asset impairments (2)	—	19
Goodwill and indefinite-lived intangible asset impairments (3)	—	5
Legal settlements (4)	—	(10)
Other	(2)	—
Total	<u>\$ 10</u>	<u>\$ 14</u>

- (1) In the first quarter of 2017, Kodak reduced the carrying value of Prosper fixed assets (\$8 million) and intangible assets (\$4 million) to the amount that would have been recorded had the Prosper assets been continuously classified as held and used. Refer to Note 21, "Discontinued Operations".
- (2) In the first quarter of 2016, due to the exit of its position in silver metal mesh touch screen development, Kodak concluded that the carrying value of property, plant and equipment associated with those operations exceeded their fair value. Kodak recorded pre-tax impairment charges in the three months ended March 31, 2016 of \$11 million. Kodak also wrote off related intangible assets with a gross carrying amount of \$14 million and accumulated amortization of \$6 million and recorded an impairment charge of \$8 million.
- (3) In the first quarter of 2016, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value and recorded an impairment charge of \$5 million related to the Kodak trade name.
- (4) In the first quarter of 2016, Kodak received \$10 million representing net litigation proceeds from DuPont.

NOTE 11: OTHER (INCOME) CHARGES, NET

	Three Months Ended		
	March 31,		
(in millions)	<u>2017</u>		<u>2016</u>
Change in fair value of embedded conversion features derivative liability (1)	\$ (22)	\$	-
Loss on foreign exchange transactions		1	1
Other		1	-
Total	<u>\$ (20)</u>	<u>\$</u>	<u>1</u>

- (1) Refer to Note 22, "Financial Instruments".

NOTE 12: INCOME TAXES

Kodak's income tax provision (benefit) and effective tax rate were as follows:

(in millions)	Three Months Ended	
	March 31,	
	2017	2016
Earnings (loss) from continuing operations before income taxes	\$ 10	\$ (7)
Effective tax rate	30.0%	(100.0)%
Provision for income taxes	3	7
Provision for income taxes @ 35%	4	(2)
Difference between tax at effective vs. statutory rate	(1)	9

For the three months ended March 31, 2017, the difference between the Company's recorded provision and the provision that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) income generated within the U.S. and certain jurisdictions outside the U.S. for which no provision was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (2) a provision associated with foreign withholding taxes on undistributed earnings and (3) changes in audit reserves.

For the three months ended March 31, 2016, the difference between the Company's recorded provision and the benefit that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) losses generated within the U.S. for which no benefit was recognized, offset by income in certain jurisdictions outside the U.S. for which no provision was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (2) the results from operations in jurisdictions outside the U.S., and (3) changes in audit reserves.

NOTE 13: RESTRUCTURING LIABILITIES

Charges for restructuring activities are recorded in the period in which Kodak commits to a formalized restructuring plan, or executes the specific actions contemplated by the plan, and all criteria for liability recognition under the applicable accounting guidance have been met. Restructuring actions taken in the first quarter of 2017 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included actions associated with the Prosper business cost reduction as well as various targeted reductions in manufacturing, service, sales, research and development and other administrative functions.

Restructuring Reserve Activity

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring activities for the three months ended March 31, 2017 were as follows:

(in millions)	Severance Reserve (1)	Exit Costs Reserve (1)	Long-lived Asset Impairments and Inventory Write-downs (1)	Total
Balance as of December 31, 2016	\$ 5	\$ 3	\$ -	\$ 8
Q1 charges	5	—	8	13
Q1 utilization/cash payments	(3)	—	(8)	(11)
Q1 other adjustments and reclasses (2)	(1)	—	—	(1)
Balance as of March 31, 2017	\$ 6	\$ 3	\$ -	\$ 9

- (1) The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments and inventory write-downs represent non-cash items.
- (2) The \$(1) million represents severance related charges for pension plan special termination benefits, which are reflected in Pension and other postretirement liabilities in the Consolidated Statement of Financial Position.

For the three months ended March 31, 2017 the \$13 million of charges includes \$6 million of charges for inventory write-downs which were reported in Cost of revenues in the Consolidated Statement of Operations. The remaining \$7 million was reported as Restructuring costs and other.

The severance costs for the three months ended March 31, 2017 related to the elimination of approximately 100 positions including approximately 25 manufacturing/service positions, 25 research and development positions and 50 administrative positions. The geographic composition of these positions includes approximately 50 in the United States and Canada and 50 throughout the rest of the world.

As a result of these initiatives, the majority of the severance will be paid during periods through the end of 2017. However, in some instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will be paid over periods through the remainder of 2017 and beyond.

NOTE 14: RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

Components of the net periodic benefit cost for all major U.S. and Non-U.S. defined benefit plans are as follows:

(in millions)	Three Months Ended March 31,			
	2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:				
Service cost	\$ 3	\$ 1	\$ 3	\$ 1
Interest cost	29	3	30	3
Expected return on plan assets	(61)	(7)	(65)	(7)
Amortization of:				
Prior service credit	(2)	—	(2)	—
Actuarial loss	—	1	—	—
Net pension income before special termination benefits	(31)	(2)	(34)	(3)
Special termination benefits	1	-	1	-
Net pension income	(30)	(2)	(33)	(3)
Other plans including unfunded plans	—	—	—	(1)
Total net pension income	<u>\$ (30)</u>	<u>\$ (2)</u>	<u>\$ (33)</u>	<u>\$ (4)</u>

For both the three-month periods ended March 31, 2017 and 2016 the special termination benefits charges were incurred as a result of Kodak's restructuring actions.

NOTE 15: REDEEMABLE, CONVERTIBLE SERIES A PREFERRED STOCK

On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"), for an aggregate purchase price of \$200 million, or \$100 per share. The Company has classified the Series A Preferred Stock as temporary equity in the Consolidated Statement of Financial Position. The holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. The Company declared a cash dividend of approximately \$3 million in March 2017, which was paid on April 17, 2017. The accrual for the cash dividend declared is included in Other current liabilities in the accompanying Consolidated Statement of Financial Position as of March 31, 2017. As of March 31, 2017, the Series A Preferred Stock has not been converted and none of the antidilution provisions have been triggered. Any shares of Series A Preferred Stock not converted prior to the fifth anniversary of the initial issuance of the Series A Preferred Stock are required to be redeemed at \$100 per share plus the amount of accrued and unpaid dividends.

NOTE 16: EARNINGS PER SHARE

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

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

Earnings from continuing operations and net earnings attributable to Eastman Kodak Company	\$ 7
Less: Series A convertible preferred stock cash dividend	(3)
Less: Series A convertible preferred stock deemed dividend	(2)
Earnings from continuing operations and net earnings available to common shareholders - basic and diluted	<u>\$ 2</u>

Weighted-average common shares outstanding - basic	42.4
Effect of dilutive securities:	
Unvested restricted stock units	0.2
Employee stock options	0.1
Weighted-average common shares outstanding - diluted	42.7

The computation of diluted earnings per share for the three months ended March 31, 2017 excluded the impact of (1) the assumed conversion of 2.0 million shares of Series A convertible preferred shares, (2) the assumed conversion of net share settled warrants to purchase 1.8 million shares of common stock at an exercise price of \$14.93, (3) the assumed conversion of net share settled warrants to purchase 1.8 million shares of common stock at an exercise price of \$16.12 and (4) the assumed conversion of 1.8 million outstanding employee stock options because they would have been anti-dilutive.

As a result of the net loss from continuing operations presented for the three months ended March 31, 2016, Kodak calculated diluted earnings per share using weighted average basic shares outstanding for the period, as utilizing diluted shares would be anti-dilutive to loss per share. If Kodak had reported earnings from continuing operations for the three months ended March 31, 2016, unvested restricted stock units of 0.1 million would have been dilutive.

The computation of diluted earnings per share for March 31, 2016 also excluded the impact of (a) the assumed conversion of net share settled warrants to purchase 1.8 million shares of common shares at an exercise price of \$14.93 (b) the assumed conversion of net share settled warrants to purchase 1.8 million shares of common shares at an exercise price of \$16.12 (c) the assumed conversion of 0.4 million restricted stock units and (d) the assumed conversion of 1.7 million outstanding employee stock options because they would have been anti-dilutive.

NOTE 17: SHAREHOLDERS' EQUITY

Kodak 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 March 31, 2017, and December 31, 2016, there were 42.4 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding, respectively. Treasury stock consisted of approximately 0.5 million shares at both March 31, 2017 and December 31, 2016.

NOTE 18: OTHER COMPREHENSIVE INCOME (LOSS)

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

(in millions)	Three Months Ended March 31,	
	2017	2016
Currency translation adjustments	\$ 14	\$ 8
Pension and other postretirement benefit plan changes		
Newly established net actuarial (loss)	—	(142)
Actuarial (loss), net of tax	—	(142)
Reclassification adjustments:		
Amortization of prior service credit	(a) (2)	(2)
Amortization of actuarial gains	(a) (1)	(1)
Recognition of gains due to settlements	—	(1)
Total reclassification adjustments	(3)	(4)
Reclassification adjustments, net of tax	(3)	(4)
Pension and other postretirement benefit plan changes, net of tax	(3)	(146)
Other comprehensive income (loss)	\$ 11	\$ (138)

(a) Reclassified to Total Net Periodic Benefit Cost - refer to Note 14, "Retirement Plans and Other Postretirement Benefits".

NOTE 19: ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss is composed of the following:

(in millions)	March 31, 2017	December 31, 2016
Currency translation adjustments	\$ (82)	\$ (96)
Pension and other postretirement benefit plan changes	(345)	(342)
Ending balance	<u>\$ (427)</u>	<u>\$ (438)</u>

NOTE 20: SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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.

Segment financial information is shown below:

Segment Revenues

(in millions)	Three Months Ended March 31,	
	2017	2016
Print Systems	\$ 213	\$ 231
Flexographic Packaging	33	29
Enterprise Inkjet Systems	37	34
Software and Solutions	21	22
Consumer and Film	49	57
Advanced Materials and 3D Printing Technology	—	—
Eastman Business Park	4	4
Consolidated total	<u>\$ 357</u>	<u>\$ 377</u>

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

(in millions)	Three Months Ended March 31,	
	2017	2016
Print Systems	\$ 13	\$ 18
Flexographic Packaging	6	4
Enterprise Inkjet Systems	(1)	(5)
Software and Solutions	1	2
Consumer and Film	(3)	7
Advanced Materials and 3D Printing Technology	(8)	(7)
Eastman Business Park	—	—
Total of reportable segments	8	19
All Other (1)	—	3
Corporate components of pension and OPEB income (2)	36	41
Depreciation and amortization	(19)	(30)
Restructuring costs and other	(13)	(5)
Stock based compensation	(2)	(2)
Consulting and other costs (3)	(1)	(1)
Idle costs (4)	(1)	(1)
Other operating expense, net (5)	(10)	(14)
Interest expense (5)	(8)	(16)
Other income (charges), net (5)	20	(1)
Consolidated earnings (loss) from continuing operations before income taxes	<u>\$ 10</u>	<u>\$ (7)</u>

- (1) RED utilities variable interest entity, which was deconsolidated as of December 31, 2016 (interest and depreciation of RED are included in the respective lines below).
- (2) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailment and settlement components of pension and other postretirement benefit expenses.
- (3) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.
- (4) 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.
- (5) As reported in the Consolidated Statement of Operations.

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 above table, Operational EBITDA represents the income (loss) from continuing operations excluding the provision (benefit) for income taxes; corporate components of pension and OPEB income; depreciation and amortization expense; restructuring costs; stock-based compensation expense; consulting and other costs; idle costs; manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production; other operating expense, net (unless otherwise indicated); interest expense; and other (income) charges, net. There were no manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production in the three months ending March 31, 2017 or 2016. Overhead costs no longer absorbed by the Prosper discontinued operations of \$4 million in the three months ended March 31, 2016 were also excluded from segment earnings while the business was reported in discontinued operations. As the Prosper business is no longer reported in discontinued operations, overhead allocations are included in the Enterprise Inkjet Solutions segment loss for all periods presented.

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

Change in Segment Measure of Profitability

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

NOTE 21: DISCONTINUED OPERATIONS

KODAK PROSPER Enterprise Inkjet Business

The results of the Prosper business were previously presented as discontinued operations. However, the held for sale criteria were no longer met as of March 31, 2017. In April 2017, Kodak decided to retain the Prosper business. The assets and liabilities of the Prosper business, previously presented as held for sale, have been reclassified to held and used on the Consolidated Statement of Financial Position as of December 31, 2016 and the results of the Prosper business have been reclassified from discontinued operations to continuing operations for all periods presented. The Prosper business' assets and liabilities as of March 31, 2017 are measured at the carrying amount before the assets were classified as held for sale, adjusted for depreciation and amortization expense that would have been recognized had the assets been continuously classified as held for use. The \$12 million reduction to the carrying value of the Prosper assets was reported in Other operating expense, net for the three months ending March 31, 2017 in the Consolidated Statement of Operations.

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

(in millions)	Three Months Ended March 31,	
	2017	2016
Revenues	\$ -	\$ 14
Cost of revenues	-	12
Selling, general and administrative expenses	-	5
Research and development costs	-	6
Other operating expense, net	12	-
Loss from continuing operations before taxes	(12)	(9)
Provision for income taxes	-	1
Loss from continuing operations	\$ (12)	\$ (10)

NOTE 22: 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. Kodak's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Kodak does not utilize financial instruments for trading or other speculative purposes.

Kodak's foreign currency forward contracts are not designated as hedges and are marked to market through net earnings (loss) at the same time that the exposed assets and liabilities are re-measured through net earnings (loss) (both in Other charges, net in the Consolidated Statement of Operations). The notional amount of such contracts open at March 31, 2017 and December 31, 2016 was approximately \$689 million and \$340 million, respectively. The majority of the contracts of this type held by Kodak as of March 31, 2017 are denominated in Swiss francs and euros. The majority of the contracts of this type held by Kodak as of December 31, 2016 were denominated in euros, British pounds, and Chinese renminbi.

The net effect of foreign currency forward contracts in the results of operations is shown in the following table:

(in millions)	Three Months Ended March 31,	
	2017	2016
Net gain from derivatives not designated as hedging instruments	\$ 4	\$ 2

Kodak had no derivatives designated as hedging instruments for the three months ended March 31, 2017.

In the event of a default under the Company's Senior Secured First Lien Term Credit Agreement, the Amended 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.

As discussed in Note 15, "Redeemable, Convertible, Series A Preferred Stock", the Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price was increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder; the ability of Kodak to automatically convert the stock after the second anniversary of issuance and the conversion in the event of a fundamental change or reorganization. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis as a single derivative liability which is reported in Other long-term liabilities in the Consolidated Statement of Financial Position. The derivative liability is being accounted for at fair value with changes in fair value being reported in Other (income) charges, net in the Consolidated Statement of Operations.

Fair Value

Fair values of marketable securities are determined using quoted prices in active markets for identical assets (Level 1 fair value measurements). Fair values of Kodak's foreign currency forward contracts are determined using observable inputs (Level 2 fair value measurements) and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. The gross fair value of foreign currency forward contracts in an asset position are reported in Receivables, net and the gross fair value of foreign currency forward contracts in a liability position are reported in Other current liabilities in the Consolidated Statement of Financial Position. Neither the fair value of marketable securities nor the gross fair values of the foreign currency forward contracts was material as of March 31, 2017 and December 31, 2016.

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 three months ended March 31, 2017.

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

	Valuation Date	
	March 31, 2017	December 31, 2016
Total value of embedded derivative liability (\$ millions)	\$ 21	\$ 43
Kodak's closing stock price	11.50	15.50
Expected stock price volatility	43.07%	42.85%
Risk free rate	1.85%	1.93%
Yield on the preferred stock	11.72%	11.38%

The fair values of long-term borrowings (Level 2 fair value measurements) are determined by reference to quoted market prices of similar instruments, 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 \$411 million and \$406 million at March 31, 2017 and December 31, 2016, respectively.

The carrying values of cash and cash equivalents and restricted cash approximate their fair values.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

Forward-looking statements include statements concerning Kodak's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and business trends and other information that is not historical information. When used in this document, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "predicts," "forecasts," "strategy," "continues," "goals," "targets" or future or conditional verbs, such as "will," "should," "could," or "may," and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward-looking statements. All forward-looking statements, including management's examination of historical operating trends and data, are based upon Kodak's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks and uncertainties described in more detail in Kodak's Annual Report on Form 10-K for the year ended December 31, 2016 under the headings "Business", "Risk Factors", "Legal Proceedings," and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources," in the corresponding sections of this report on Form 10-Q, and in other filings the Company makes with the SEC from time to time, as well as the following:

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

There may be other factors that may cause Kodak's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included or referenced in this document. Kodak undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

OVERVIEW

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

Revenue declined \$20 million (5%) compared to the prior year first quarter.

Kodak's strategy is to:

- Use Kodak's divisional structure to drive accountability, transparency and speed of decision making;
- Focus product investment in growth engines - Sonora, Prosper, Flexographic Packaging, Advanced Materials and 3D Printing and Software and Services;

- Maintain its stable market leadership position and cash flows associated with Print Systems;
- Manage the expected decline in and maximize cash generated by mature businesses;
- Continue to streamline processes to drive cost reductions and improve operating leverage; and
- Continue to explore opportunities to monetize the asset base.

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

- Print Systems' revenues accounted for approximately 60% of Kodak's revenues for the three months ended March 31, 2017. Print Systems' revenues declined \$18 million (8%) and segment earnings declined \$5 million (28%) compared with the prior year quarter, driven by competitive pricing pressures. While digital plate offerings are experiencing market driven volume and pricing pressure, innovations in Kodak product lines which command premium prices, such as SONORA Process Free Plates, are expected to offset some of the long-term erosion in the market and manufacturing efficiencies are expected to mitigate the impact on earnings from revenue declines.
- Flexographic Packaging revenue increased \$4 million (14%) and segment earnings increased \$2 million (50%) as the business continues to build scale.
- In Enterprise Inkjet Systems, the legacy Versamark business is expected to continue to decline as a percentage of the segment's total revenue as the Prosper business continues to grow. The Prosper Inkjet Systems business is expected to continue to build scale and profitability. Investment in the next generation Prosper technology, Ultrastream, is focused on the ability to place Ultrastream writing systems in original equipment manufacturer and hybrid applications. Enterprise Inkjet Systems' revenue increased \$3 million (9%) and the segment loss improved \$5 million (80%) compared with the prior year first quarter.
- The Software and Solutions segment is comprised of Unified Workflow Solutions and Kodak Technology Solutions which includes enterprise services and solutions. Unified Workflow Solutions is an established product line, whereas Kodak Technology Solutions includes businesses that leverage existing technologies and intellectual property in new applications. The contributions these business initiatives make to earnings is expected to grow with a modest amount of additional investment. Sales in Software and Solutions are project-based and can vary from year to year depending on the nature and number of projects in existence that year.
- Consumer and Film's revenue continues to decline (revenues declined \$8 million (14%) and segment earnings declined \$10 million (143%) compared with the prior year quarter) primarily due to the declining installed base of consumer inkjet printers. However, the Consumer and Film segment's revenues are expected to stabilize and grow modestly over the course of the year driven by consumer products and brand licensing. Kodak plans to continue to promote the use of film to utilize as much film manufacturing capacity as possible.
- Film and related component manufacturing operations and Kodak Research Laboratories utilize capacity at Eastman Business Park ("EBP"), which helps cost absorption for both Kodak operations and tenants at EBP.
- Kodak plans to capitalize on its intellectual property through new business opportunities in functional printing markets including printed electronics, 3D printing materials and smart material applications.
- Kodak plans to continue to pursue monetization of its asset base, selling and licensing intellectual property, selling and leasing excess capacity in its properties, and pursuing rights to an earn-out from a previous divestiture.

CURRENT KODAK OPERATING MODEL AND REPORTING STRUCTURE

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

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

Print Systems

The Print Systems segment is comprised of Prepress Solutions, which includes Kodak's digital offset plate offerings and computer-to-plate imaging solutions, and Electrophotographic Printing Solutions, which offers high-quality digital printing solutions using electrically charged toner based technology. The Print Systems segment provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines and packaging.

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

The Print Systems products and services are sold globally to customers through both a direct sales team as well as indirectly through dealers.

- *Prepress Solutions:*
 - Digital offset plates include KODAK SONORA Process Free Plates. KODAK SONORA Process Free Plates are prepared directly with a CTP thermal output device and do not require subsequent processing chemistry, processing equipment or chemical disposal. As a result, the plates deliver cost savings and efficiency for customers and promote environmental sustainability practices.
 - CTP output devices are used by customers to transfer images onto aluminum offset printing plates and provide consistent and high quality imaging for offset press applications. CTP products provide high resolution, consistency and stability in thermal imaging. Kodak also offers a lower cost CTP system using TH5 imaging technology, which provides a highly efficient and cost-effective imaging solution at a lower price point.
- *Electrophotographic Printing Solutions:*
 - NEXPRESS printers produce high-quality, differentiated printing of short-run, personalized print applications, such as direct mail, books, marketing collateral and photo products.
 - DIGIMASTER printers use monochrome electrophotographic printing technology for transactional printing, short-run books, corporate documentation, manuals and direct mail.

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

Flexographic Packaging

The Flexographic Packaging segment consists of flexographic imaging equipment, printing plates, consumables and related services, which enable graphic customization of a wide variety of packaging materials.

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

Enterprise Inkjet Systems

The Enterprise Inkjet Systems segment contains the Prosper business and the Versamark business. The Enterprise Inkjet Systems products include production press systems, consumables (primarily ink), inkjet components and services.

- The Prosper business product offerings, including the PROSPER Press systems and PROSPER Components, feature ultrafast inkjet droplet generation. This includes the PROSPER 6000 Press, which delivers a continuous flow of ink that enables constant and consistent operation, with uniform ink droplet size and accurate placement, even at very high print speeds. Applications of the PROSPER Press include publishing, commercial print, direct mail and packaging. PROSPER System Components are integrated into original equipment manufacturer partner products and systems. Sales of equipment that incorporates the PROSPER Writing Systems result in recurring revenue from sales of ink and other consumables and equipment service. The level of recurring revenue depends on the application for which the equipment is used, which drives the total number of pages printed and, therefore, the amount of ink usage. The Prosper

business includes digital front-end controllers which manage the delivery of personalized content to digital presses while controlling color and print consistency.

- The KODAK VERSAMARK Products are the predecessor products to the PROSPER Press. Users of KODAK VERSAMARK Products continue to purchase ink and other consumables as well as service from Kodak.

Software and Solutions

The Software and Solutions segment is comprised of Unified Workflow Solutions and Kodak Technology Solutions, which includes enterprise services and solutions. Unified Workflow Solutions is an established product line whereas Kodak Technology Solutions includes businesses that leverage existing Kodak technologies and intellectual property in new applications.

- Unified Workflow Solutions offers a leading suite of solutions for print production workflow, including the PRINERGY workflow production software, by providing customer value through automation, web integration and integration with other Kodak systems and third-party offerings. Production workflow software is used by customers to manage digital and conventional print content from file creation to output. Production workflow software manages content and color, reduces manual errors and helps customers manage the collaborative creative process. Kodak believes it is a leader in production workflow solutions for the commercial print and packaging industries with over 15,000 systems installed in some of the largest printing and packaging establishments around the world.
- Kodak Technology Solutions assists organizations with challenges and opportunities created by the worldwide digital transformation. It provides print and managed media services that assist customers with solutions for their printing requirements and document management services, including expertise in the capture, archiving, retrieval and delivery of documents. Kodak Technology Solutions serves enterprise customers primarily in the government and financial services sectors.

Consumer and Film

The Consumer and Film segment is comprised of three lines of business: Consumer Products, Industrial Film and Chemicals, and Motion Picture.

- *Consumer Products:*
 - Includes licensing of Kodak brands to third parties and consumer products. Kodak currently licenses its brand for use with a range of consumer products including batteries, cameras and camera accessories, printers and recordable media. Kodak intends to continue efforts to grow its portfolio of consumer product licenses to generate both ongoing royalty streams and upfront payments.
 - Consumer Inkjet Solutions, which involves the sale of ink to an existing installed base of consumer inkjet printers.
 - Kodak developed consumer products, including the Super 8 camera.
- *Industrial Film and Chemicals:*
 - Offers industrial film, including films used by the electronics industry to produce printed circuit boards, as well as manufactures professional and consumer still photographic film.
 - Includes related component businesses: Polyester Film; Solvent Recovery; and Specialty Chemicals, Inks and Dispersions.
- *Motion Picture:*
 - Includes the motion picture film business serving the entertainment and advertising industries. Motion picture products are sold directly to studios, external laboratories and independent filmmakers.
 - Kodak motion picture film processing laboratories offering onsite processing services at strategic locations in the U.S. and Europe.

Advanced Materials and 3D Printing Technology

The Advanced Materials and 3D Printing Technology segment contains the Kodak Research Laboratories and associated new business opportunities, touch sensor films with copper mesh technology and intellectual property licensing not directly related to other business divisions. Kodak conducts research and files patent applications with fundamental inventions from the Kodak Research Laboratories. Additionally, Kodak continues to file new patent applications in areas aligned with its core businesses. Via these core business patent applications along with the research inventions, Kodak maintains a large worldwide portfolio of pending applications and issued patents. Because product solutions in Advanced Materials and Micro 3D Printing are in the process of being commercialized or are new business opportunities, a higher degree of investment is required.

- *Advanced Materials*
 - Advanced Materials is developing materials solutions for printed electronics, macro 3D printing, and component smart materials based on the materials science inventions and innovations from the research laboratories.
 - Kodak actively seeks opportunities to leverage its patents and associated technology in licensing and/or cross-licensing deals to support both revenue growth and its ongoing businesses. While revenues from these licensing activities tend to be unpredictable in nature, this segment still carries the potential for material revenue generation from intellectual property licensing and new materials businesses.

Micro 3D Printing

- Micro 3D Printing products have the potential to offer many advantages over traditionally manufactured products, including lower cost points and avoidance of environmental impacts associated with mining of rare earth metals. Kodak is focusing its touch screen technology on industrial applications (such as consumer appliances) and shipped its initial appliance order in the first quarter of 2017.

Eastman Business Park

The Eastman Business Park segment includes the operations of Eastman Business Park, a more than 1,200-acre technology center and industrial complex in Rochester, New York and the leasing activities related to that space. A large portion of this facility is used in Kodak's own manufacturing and other operations, while the remaining portion is occupied by external tenants or available for rent to external tenants.

Segment Revenues

(in millions)	Three Months Ended	
	March 31,	
	2017	2016
Print Systems	\$ 213	\$ 231
Flexographic Packaging	33	29
Enterprise Inkjet Systems	37	34
Software and Solutions	21	22
Consumer and Film	49	57
Advanced Materials and 3D Printing Technology	—	—
Eastman Business Park	4	4
Consolidated total	\$ 357	\$ 377

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

(in millions)	Three Months Ended	
	March 31,	
	2017	2016
Print Systems	\$ 13	\$ 18
Flexographic Packaging	6	4
Enterprise Inkjet Systems	(1)	(5)
Software and Solutions	1	2
Consumer and Film	(3)	7
Advanced Materials and 3D Printing Technology	(8)	(7)
Eastman Business Park	—	—
All Other (1)	—	3
Corporate components of pension and OPEB income (2)	36	41
Depreciation and amortization	(19)	(30)
Restructuring costs and other	(13)	(5)
Stock based compensation	(2)	(2)
Consulting and other costs (3)	(1)	(1)
Idle costs (4)	(1)	(1)
Other operating expense, net (5)	(10)	(14)
Interest expense (5)	(8)	(16)
Other charges, net (5)	20	(1)
Consolidated earnings (loss) from continuing operations before income taxes	\$ 10	\$ (7)

- (1) RED utilities variable interest entity which was deconsolidated as of December 31, 2016 (interest and depreciation of RED are included in the respective lines below).
- (2) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailment and settlement components of pension and other postretirement benefit expenses.
- (3) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.
- (4) 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.
- (5) As reported in the Consolidated Statement of Operations.

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 above table, Operational EBITDA represents the income (loss) from continuing operations excluding the provision (benefit) for income taxes; corporate components of pension and OPEB income; depreciation and amortization expense; restructuring costs, stock-based compensation expense; consulting and other costs; idle costs; manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production; other operating expense, net (unless otherwise indicated); interest expense; other (income) charges, net. There were no

manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production in the three months ending March 31, 2017 or 2016.

Overhead costs no longer absorbed by the Prosper discontinued operations of \$4 million in the three months ended March 31, 2016 were also excluded from segment earnings while the business was reported in discontinued operations. As the Prosper business is no longer reported in discontinued operations, overhead allocations are included in the Enterprise Inkjet Solutions segment loss for all periods presented.

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

Change in Segment Measure of Profitability

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

2017 COMPARED WITH 2016 FIRST QUARTER RESULTS OF OPERATIONS

(in millions)	Three Months Ended March 31,				
	2017	% of Sales	2016	% of Sales	\$ Change
Revenues	\$ 357		\$ 377		\$ (20)
Cost of revenues	274		289		(15)
Gross profit	83	23%	88	23%	(5)
Selling, general and administrative expenses	53	15%	45	12%	8
Research and development costs	15	4%	15	4%	0
Restructuring costs and other	7	2%	4	1%	3
Other operating (income) expense, net	10		14		(4)
(Loss) earnings from continuing operations before interest expense, other (income) charges, net and income taxes	(2)	(1)%	10	3%	(12)
Interest expense	8	2%	16	4%	(8)
Other (income) charges, net	(20)	(6)%	1	0%	(21)
Earnings (loss) from continuing operations before income taxes	10	3%	(7)	(2)%	17
Provision for income taxes	3	1%	7	2%	(4)
Earnings (loss) from continuing operations	7	2%	(14)	(4)%	21
Loss from discontinued operations, net of income taxes	—	—	(1)	-0%	1
Net income (loss)	7	2%	(15)	(4)%	22
Less: Net earnings attributable to noncontrolling interests	—	—	3	1%	(3)
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 7	2%	\$ (18)	(5)%	\$ 25

Revenues

For the three months ended March 31, 2017, revenues decreased approximately \$20 million compared with the same period in 2016. The decline was primarily driven by volume and pricing declines within Print Systems (\$15 million) and volume declines within Consumer and Film (\$7 million). Also contributing to the decrease was the unfavorable impact of foreign currency (\$6 million). Partially offsetting these impacts were volume improvements within Enterprise Inkjet Systems (\$4 million) and Flexographic Packaging (\$3 million). See segment discussions for additional details.

Gross Profit

The decrease in gross profit for the three months ended March 31, 2017 of approximately \$5 million compared with the same period in 2016 reflected pricing declines within Print Systems (\$7 million), increased inventory write-offs due to restructuring (\$5 million), volume declines within Consumer and Film (\$4 million), and unfavorable currency impacts (\$2 million). Partially offsetting these decreases were cost improvements within Print Systems (\$4 million), lower depreciation expense in Enterprise Inkjet Systems (\$3 million) and Consumer and Film (\$2 million), and volume improvements within Enterprise Inkjet Systems (\$3 million) and Flexographic Packaging (\$2 million). See segment discussions for additional details.

Selling, General and Administrative Expenses

Consolidated SG&A increased \$8 million for the three months ended March 31, 2017 due to lower pension income (\$4 million) as well as increased investment in SG&A (\$3 million) for segment selling and marketing activities.

Research and Development Costs

There was no change in consolidated R&D expenses for the three months ended March 31, 2017 as compared with the prior year period.

PRINT SYSTEMS SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ 213	\$ 231	\$ (18)
Operational EBITDA	\$ 13	\$ 18	\$ (5)
Operational EBITDA as a % of revenues	6%	8%	

Revenues

The decrease in Print Systems revenues for the three months ended March 31, 2017 of approximately \$18 million primarily reflected lower pricing (\$6 million) due to competitive pressures in the industry and lower volumes (\$3 million) driven by declines in consumables and service in Prepress Solutions. Also contributing to the decline was lower volume in Electrophotographic Printing Solutions (\$5 million) due to declines in consumables and service and fewer equipment placements. Unfavorable foreign currency (\$3 million) also negatively impacted revenues.

Operational EBITDA

The decrease in Print Systems Operational EBITDA for the three months ended March 31, 2017 of approximately \$5 million reflected pricing declines in Prepress Solutions (\$6 million) as well as lower volume and unfavorable pricing in Electrophotographic Printing Solutions (\$2 million). Also contributing to the decline was increased SG&A primarily due to increased investment in marketing, advertising and sales activities (\$1 million). Partially offsetting these declines were manufacturing costs improvements in Prepress consumables due to improved manufacturing efficiency (\$4 million) and lower aluminum costs (\$1 million). Current market prices for aluminum, at the time of this filing, will result in aluminum costs for the remainder of 2017 to be higher than in comparable periods.

FLEXOGRAPHIC PACKAGING SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ 33	\$ 29	\$ 4
Operational EBITDA	\$ 6	\$ 4	\$ 2
Operational EBITDA as a % of revenues	18%	14%	

Revenues

The increase in the Flexographic Packaging revenues for the three months ended March 31, 2017 of approximately \$4 million primarily reflected volume improvements in FLEXCEL NX consumables (\$3 million) due to a larger installed base of FLEXCEL NX systems.

Operational EBITDA

Flexographic Packaging Operational EBITDA increased for the three months ended March 31, 2017 by approximately \$2 million from volume improvements in FLEXCEL NX consumables (\$2 million).

ENTERPRISE INKJET SYSTEMS SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ 37	\$ 34	\$ 3
Operational EBITDA	\$ (1)	\$ (5)	\$ 4
Operational EBITDA as a % of revenues	(3)%	(15)%	

Revenues

The increase in Enterprise Inkjet Systems revenues for the three months ended March 31, 2017 of approximately \$3 million primarily reflected higher volume of Prosper component sales (\$2 million) and increased volume of Prosper service and consumable sales (\$3 million) primarily driven by a larger installed base of Prosper systems. In addition, there was higher volume in VERSAMARK system placements (\$2 million) due to the sale of used equipment in the current quarter. These favorable drivers were partially offset by reduced sales volume of VERSAMARK service and consumables (\$2 million) due to declines in the installed base of VERSAMARK systems and reduced volume of Digital Front End Controllers (\$1 million).

Operational EBITDA

The increase in Enterprise Inkjet Systems Operational EBITDA for the three months ended March 31, 2017 of approximately \$4 million was primarily due to volume improvements in Prosper components (\$1 million) and VERSAMARK used system placements (\$2 million) as well as lower SG&A (\$1 million).

SOFTWARE AND SOLUTIONS SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ 21	\$ 22	\$ (1)
Operational EBITDA	\$ 1	\$ 2	\$ (1)
Operational EBITDA as a % of revenues	5%	9%	

Revenues

The decrease in Software and Solutions revenues for the three months ended March 31, 2017 of approximately \$1 million primarily reflected volume declines in Kodak Technology Solutions due to the divestitures of the Design2Launch and brand protection businesses in the second quarter of 2016 (\$1 million) and the unfavorable impact of foreign currency (\$1 million).

Operational EBITDA

The decrease in Software and Solutions Operational EBITDA for the three months ended March 31, 2017 of approximately \$1 million was primarily due to higher SG&A costs (\$1 million) driven by increased sales and marketing initiatives.

CONSUMER AND FILM SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ 49	\$ 57	\$ (8)
Operational EBITDA	\$ (3)	\$ 7	\$ (10)
Operational EBITDA as a % of revenues	(6)%	12%	

Revenues

The decrease in Consumer and Film revenues for the three months ended March 31, 2017 of approximately \$8 million reflected volume declines in Consumer Inkjet Systems (\$5 million) driven by lower sales of ink to the existing installed base of printers, and in Motion Picture (\$2 million) due to lower demand. Additionally, the prior year included \$3 million related to the fulfillment of motion picture film volume commitments. Partially offsetting these declines were improved product mix in Industrial Film and Chemicals (\$1 million) and higher revenues from brand licensing (\$1 million).

Operational EBITDA

The decrease in Consumer and Film Operational EBITDA for the three months ended March 31, 2017 of approximately \$10 million was driven by lower sales of ink as mentioned above (\$4 million) and higher SG&A primarily due to increased investment in sales and marketing initiatives (\$1 million). Additionally, the prior year included \$3 million related to the fulfillment of motion picture film volume commitments.

ADVANCED MATERIALS AND 3D PRINTING TECHNOLOGY SEGMENT

(in millions)	Three Months Ended March 31,		
	2017	2016	\$ Change
Revenues	\$ -	\$ -	\$ -
Operational EBITDA	\$ (8)	\$ (7)	\$ (1)
Operational EBITDA as a % of revenues	N/A	N/A	

Advanced Materials and 3D Printing Technology Operational EBITDA for the three months ended March 31, 2017 decreased by approximately \$1 million due to increased costs driven by commercialization activity for the first market application of light blocking materials and higher material consumption in Micro 3D Printing due to increased activities to build prototypes.

R&D not directly related to other segments is included in the Advanced Materials and 3D Printing Technology segment.

EASTMAN BUSINESS PARK SEGMENT

Eastman Business Park revenue and Operational EBITDA did not change significantly.

RESTRUCTURING COSTS AND OTHER

Kodak recorded \$13 million of charges for the three months ended March 31, 2017, of which \$7 million was reported as Restructuring costs and other and \$6 million was reported as Cost of revenues in the accompanying Consolidated Statement of Operations.

Kodak made cash payments related to restructuring of approximately \$4 million during the three months ended March 31, 2017.

The restructuring actions implemented in the first three months of 2017 are expected to generate future annual cash savings of approximately \$10 million. These savings are expected to reduce future annual Cost of revenues, SG&A and R&D expenses by \$3 million, \$5 million, and \$2 million, respectively. Kodak began realizing a portion of these savings in the first quarter, and expects the majority of the annual savings to be in effect by the second half of 2017 as actions are completed.

Prosper Business Cost Reduction

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

As a result of this decision, Kodak currently expects to incur total restructuring and related charges of \$13-\$17 million, including \$5-\$7 million of charges related to separation benefits, \$6 million of non-cash related charges for inventory write-downs, \$2-\$3 million of non-cash related charges for asset write-offs and up to \$1 million in other cash related charges associated with this action.

In the three months ended March 31, 2017 under this program, Kodak incurred severance charges of \$3 million, inventory write-downs of \$6 million, and asset write-offs of \$2 million.

LIQUIDITY AND CAPITAL RESOURCES

(in millions)	March 31, 2017	December 31, 2016
Cash, cash equivalents and restricted cash	\$ 422	\$ 478

Cash Flow Activity

(in millions)	March 31,		Change
	2017	2016	
Cash flows from operating activities:			
Net cash used in operating activities	\$ (53)	\$ (21)	\$ (32)
Cash flows from investing activities:			
Net cash used in investing activities	(4)	(5)	1
Cash flows from financing activities:			
Net cash used in financing activities	(3)	(1)	(2)
Effect of exchange rate changes on cash	4	3	1
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (56)</u>	<u>\$ (24)</u>	<u>\$ (32)</u>

Operating Activities

Net cash used in operating activities increased \$32 million for the three months ended March 31, 2017 as compared with the corresponding period in 2016 due to increased cash usage for working capital driven by inventory increases in anticipation of sequential quarter sales growth at higher rates relative to prior year sequential quarter sales growth and lower cash earnings. Lower cash earnings include \$10 million in net litigation proceeds from DuPont received in the prior year period partially offset by lower interest expense (\$8 million) in the current year period primarily due to the prepayment of the Senior Secured Second Lien Term Credit Agreement.

Investing Activities

Net cash used in investing activities decreased \$1 million for the three months ended March 31, 2017 as compared with the corresponding period in 2016 primarily due to an increase in proceeds received from sales of assets and marketable securities partially offset by an increase in additions to properties.

Financing Activities

Net cash used in financing activities increased \$2 million in the three months ended March 31, 2017 as compared with the corresponding period in 2016 due to the \$2 million first quarter dividend payment made to the holders of Series A Preferred Stock, \$1 million repayment of capital leases and no repayments of emergence credit facilities in the 2017 period.

Sources of Liquidity

Available liquidity includes cash balances and the unused portion of the Amended Credit Agreement. The Amended Credit Agreement had \$23 million of net availability as of March 31, 2017. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At March 31, 2017 and December 31, 2016 approximately \$172 million and \$205 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$206 million and \$229 million, respectively, of cash and cash equivalents were held outside the U.S. Cash balances held outside the U.S. are generally required to support local country operations and may have high tax costs or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Additionally, in China, where approximately \$131 million of cash and cash equivalents was held as of March 31, 2017, there are limitations related to net asset balances that may impact the ability to make cash available to other jurisdictions in the world. Under the terms of the Senior Secured First Lien Term Credit Agreement (the "Term Credit Agreement") and the Amended Credit Agreement, the Company is permitted to invest up to \$100 million in subsidiaries and joint ventures that are not party to these loan agreements.

As of March 31, 2017 and December 31, 2016, Kodak had funded \$25 million to the Eligible Cash account held with the Amended and Restated Credit Agreement Administrative Agent which is classified as Restricted cash in the Consolidated Statement of Financial Position, supporting the Excess Availability amount. Under the Amended Credit Agreement, if Excess Availability (\$23 million at March 31, 2017) falls below 12.5% of lender commitments (\$18.75 million at March 31, 2017), Kodak would be required to be in compliance with the minimum Fixed Charge Coverage Ratio and could become subject to cash dominion control. In addition to Eligible Cash, the borrowing base is supported by Eligible Receivables, Eligible Inventory and Eligible Equipment. To the extent the assets supporting the borrowing base decline, if the remaining assets included in the borrowing base are not sufficient to support the required Excess Availability amount, additional funding of Eligible Cash may be required. Kodak intends to maintain Excess Availability above the minimum threshold. Since Excess Availability was greater than 12.5% of lenders commitments Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0. As of March 31, 2017, Kodak is in compliance with all covenants under the Amended Credit Agreement and had Kodak been required to have a Fixed Charge Coverage Ratio of 1.0 to 1.0 EBITDA, as defined in the Amended Credit agreement, exceeded Fixed Charges by approximately \$1 million.

Under the terms of the Term Credit Agreement, Kodak is required to maintain a Secured Leverage Ratio not to exceed specified levels. The Secured Leverage Ratio is tested at the end of each quarter based on the prior four quarters and is generally determined by dividing secured debt,

net of U.S. cash and cash equivalents, by consolidated EBITDA, as calculated under the credit agreements. The maximum Secured Leverage Ratio permitted under the Term Credit Agreement is 2.75 to 1. As of March 31, 2017, Kodak's EBITDA, as calculated under the Term Credit Agreements, exceeded the EBITDA necessary to satisfy the covenant ratios by approximately \$ 31 million.

Kodak intends to conduct its operations in a manner that will result in continued compliance with the Secured Leverage Ratio covenants; however, compliance for future quarters may depend on Kodak undertaking one or more non-operational transactions, such as a monetization of assets, a debt refinancing, the raising of equity capital, or a similar transaction. If Kodak is unable to remain in compliance and does not make alternate arrangements with its term lenders, an event of default would occur under the Kodak's credit agreements which, among other remedies, would entitle the lenders or their agents to declare the outstanding obligations under the Term Credit Agreement to be immediately due and payable.

The holders of the 5.50% Series A Convertible Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. The Company declared a cash dividend of approximately \$3 million in March 2017, which was paid on April 14, 2017.

Kodak made net contributions (funded plans) or paid benefits (unfunded plans) totaling approximately \$3 million to its defined benefit pension and postretirement benefit plans in the first three months of 2017. For the balance of 2017, the forecasted contribution (funded plans) and benefit payment (unfunded plans) requirements for its pension and postretirement plans are approximately \$14 million.

Cash flow from investing activities included \$7 million of capital expenditures for the three months ended March 31, 2017. Kodak expects approximately \$35 million to \$40 million of total capital expenditures for 2017. Kodak is expanding its manufacturing facility in Weatherford, Oklahoma to provide additional production capacity for FLEXCEL NX Plates. The additional capacity will supplement Kodak's existing plate manufacturing facility in Yamanashi, Japan, and is designed to meet increasing demand. The new production line is expected to be in full production by early 2019 and will initially focus on supply of FLEXCEL NX Plates to customers in the United States, Canada and Latin America. Kodak invested approximately \$2 million in the first quarter of 2017, expects to invest approximately \$13 million for the full year 2017 and expects the total investment for the project to be approximately \$15 million.

Kodak believes that its liquidity position is adequate to fund its operating and investing needs for the next year and to provide the flexibility to respond as necessary to any changes in the business environment.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Using a sensitivity analysis based on estimated fair value of open foreign currency forward contracts using available forward rates, if the U.S. dollar had been 10% stronger at March 31, 2017 and December 31, 2016, the fair value of open forward contracts would have decreased \$19 million and \$20 million, respectively. Such changes in fair value would be substantially offset by the revaluation or settlement of the underlying positions hedged.

Kodak is exposed to interest rate risk primarily through its borrowing activities. Kodak may utilize borrowings to fund its working capital and investment needs. The majority of short-term and long-term borrowings are in variable rate instruments. There is inherent roll-over risk for borrowings and marketable securities as they mature and are renewed at current market rates. The extent of this risk is not predictable because of the variability of future interest rates and business financing requirements.

Kodak's Senior Secured First Lien Term Credit Agreement and Amended Credit Agreement are in variable-rate instruments, the Senior Secured First Lien Term Credit Agreement with an interest rate floor. At March 31, 2017 the three-month LIBOR rate was approximately 1.15%. At December 31, 2016 the one-month LIBOR rate was approximately 0.77%. When LIBOR rates rise above the 1% floor, interest expense increases approximately \$4 million per annum for each 1% of LIBOR above the floor.

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 March 31, 2017 was not significant to Kodak.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Kodak maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Kodak's reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including Kodak's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Kodak's management, with participation of Kodak's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Kodak's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Kodak's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, Kodak's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in Kodak's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, Kodak's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes and income taxes. Kodak's Brazilian operations are disputing these matters and intend to vigorously defend their position. Kodak routinely assesses these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of March 31, 2017, Kodak maintained accruals of approximately \$13.5 million for claims aggregating approximately \$222 million inclusive of interest and penalties where appropriate. In connection with assessments and litigation in Brazil, local regulations may require Kodak to post security for a portion of the amounts in dispute. Generally, any encumbrances of the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products. These matters are in various stages of investigation and litigation, and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations. Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

Item 1A. Risk Factors

Reference is made to the Risk Factors set forth in Part I, Item 1A. of the 2016 Form 10-K. The Risk Factors remain applicable from the 2016 Form 10-K.

Item 2. Unregistered Sales of Securities and Use of Proceeds

(a) Sales of unregistered securities during the quarter ended March 31, 2017

Not Applicable

(b) Issuer purchases of equity securities during the quarter ended March 31, 2017

Repurchases related to Stock Compensation Plans ⁽¹⁾:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Be Purchased under the Plans or Programs
February 1 through 28	1,541	13.20	n/a	n/a
March 1 through 31	18,101	11.76	n/a	n/a
Total	19,642			

(1) These repurchases are made pursuant to the terms of the 2013 Omnibus Incentive Plan providing the Company the right to withhold amounts deliverable under the plan to satisfy minimum statutory tax withholding requirements.

Items 3 and 4.

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

(a) Exhibits required as part of this report are listed in the index appearing below.

SIGNATURES

Pursuant to the requirements 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)

Date May 9, 2017

/s/ Eric Samuels

Eric Samuels

Chief Accounting Officer and Corporate Controller
(Chief Accounting Officer and Authorized Signatory)

Eastman Kodak Company
Index to Exhibits

- (4.1) Shareholder Agreement, dated as of April 17, 2017, by and among Eastman Kodak Company, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited, Deseret Mutual Pension Trust and Southeastern Asset Management, Inc. (Incorporated by reference to Exhibit 4.6 of the Company's Amendment No. 2 to Registration Statement on Form S-3 as filed on May 5, 2017).
- *(10.1) Amended and Restated Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, effective as of March 12, 2017, filed herewith.
- *(10.2) Eastman Kodak Company Administrative Guide for the 2017 Performance Period under the Executive Compensation for Excellence and Leadership Plan, filed herewith.
- (31.1) Certification signed by Jeffrey J. Clarke, filed herewith.
- (31.2) Certification signed by David E. Bullwinkle, filed herewith.
- (32.1) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Jeffrey J. Clarke, filed herewith.
- (32.2) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by David E. Bullwinkle, filed herewith.
- (101.CAL) XBRL Taxonomy Extension Calculation Linkbase.
- (101.INS) XBRL Instance Document.
- (101.LAB) XBRL Taxonomy Extension Label Linkbase.
- (101.PRE) XBRL Taxonomy Extension Presentation Linkbase.
- (101.SCH) XBRL Taxonomy Extension Schema Linkbase.
- (101.DEF) XBRL Taxonomy Extension Definition Linkbase

* Management contract or compensatory plan or arrangement

March 30, 2017

Jeffrey J. Clarke

Re: Amended and Restated Employment Agreement

Dear Jeff:

You and Eastman Kodak Company (the “*Company*”) were parties to an Employment Agreement, dated March 10, 2014, which became effective on March 12, 2014, and the term of which ended on March 12, 2017 (your “*Prior Agreement*”).

Wishing to continue your employment with the Company, you and the Company are entering into this mutually agreeable form of amended and restated employment agreement (this “*Agreement*”), which will be effective as of March 12, 2017 (the “*Effective Date*”), and which sets forth the terms of your employment for the Scheduled Term set forth below. This Agreement replaces your Prior Agreement starting on the Effective Date.

1. Terms Schedule

Some of the terms of your employment are in the attached schedule (your “*Schedule*”), which is part of this Agreement.

2. Scheduled Term

The term of this Agreement will begin on the Effective Date and end on March 12, 2020 (the “*Scheduled Term*”).

3. Your Position, Performance and Other Activities

- (a) *Position.* You will be employed in the position stated in your Schedule.
 - (b) *Authority, Responsibilities, and Reporting.* Your authority, responsibilities and reporting relationships will be determined from time to time by the Board of Directors (“*Board*”) of the Company. As Chief Executive Officer, you will serve as a member of the Board without additional compensation.
 - (c) *Performance.* You will devote substantially all of your business time and attention to the Company and will use good faith efforts to discharge your responsibilities under this Agreement to the best of your ability.
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- (d) *Other Activities.* During the Scheduled Term and subject to the terms of your Schedule, you may (1) serve on corporate, civic or charitable boards or committees, (2) manage personal investments, or (3) engage in any other permitted activity stated in your Schedule, *so long as* these activities, whether individually or in the aggregate, do not materially interfere with your performance of your responsibilities under this Agreement.
- (e) *Incorporation of Employee's Agreement.* The terms of Eastman Kodak Company Employee's Agreement, which was attached to your Prior Agreement as Exhibit 1, are incorporated by reference and you agree to continue to abide by such terms.

4. **Your Compensation**

- (a) *Salary.* You will receive an annual base salary (your "*Salary*"). Commencing on the Effective Date, the starting amount of your Salary will be the amount set forth in your Schedule. The Executive Compensation Committee of the Board (the "*Committee*") will review your Salary at least annually and may increase it at any time for any reason. However, your Salary may not be decreased at any time (including after any increase) absent your prior written consent, and any increase in your Salary will not reduce or limit any other obligation to you under this Agreement. Your Salary will be paid in accordance with the Company's normal practices for similarly situated executives.
 - (b) *Annual Incentive.* You will be eligible to participate in the Company's short-term variable pay plan for its management level employees, currently known as Executive Compensation for Excellence and Leadership ("EXCEL") (your "*Annual Incentive*"). Your annual target award under EXCEL will be determined in accordance with your Schedule. Any actual award in a given annual performance period will depend upon performance against individual and corporate goals selected by management and approved by the Committee and will be paid in the discretion of the Committee. The terms of the EXCEL plan itself govern and control all interpretations of the plan.
 - (c) *Long Term Incentive Awards.* On or shortly after the Effective Date, you will be granted the equity awards stated in your Schedule, which will be subject to the terms and conditions set forth in the applicable award notice except as otherwise provided by this Agreement or your Schedule. In addition, subject to your continued employment with the Company through such date, you will also be granted the equity awards stated in your Schedule on the first and second anniversaries of the Effective Date, which also will be subject to the terms and conditions set forth in the applicable award notice except as otherwise provided by this Agreement or your Schedule. Your equity awards are stated on your Schedule in terms of dollar (\$) value. To determine the number of stock options to be delivered to you, the average of the closing price of the Company's stock over 10 trading days ending on the date of grant will be calculated. The fair value of the stock options will be estimated using appropriate valuation techniques, such as a Black-Scholes model, and a 10-day trailing average stock price as a stock price assumption. The target dollar value to be delivered in stock options will be divided by the calculated fair value to determine the number of stock options.
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- (d) *Contingent Cash Award* . On or shortly after the date on which this Agreement is entered into , you will be granted the contingent cash award stated in your Schedule (your “ *Contingent Cash Award* ”) , as determined by the Committee, which , if earned, shall be payable after t he conclusion of the three-year performance period , and which will be settled in restricted stock units , with the number o f units determined using the closing price of the Company’s stock on the final measurement date.

5. **Your Benefits**

- (a) *Employee Benefit Plans*. During the Scheduled Term, you will be entitled to participate in each of the Company’s employee benefit and welfare plans, including plans providing retirement benefits and medical, dental, hospitalization, life and disability insurance, on a basis that is at least as favorable as that provided to similarly situated executives of the Company.
- (b) *Vacation*. During the Scheduled Term, you will be entitled to paid annual vacation in accordance with the Exempt Employee Flexible Time-Off Plan.
- (c) *Business Expenses*. You will be reimbursed for all reasonable business expenses incurred by you in performing your responsibilities under this Agreement, subject to the terms of applicable Company reimbursement policies as in effect from time to time.
- (d) *Indemnification; Advancement of Expenses*. Pursuant to the Company’s articles of incorporation and bylaws, the Company will indemnify you and advance or reimburse expenses to the same extent as the most favorable indemnification and advancement or reimbursement of expenses provisions applicable to any member of the Board. If the Company’s ability to make any payment contemplated by your applicable indemnification and advancement or reimbursement of expenses provisions depends on an investigation or determination by the Board or any member of the Company, at your request the Company will use its best efforts to cause the investigation to be made (at the Company’s expense) and to have the Board reach a determination as soon as reasonably possible.
- (e) *Additional Benefits*. During your employment, you will be provided any additional benefits stated in your Schedule on the same basis as similarly situated executives of the Company.

6. **Termination of Your Employment; End of Scheduled Term**

- (a) *No Reason Required*. Neither you nor the Company is under any obligation to continue your employment beyond the Scheduled Term. In addition, you or the Company may terminate your employment early at any time for any reason, or for no reason, subject to compliance with Section 6(c).
 - (b) *Related Definitions* .
 1. “ *Cause* ” means any of the following: (A) your Willful and continued failure or refusal for a period of at least 60 days following delivery to you of a written
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notification from the Board to attempt to perform the usual, customary or reasonable functions of your positions other than due to a disability or approved leave; or (B) your gross negligence or Willful misconduct in the performance of your duties or obligations to the Company that is, or is likely to be or is intended to be, materially detrimental to the Company; or (C) your conviction of any felony (other than a felony predicated on your vicarious liability or involving a traffic violation) or crime involving moral turpitude; or (D) your unlawful possession, use or sale of narcotics or other controlled substances, or performing job duties while illegally used controlled substances are present in your system; or (E) your material breach of this Agreement which, if correctable, remains uncorrected for 20 days after written notice to you by the Company of the breach; or (F) your material breach of a requirement of the Kodak Business Conduct Guide which requirement has consistently resulted in the termination of employment by employees who have committed similar breaches and which, if correctable, remains uncorrected for 20 days after written notice to you by the Company of the breach; or (G) your breach of the Eastman Kodak Company Employee ' s Agreement.

2. “ *Good Reason* ” means the occurrence or failure to cause the occurrence, as the case may be, without your express written consent, of any of the following circumstances:
 - a. any adverse change in your titles; or
 - b. a material diminution of your duties, responsibilities or authority; or
 - c. your assignment of duties or responsibilities which are materially inconsistent with your then position(s) which if correctable, remain uncorrected for 20 days following written notice to the Company by you of the assignment (your nonperformance of those duties or responsibilities you consider materially inconsistent solely during such 20 day notice period will not be considered a breach of this Agreement); or
 - d. any material breach by the Company of any material provision of this Agreement that is not cured within 20 days of written notice by you to the Company’s General Counsel specifying the nature of the material breach; or
 - e. failure of any successor to the Company (whether direct or indirect and whether by merger, acquisition, consolidation, or otherwise) to assume in a writing delivered to you upon the assignee becoming such, the obligations of the Company hereunder; or
 - f. A Change of Control event followed by your involuntary termination (as determined by the Committee) within two years of the Change of Control event.
 3. “ *Disability* ” means meeting the definition of disability under the terms of the Kodak Long-Term Disability Plan and receiving benefits under such plan.
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4. “*Willful*” means any act done or omitted to be done not in good faith and without reasonable belief that such action or omission was in the best interest of the Company.
 5. “*Change of Control*” means the occurrence of any of the following events:
 - a. any “person” (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (“*Exchange Act*”) and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of the Company’s securities representing 50% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (“*Company Voting Securities*”); provided, however, that the event described in this paragraph (a) shall not be deemed to be a Change of Control by virtue of an acquisition of Company Voting Securities: (i) by the Company or any Subsidiary, (ii) by any beneficial owner of the Company’s securities as of the Effective Date, (iii) by any employee benefit plan (or related trust) sponsored or maintained by Company or any Subsidiary, (iv) by any underwriter temporarily holding securities pursuant to an offering of such securities or (v) pursuant to a Non-Qualifying Transaction (as defined in paragraph (b) of this definition);
 - b. the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company’s shareholders, whether for such transaction or the issuance of securities in the transaction (a “*Business Combination*”), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the “*Surviving Entity*”), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least 95% of the voting power, is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity or the parent), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the parent (or, if there is no parent, the Surviving Entity) and (iii) at least a majority of the members of the board of directors of the parent (or, if there is no parent, the Surviving Entity) following the consummation of the Business Combination were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) of this paragraph (b) shall be deemed to be a “*Non-Qualifying Transaction*”);
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- c. the consummation of a sale of all or substantially all of the Company's assets (other than to an Affiliate); or
- d. approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; provided that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person (and in all cases results in beneficial ownership of more than 50% of the Company Voting Securities), a Change of Control shall then occur.

(c) *Advance Notice Generally Required.*

1. To terminate your employment before the end of the Scheduled Term, either you or the Company must provide a Termination Notice to the other. A "Termination Notice" is a written notice that states the specific provision of this Agreement on which termination is based, including, if applicable, the specific clause of the definition of Cause or Good Reason and a reasonably detailed description of the facts that permit termination under that clause; *provided*, that the failure to include any fact in a Termination Notice that contributes to a showing of Cause or Good Reason does not preclude either party from asserting that fact in enforcing its rights under this Agreement.
2. You and the Company agree to provide 30 days' advance Termination Notice of any termination, *unless* your employment is terminated by the Company for Cause or because of your Disability or death. If you die or become Disabled after you provide a valid Termination Notice with Good Reason or the Company provides Termination Notice without Cause, your termination will be treated as a termination with Good Reason or without Cause, effective as of the date of your Disability or death.
3. Following receipt of such notice, the Company may, at its sole discretion, choose to either (1) waive that notice period (thereby immediately terminating your employment) or (2) place you on paid leave, at your then-current salary for any or all of the notice period.

(d) *With Good Reason or Without Cause.* If, during the Scheduled Term, the Company terminates your employment without Cause or you terminate your employment for Good Reason:

1. The Company will pay you the following at the end of your employment: (A) your accrued but unpaid Salary through the last day of your employment, (B) your Salary for any unused vacation which was accrued prior to February 1, 2016, and (C) any
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accrued expense reimbursements and other cash entitlements (including for accrued expense reimbursement for which supporting documentation is submitted within 30 days after termination of your employment) (together, your “*Accrued Compensation*”). In addition, the Company will timely pay you any amounts and provide you any benefits that are required, or to which you are entitled, under any plan, contract or arrangement of the Company as of the end of your employment (together, your “*Other Benefits*”).

2. The Company will pay you severance (“*Severance Payments*”) in an amount equal to your Salary, multiplied by the severance multiplier on your Schedule (“*Severance Multiplier*”).
 3. Any earned but unpaid Annual Incentive for the fiscal year ending immediately before the termination of your employment (your “*Earned Annual Incentive*”).
 4. Your Annual Incentive in respect of the fiscal year in which your termination of employment occurs, based on actual achievement of applicable performance targets, pro-rated based upon the number of days from the beginning of such fiscal year through the date of your termination of employment and the total number of days in such fiscal year (your “*Pro-Rata Annual Incentive for the Termination Year*”).
 5. Your unvested stock options which would otherwise vest on the vesting date immediately following the date of the termination of your employment will vest as of the date of the termination of your employment, and any unvested stock options which would otherwise vest on a vesting date after the vesting date immediately following the termination of your employment, as well as any other unvested Long-Term Equity Awards and any long-term performance compensation (including your Contingent Cash Award) which are not vested on the termination of your employment, will be forfeited upon the termination of your employment. The vesting of your stock options in this Section 6(d)(5) is referred to as “*Modified Accelerated Vesting*.”
- (e) *For Cause or without Good Reason.* If, during the Scheduled Term, the Company terminates your employment for Cause or you terminate your employment without Good Reason, the Company will pay your Accrued Compensation and your Other Benefits. Effective upon the date of this termination for Cause or without Good Reason, all of the unvested portion of your remaining equity would be immediately forfeited.
- (f) *For Your Disability or Death.* If, during the Scheduled Term, your employment terminates as a result of your Disability or death, the Company will pay (1) your Accrued Compensation, (2) your Earned Annual Incentive, if any, and (3) your Pro-Rata Annual Incentive for the Termination Year, and will provide you (4) your Other Benefits and (5) Modified Accelerated Vesting of your stock options. Except for the Modified Accelerated Vesting of your stock options, any Long-Term Equity Awards and any long-term performance compensation (including your Contingent Cash
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Award) which are not vested on the termination of your employment will be forfeited upon the termination of your employment .

- (g) *For End of Scheduled Term.* If your employment terminates after the end of the Scheduled Term (including any extensions thereof agreed to by you and the Company), the Company will pay (1) your Accrued Compensation, (2) your Earned Annual Incentive, if any, and (3) your Pro-Rata Annual Incentive for the Termination Year, and will provide you (4) your Other Benefits and (5) Modified Accelerated Vesting of your stock options. Except for the Modified Accelerated Vesting of your stock options, any Long-Term Equity Awards and any long-term performance compensation which are not vested on the termination of your employment will be forfeited upon the termination of your employment.
 - (h) *Benefits Bearing.* In no event shall any of the severance payments or benefits provided under this Section 6 be “benefits bearing.”
 - (i) *Clawback.* In the event you breach any of the terms in Sections 2, 5, 6 or 7 of the Eastman Kodak Company Employee’s Agreement, this Agreement or the release described in Section 6(j) below, in addition to and not in lieu of any other remedies that the Company may pursue against you, no further Severance Payments will be made to you pursuant to this Section 6 and you agree to immediately repay to the Company all moneys previously paid to you pursuant to this Section 6.
 - (j) *Timing.* The benefits provided in this Section 6 will begin at the end of your employment, and any cash payments owed to you under this Section 6 will be paid in one lump sum 65 days following your date of termination, except for Severance Payments, which will be made consistently with the Company’s normal payroll cycles and begin as soon as administratively practicable after your separation from service subject to Section 6(k). Notwithstanding the foregoing, any Severance Payments owed to you and any Continued Vesting of your Long Term Incentive Awards will only be provided if, at the time of your termination, you provide a release of any and all claims you may have against the Company (other than the rights and benefits provided in Section 5 and the other rights under this Agreement that continue following your employment) in a form reasonably provided by the Company such that you have taken all action necessary for such release to become effective and irrevocable no later than 65 days following your date of termination. The Termination Allowance Plan (“ TAP ”) provides broad-based severance benefits to eligible Company employees. You agree that if you become eligible for severance payments under this Agreement you will not be entitled to TAP benefits. Should a court nonetheless award you TAP benefits in such circumstances, you agree that the amount of severance payments will be reduced by such award and be immediately repaid to the Company.
 - (k) *Section 409A.* This Agreement is intended to comply with or be exempt from the requirements of Section 409A of the Code (“ Section 409A ”) with respect to amounts, if any, subject thereto and shall be interpreted, construed and performed consistent with such intent. To the extent you would otherwise be entitled to any payment that under this Agreement, or any plan or arrangement of the Company or its affiliates, constitutes
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“ deferred compensation ” subject to Section 409A, and that if paid during the six months beginning on the date of termination of your employment would be subject to the Section 409A additional tax because you are a “ specified employee ” (within the meaning of Section 409A and as determined by the Company), the payment, together with any earnings on it, will be paid to you on the earlier of the six-month anniversary of your date of termination or your death. Similarly, to the extent you would otherwise be entitled to any benefit (other than a payment) during the six months beginning on termination of your employment that would be subject to the Section 409A additional tax, the benefit will be delayed and will begin being provided (together, if applicable, with an adjustment to compensate you for the delay) on the earlier of the six-month anniversary of your date of termination or your death or change in control (within the meaning of Section 409A). In addition, any payment or benefit due upon a termination of your employment that represents “ deferred compensation ” subject to Section 409A shall be paid or provided to you only upon a “ separation from service ” as defined in Treas. Reg. § 1.409A-1(h). Each payment under this Agreement shall be deemed to be a separate payment for purposes of Section 409A, amounts payable under Sections 6(d)(1), 6(d)(2), 6(d)(3), 6(d)(4) and 6(d)(5) of this Agreement shall be deemed not to be “ deferred compensation ” subject to Section 409A to the extent provided in the exceptions in Treas. Reg. Sections 1.409A-1(b)(4) (“ short-term deferrals ”) and (b)(9) (“ separation pay plans, ” including the exception under subparagraph (iii)) and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6.

Notwithstanding anything to the contrary in this Agreement or elsewhere, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treas. Reg. Section 1.409A-1(b)(9)(v)(A) or (C) shall be paid or provided to you only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of your second taxable year following your taxable year in which the “ separation from service ” occurs; and *provided further* that such expenses are reimbursed no later than the last day of your third taxable year following the taxable year in which your “ separation from service ” occurs. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any life-time or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

7. Confidential Information

You acknowledge and agree that confidential information, including, without limitation, Company intellectual property, customer lists and other proprietary business information, obtained by you while employed by the Company or any of its subsidiaries concerning the business affairs of the Company or any subsidiary of the Company are the property of the

Company or such subsidiary (hereinafter, “ *Confidential Information* ”). Consequently, you agree that, except to the extent required by applicable law, statute, ordinance, rule, regulation or orders of courts or regulatory authorities, you shall not at any time (whether during or after your employment) disclose to any unauthorized person or use for your own account any Confidential Information without the prior written consent of the Company, unless and to the extent that the aforementioned matters are or become generally known to and available for use by the public other than as a result of your acts or omissions to act or as required by law.

Neither this Section 7 nor anything else in this Agreement (a) prohibits you from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions and rules of Section 21F of the Exchange Act, Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (b) requires notification or prior approval by the Company of any such report; provided that, you are not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Furthermore, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (2) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

You shall deliver to the Company at the termination of your employment, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) containing or constituting Confidential Information which you may then possess or have under your control.

8. On-going Restrictions on Your Activities

(a) Related Definitions.

1. “ *Competitive Enterprise* ” means any business enterprise that derives more than 20% of its revenue from any activity that competes anywhere with any activity that the Company is then engaged in and which activity generates more than 10% of the Company’s revenue.
 2. “ *Client* ” means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or employment by the Company.
 3. “ *Solicit* ” means any direct or indirect communication of any kind, regardless of who initiates it, that in any way invites, advises, encourages or requests any person to take or refrain from taking any action.
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(b) *Your Importance to the Company and the Effect of this Section 8* . You acknowledge that:

1. In the course of your involvement in the Company's activities, you will have access to Confidential Information and the Company's client base and will profit from the goodwill associated with the Company. On the other hand, in view of your access to Confidential Information and your importance to the Company, if you compete with the Company for some time after your employment, the Company will likely suffer significant harm. In return for the benefits you will receive from the Company and to induce the Company to enter into this Agreement, and in light of the potential harm you could cause the Company, you agree to the provisions of this Section 8. The Company would not have entered into this Agreement if you did not agree to this Section 8.
 2. This Section 8 may limit your ability to earn a livelihood in a Competitive Enterprise and your relationship with Clients. You acknowledge, however, that complying with this Section 8 will not result in severe economic hardship for you or your family.
- (c) *Transition Assistance*. During the 90 days after a Termination Notice has been given, you will take all actions the Company may reasonably request to maintain for the Company the business, goodwill and business relationships with any Clients.
- (d) *Non-Competition*. During the Scheduled Term and for a period of eighteen (18) months following such Scheduled Term you agree that you will not directly or indirectly engage in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), nor have any material ownership interest in or participate in the financing, operation, management or control of a Competitive Enterprise.
- (e) *Non-Solicitation of Clients*. Until the end of the 18 month period following the end of the Scheduled Term, period stated in your Schedule, you will not attempt to Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or interfere with or damage any relationship between the Company and a Client.
- (f) *Non-Solicitation of Company Employees*. Until the end of the 18 month period following the end of the Scheduled Term, you will not attempt to Solicit anyone who is then an employee or consultant of the Company (or who was an employee or consultant of the Company within the prior six months) to resign from or cease to provide services to the Company or to apply for or accept employment with any Competitive Enterprise.
- (g) *Notice to New Employers*. Before you accept employment with any other person or entity while this Section 8 is in effect, you will provide the prospective employer with written notice of the provisions of this Section 8 and will deliver a copy of the notice to the Company.
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9. Effect on Other Agreements ; Entire Agreement

This Agreement is the entire agreement between you and the Company with respect to the relationship contemplated by this Agreement and supersedes any earlier agreement, written or oral, with respect to the subject matter of this Agreement. In entering into this Agreement, no party has relied on or made any representation, warranty, inducement, promise or understanding that is not in this Agreement.

10. Successors

- (a) *Assignment by You.* You may not assign this Agreement without the Company's consent. Also, except as required by law, your right to receive payments or benefits under this Agreement may not be subject to execution, attachment, levy or similar process. Any attempt to effect any of the preceding in violation of this Section 10, whether voluntary or involuntary, will be void.
- (b) *Assumption by any Surviving Company.* Before the effectiveness of any merger, consolidation, statutory share exchange or similar transaction (including an exchange offer combined with a merger or consolidation) involving the Company (a "Reorganization") or any sale, lease or other disposition (including by way of a series of transactions or by way of merger, consolidation, stock sale or similar transaction involving one or more subsidiaries) of all or substantially all of the Company's consolidated assets (a "Sale"), the Company will cause (1) the Surviving Company to unconditionally assume this Agreement in writing and (2) a copy of the assumption to be provided to you. After the Reorganization or Sale, the Surviving Company will be treated for all purposes as the Company under this Agreement. The "Surviving Company" means (A) in a Reorganization, the entity resulting from the Reorganization or (B) in a Sale, the entity that has acquired all or substantially all of the assets of the Company.

11. General Provisions

- (a) *Withholding.* You and the Company will treat all payments to you under this Agreement as compensation for services. Accordingly, the Company may withhold from any payment any taxes that are required to be withheld under any law, rule or regulation.
 - (b) *Severability.* If any provision of this Agreement is found by any court of competent jurisdiction (or legally empowered agency) to be illegal, invalid or unenforceable for any reason, then (1) the provision will be amended automatically to the minimum extent necessary to cure the illegality or invalidity and permit enforcement and (2) the remainder of this Agreement will not be affected. In particular, if any provision of Section 8 is so found to violate law or be unenforceable because it applies for longer than a maximum permitted period or to greater than a maximum permitted area, it will be automatically amended to apply for the maximum permitted period and maximum permitted area.
 - (c) *No Set-off or Mitigation.* Your and the Company's respective obligations under this Agreement will not be affected by any set-off, counterclaim, recoupment or other right
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you or any member of the Company may have against each other or anyone else (except as this Agreement specifically states). You do not need to seek other employment or take any other action to mitigate any amounts owed to you under this Agreement, and those amounts will not be reduced if you do obtain other employment.

- (d) *Notices.* All notices, requests, demands and other communications under this Agreement must be in writing and will be deemed given (1) on the business day sent, when delivered by hand or facsimile transmission (with confirmation) during normal business hours, (2) on the business day after the business day sent, if delivered by a nationally recognized overnight courier or (3) on the third business day after the business day sent if delivered by registered or certified mail, return receipt requested, in each case to the following address or number (or to such other addresses or numbers as may be specified by notice that conforms to this Section 11(d)):

If to you, to the address stated on the first page of this Agreement.

If to the Company or any other member of the Company, to:

Eastman Kodak Company
343 State Street
Rochester, New York 14650
Attention: General Counsel

- (e) *Amendments and Waivers.* Any provision of this Agreement may be amended or waived but only if the amendment or waiver is in writing and signed, in the case of an amendment, by you and the Company or, in the case of a waiver, by the party that would have benefited from the provision waived. Except as this Agreement otherwise provides, no failure or delay by you or the Company to exercise any right or remedy under this Agreement will operate as a waiver, and no partial exercise of any right or remedy will preclude any further exercise.
- (f) *Jurisdiction; Choice of Forum; Costs.* You and the Company irrevocably submit to the exclusive jurisdiction of any state or federal court located in the County of New York over any controversy or claim arising out of or relating to or concerning this Agreement or any aspect of your employment with the Company (together, an “*Employment Matter*”). Both you and the Company (1) acknowledge that the forum stated in this Section 11(f) has a reasonable relation to this Agreement and to the relationship between you and the Company and that the submission to the forum will apply even if the forum chooses to apply non-forum law, (2) waive, to the extent permitted by law, any objection to personal jurisdiction or to the laying of venue of any action or proceeding covered by this Section 11(f) in the forum stated in this Section, (3) agree not to commence any such action or proceeding in any forum other than the forum stated in this Section 11(f) and (4) agree that, to the extent permitted by law, a final and non-appealable judgment in any such action or proceeding in any such court will be conclusive and binding on you and the Company. However, nothing in this Agreement precludes you or the Company from bringing any action or proceeding in any court for the purpose of enforcing the provisions of this Section 11(f). To the extent permitted by law, the Company will pay or reimburse
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any reasonable expenses, including reasonable attorney ' s fees, you incur as a result of any Employment Matter.

- (g) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that State.
- (h) *Counterparts.* This Agreement may be executed in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

EASTMAN KODAK COMPANY

By: /s/ James V. Continenza
Name: James V. Continenza
Title: Chairman of the Board

EXECUTIVE

/s/ Jeffery J. Clarke
Jeffrey J. Clarke

[Signature page to Amended and Restated Employment Agreement effective March 12, 2017.]

JEFFREY J. CLARKE

AMENDED AND RESTATED EMPLOYMENT AGREEMENT EFFECTIVE MARCH 12, 2017
TERMS SCHEDULE

<i>Position</i>	Chief Executive Officer, Eastman Kodak Company
<i>Base Salary</i>	<u>\$1,000,000</u>
<i>Annual Cash Performance Incentive under Company's Executive Compensation for Excellence and Leadership (EXCEL) Plan¹ (or successor plan thereto)</i>	The target level for your Annual Incentive will be <u>100%</u> of your Base Salary. The maximum payout under the EXCEL Plan is 200%. Total Target Cash Compensation is <u>\$2,000,000</u> .
<i>Long-Term Incentive Compensation</i>	<u>\$1,000,000</u> in Stock Options will be granted on or shortly after the date on which the Agreement is entered into. You will also be granted \$1,000,000 in Stock Options on or shortly after each of the first and second anniversary of the Effective Date. The strike price on the Stock Options will be the greater of (i) the NYSE closing price of the Company's common stock on the grant date, and (ii) \$15.00. Each Stock Option grant will vest over a three-year period (33.3% vests each year.) Total Direct Compensation is <u>\$3,000,000</u> (Total Target Cash plus Annual Equity Awards).
<i>Contingent Cash Award</i>	<u>Up to \$3,000,000</u> predicated on the achievement by the Company of three-year cumulative cash flow targets over the period from January 1, 2017 through December 31, 2019. ²
<i>Severance Multiplier</i>	2X Base Salary
<i>Change of Control</i>	In the case of a Change of Control event followed by an involuntary termination ³ within two years following the Change of Control, severance would be paid after the 409A waiting period.

¹ EXCEL Plan performance metrics are determined annually by the Executive Compensation Committee

² Contingent Cash Award performance metrics are to be determined by the Executive Compensation Committee

³ Leaving Reasons and associated eligibility are reviewed and approved by the Executive Compensation Committee

<i>Standard Benefits</i>	Retirement – Cash Balance (401(k)) Program Flexible Benefits Program: <ul style="list-style-type: none">• Medical and Dental• Flexible Spending Accounts• Life Insurance and Dependent Life Insurance• Accidental Death and Dismemberment Insurance• Long-Term Disability
<i>Outside Board Service</i>	You may serve on up to two outside for-profit boards.



Exhibit 1 of Prior Agreement
(Terms of Eastman Kodak Company Employee's Agreement)

EASTMAN KODAK COMPANY
EMPLOYEE'S AGREEMENT

PREAMBLE

Eastman Kodak Company and its affiliates and subsidiaries (hereinafter collectively called "Kodak") operate in very competitive environments around the world. As part of your employment, you may from time to time have access to confidential and proprietary company information. This Employee's Agreement governs certain understandings between Kodak and you regarding your work for Kodak, its confidential and proprietary information, and your responsibilities to Kodak including, but not limited to, nondisclosure of Kodak's confidential and proprietary information (as defined in paragraph 1 below), assignment of rights, improper competition (as applicable), and nonsolicitation.

BACKGROUND

I understand that Kodak is engaged in the research, development, manufacture, use, marketing and sale of and services related to equipment, materials (including, but not limited to, photographic and other imaging media), software, firmware, components, web applications, multimedia data including, but not limited to, audio information, hardcopy information, digital information (including but not limited to metadata), chemicals, and systems including any of the foregoing (collectively, "Kodak Business"). I also understand that, in connection with the Kodak Business, I will be exposed to and may generate information including, but not limited to, technical, marketing, accounting, cost, sales, medical, personnel data, customer lists, vendor lists, production procedures, administrative and service information (hereinafter collectively "Kodak Proprietary Information"). I further understand that Kodak requires its employees to assign to it all right, title and interest in and to all worldwide inventions, discoveries, improvements, patents, trade secrets, trademarks, mask works, any and all other copyrightable subject matter, and any application for any of the foregoing (hereinafter separately and collectively called "Rights") within or arising out of any field of employment in which they work during their employment by Kodak and for a period of time after termination of employment from Kodak as described more fully below, and that this Agreement is essential for the full protection of the Kodak Business.

Therefore, in consideration of my employment by Kodak and of certain other benefits to be received by me in connection with such employment, it is understood and agreed as follows:

1. Nondisclosure

During my employment by Kodak, and thereafter, I will not disclose to any person or entity or make use of any Kodak Proprietary Information, trade secret, or other information of a confidential nature regarding the Kodak Business or the commercial,

financial, technical or business affairs of Kodak, including such trade secret, proprietary or confidential information of any customer or other entity to which Kodak owes an obligation not to disclose such information, which I acquire during my employment by Kodak, including but not limited to records kept in the ordinary course of business (hereinafter collectively called "Kodak Confidential Information"), except as such disclosure or use may be required in connection with my work as an employee of Kodak. I understand that this restriction prohibits disclosure to Kodak affiliates and subsidiaries in which Kodak owns less than 80% of the stock, unless I receive written authorization for specific disclosures from my management.

2. Assignment of Rights

- 2.1 I hereby sell, assign and transfer to Kodak all of my right, title and interest in and to all Rights that, during my employment by Kodak and within two (2) years following termination of my employment from Kodak, are made or conceived by me, alone or with others, that (i) are within or arise out of any general field of the Kodak Business in which I have been employed or have worked during my employment by Kodak; or (ii) arise out of any work I perform or information I received regarding the Kodak Business which I received while employed by Kodak; or (iii) arise from work that Kodak authorizes me to perform for or on behalf of any person or entity affiliated with Kodak.
- 2.2 While employed in California, no employee will be required to make an assignment of any invention to the extent prohibited by California Labor Code §2870(a) (a copy of which will be made available to any employee upon request).
- 2.3 I will fully disclose to Kodak as promptly as available all information known or possessed by me concerning the Rights referred to in the preceding section 2.1, and upon request by Kodak and without any further remuneration in any form to me by Kodak, but at the expense of Kodak, execute all applications for patents and for copyright registrations, assignments thereof and other instruments and do all things which Kodak deems necessary to vest and maintain in it the entire right, title and interest in and to all such Rights.

3. Improper Competition

- 3.1 The restrictions contained in this section 3 will apply during my employment by Kodak and continue after the termination of my employment for any reason (whether voluntary or involuntary or with or without cause) for a period equal to the total number of months I was employed by Kodak, whether continuously or not, but not for fewer than six (6) months nor more than eighteen (18) months after such termination (the "Post Employment Period").
 - 3.2 During the period described in section 3.1 following termination of my employment by Kodak, I will, prior to accepting employment with a Competing Business (as defined in section 3.3), inform that Competing Business of the existence of this Agreement and provide a copy to that Competing Business.
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- 3.3 While employed by Kodak and during the Post-Employment Period, I will not work, be employed by, consult, advise, assist or engage in any business or activity that: (a) competes with any area of the Kodak Business in or with which I worked at Kodak (a "Competing Business") during the two (2) years immediately preceding termination of my Kodak employment; and (b) involves subject matter(s) about which I gained Kodak Confidential Information during the two (2) years immediately preceding termination of my Kodak employment. Prior to accepting employment, working, consulting, advising or assisting in or with any Competing Business, I agree to: (a) provide such Competing Business with a copy of this Agreement; (b) advise my Kodak supervisor or an appropriate Kodak Human Resources representative of my intent to accept such position; and (c) at Kodak's request, to provide information and/or facilitate Kodak's communication with such Competing Business concerning the nature, scope and responsibilities of such position.
- 3.4 During the Post-Employment Period, the restrictions of section 3.3 will apply only to my work or activities within the relevant geographic area(s) or with the accounts, as defined in this section.
- 3.4.1 If I was employed by Kodak in a sales or service job immediately prior to the termination of my employment, and if my responsibilities were confined to specific territories, accounts, or regions, then the restrictions will apply to: (a) any and all sales or service territories, or regions in which I worked within the two (2) years prior to termination of my employment and, (b) the then existing accounts and prospective accounts of Kodak with which I worked within the two (2) years immediately preceding termination of my employment with Kodak.
- 3.4.2 If, immediately prior to the termination of my Kodak employment: (a) I was employed by Kodak in a sales or service job and my responsibilities were not confined to specific territories, accounts or regions, or (b) if I was employed by Kodak in any other capacity, then the relevant geographic area(s) will consist of the United States and any other country to which my responsibilities extended, unless a narrower geographic area would be sufficient to protect from disclosure the Kodak Confidential Information of which I have knowledge.
- 3.4.3 I understand and agree that the foregoing geographic restrictions are necessary in light of the international scope of the Kodak Business and the business of Kodak's competitors, and that the disclosure or use anywhere of Kodak Confidential Information to or for the benefit of a Competing Business would irreparably harm Kodak.
- 3.4.4 If during the Post-Employment Period, this Agreement prohibits me from accepting an offer of full-time employment consistent with my skills, abilities, and education solely because of the provisions of this section 3, and if I provide to Kodak proof of such offer and rejection, the provisions of this section 3 shall thereafter continue to bind me only as long as Kodak
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pays me, for each month in which I am unable to secure a position consistent with my skills, abilities, and education, an amount equal to 1/12th of my annual total target compensation at the time of termination (exclusive of employee benefits, non-recurring bonuses, vacation pay and/or other special compensation), less any severance, separation or termination benefits or the like that I am entitled to receive from Kodak for the same pay period, and less any compensation I receive during the same period in the form of unemployment insurance or in exchange for any employment, consulting or other work I have undertaken. Any such payments will also be less all amounts that Kodak is required by law to withhold. Notwithstanding anything in this Agreement to the contrary, I understand that if Kodak declines or ceases to make one or more payments to me due to my failure to comply with the restrictions and obligations I have agreed to under the terms of this Agreement, or for any of the reasons enumerated in Section 3.4.6 below, I will not be excused from, and will continue to be subject to, all of the restrictions and obligations set forth in this section 3.

- 3.4.5 In return for any payments made by Kodak under section 3.4.4, I agree to make conscientious, aggressive and continuing efforts to find other employment or income consistent with my skills, abilities and education but not prohibited by this section 3. Within seven (7) days of Kodak's request, I will provide documentation satisfactory to Kodak of my efforts to obtain employment or income, all employment, contracting, or consulting offers I have received during the Post-Employment Period, the amount of any income received from employment (including self-employment), contracting, consulting, or any other work performed by me, and the identity of the employer offering employment, or other entity requesting contracting or consulting services or other work, and any other information or documents reasonably necessary for Kodak to verify my income and employment status.
- 3.4.6 Kodak, at its option and sole discretion, may decline to make post-employment compensation payments:
- (1) for any month during which I, in the reasonable determination of Kodak, have not conscientiously sought employment, or
 - (2) for any month during which I have failed to provide documentation requested by Kodak, as provided for above, or
 - (3) if I breach this Agreement or any other post-employment obligations I may owe Kodak; or
 - (4) if I reject an offer of employment that Kodak does not deem to be in violation of section 3.3 above; or
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- (5) by giving me written permission to accept available employment or by giving me a written release from some or all of the obligations of section 3 of this Agreement (in which case, the terms of such release shall govern my obligations for the remainder of the Post-Employment Period); or
- (6) if I am terminated from Kodak or any subsequent employment, contracting, or consulting engagement “for cause,” which as defined herein includes, but is not limited to, the following:
 - neglect of duties, failure to follow policies or supervisor’s directives, or insubordination;
 - dishonesty, deception, fraud, or breach of trust or loyalty in connection with the affairs of an employer;
 - conviction of any felony, gross misdemeanor, or misdemeanor, other than a minor traffic offense;
 - any act or omission in the scope of employment that places an employer in violation of any applicable law or regulation; or
 - breach of any of the material terms or conditions contained in this Agreement.

3.5 I understand that this section 3 will not be effective at any time during which I am employed by Kodak in the State of California.

4. Nonsolicitation

During my Kodak employment and for a period of one (1) year after termination of my employment for any reason (whether voluntarily or involuntarily or with or without cause), I will not, directly or indirectly, either for myself or for the benefit of any other person or entity: (i) induce or attempt to induce any employee of Kodak to leave the employ of Kodak, (ii) in any way interfere with the relationships between Kodak and any employee of Kodak, (iii) employ or otherwise engage as an employee, independent contractor or otherwise, any person who has been an employee of Kodak during the six months immediately preceding such employment or (iv) solicit, entice, call upon or in any way for the purpose of diverting or taking away or attempting to divert or take away any of Kodak’s customers and suppliers to do business with a Competing Business.

5. Return of Property

I agree that, upon termination of my employment for any reason (whether voluntary or involuntary or with or without cause), I will immediately return to Kodak, (i) all Kodak Confidential Information in any form (including without limitation printed, handwritten, and electronically-stored materials or information), together with all copies, thereof,

within my possession, custody or control and; (ii) all other Kodak property in my possession, custody or control, including, but not limited to, office keys, identification badges or passes, Kodak credit cards, automobiles, computer equipment and software (“Kodak Property”). Under no circumstances will I deliver or give such Kodak Confidential Information or Kodak Property to any person or entity without Kodak management’s advance written permission and, upon Kodak’s request, I will verify that I have not done so.

6. At-Will Employment

I understand that, regardless of any statement made to me or contained in any handbook, policy statement, or other document, my employment will be “at-will”. That is, I will be free to terminate my employment at any time, for any reason, and Kodak is free to do the same. No other agreement relating to this issue will be effective unless it is contained in a written agreement which: (1) mentions me by name; (2) references this Agreement by name and date; (3) specifically acknowledges that it is intended to amend this Agreement; and (4) is signed by a Kodak corporate officer and me.

7. Business Conduct

I understand that Kodak is an ethical company and that I am required to adhere to Kodak’s policies and procedures regarding ethical business practices, including but not limited to, Kodak’s conflict of interest policy and policies concerning the protection of Kodak Confidential Information. I understand that my failure to do so constitutes a breach of this Agreement.

8. Miscellaneous.

- 8.1 I agree that Kodak has provided me with valuable consideration for accepting the terms and conditions set forth in this Agreement, including those set forth in section 3. Among other things, that consideration includes my employment and/or continued employment and certain benefits to be received by me in connection with such employment, some of which may be conditioned upon a validly executed Employee’s Agreement.
 - 8.2 This Agreement replaces any and all previous agreements relating to the same or similar matters that I may have entered into with Kodak with respect to my present or any future period of employment by Kodak. Further, the terms of this Agreement shall inure to the benefit of the successors and assigns of Kodak and shall be binding upon my heirs, assigns, administrators and representatives. No oral agreement, statement or representation shall be effective to alter the terms of this Agreement.
 - 8.3 I understand and agree that a breach of the provisions of this Agreement will cause Kodak irreparable injury that may not be compensable by receipt of money damages. I, therefore, expressly agree that Kodak shall be entitled, in addition to any other remedies legally available, to injunctive and/or other equitable relief, including but not limited to temporary, preliminary and/or permanent injunctive
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relief, to prevent or remedy a breach of this Agreement, or any part hereof, and to payment of reasonable attorneys fees it incurs in enforcing this Agreement.

- 8.4 If any one or more of the provisions of this Agreement shall be found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If any one or more of the provisions of this Agreement is for any reason held unacceptably broad, it shall be construed or rewritten (blue-lined) so as to be enforceable to the extent of the greatest protection to Kodak under existing law.
- 8.5 All titles or headings in this agreement are for convenience only and shall not affect the meaning of any provision herein.
- 8.6 THIS AGREEMENT IS ENTERED INTO IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO PRINCIPALS OF CONFLICT OF LAWS. I UNDERSTAND AND AGREE THAT ANY ACTION OR PROCEEDING UNDER, IN CONNECTION WITH OR RELATING TO, THIS AGREEMENT SHALL BE BROUGHT IN AND ADJUDICATED BY THE UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF NEW YORK IN ROCHESTER, NEW YORK, UNLESS THERE IS NO BASIS FOR FEDERAL JURISDICTION, IN WHICH CASE SUCH ACTION OR PROCEEDING SHALL BE BROUGHT IN AND ADJUDICATED BY THE STATE OF NEW YORK, SUPREME COURT, COUNTY OF MONROE.

Dated _____, 201__

Signature of Employee

Global I.D.

Employee Name (Print or Type)

Address

Eastman Kodak Company
Administrative Guide for the 2017 Performance Period
under the
Executive Compensation for Excellence and Leadership (EXCEL) Plan

ARTICLE 1. INTRODUCTION

1.1 Background

Under Article 4 of the Executive Compensation for Excellence and Leadership Plan (the "Plan"), the Executive Compensation Committee (the "Committee") has exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

1.2 Purpose

This Administrative Guide governs the Committee's grant of Awards for the Plan's 2017 Performance Period. Unless otherwise noted in this Administrative Guide or determined by the Committee, the terms of the Plan shall apply to Awards granted under the Plan.

ARTICLE 2. DEFINITIONS

Any defined term used in this Administrative Guide, other than those specifically defined in this Administrative Guide, will have the same meaning as that given to it under the terms of the Plan.

2.1 Form 10-K Filing Date

The term "Form 10-K Filing Date" means the date that the Company files with the Securities and Exchange Commission its Form 10-K for the period ending December 31, 2017.

2.2 Performance Gates

The term "Performance Gate" means a performance condition which must be achieved for performance against the Plan's Performance Goal(s) to be considered. Failure to achieve a Performance Gate prevents the funding of any Award Pool regardless of performance against the Performance Goal(s).

2.3 Performance Goal(s)

Definitions of the Performance Goal(s) are listed in Appendix A.

2.4 Performance Period

"Performance Period" means the 2017 Performance Period that coincides with Kodak's 2017 fiscal year.

ARTICLE 3. ELIGIBILITY

Only Executives who are Officers under Section 16 of the Exchange Act shall be Participants in the Plan under this Administrative Guide for the 2017 Performance Period.

Awards will be calculated using the base salary and target EXCEL percentage as of December 31 of the Performance Period.

Unless the Committee provides otherwise, an Executive who becomes a Participant due to a job change or promotion during the Performance Period will become a Participant effective on the date of his or her appointment to the new job and will be eligible for a pro-rata Award based on the number of days of participation in EXCEL during the Performance Period.

The amount of any pro-rata Award under the Plan as referenced above will be calculated by multiplying the earned Award by a percentage, the numerator of which is the number of days in the Performance Period during which the executive is a Participant in EXCEL and the denominator of which is 365 days.

Designation of an executive as a Participant for the 2017 Performance Period will not in any manner entitle the Participant to receive payment of an Award for the 2017 Performance Period. The determination as to whether such Participant becomes entitled to payment of an Award for the 2017 Performance Period will be decided solely in accordance with the terms of this Administrative Guide and the Plan.

Subject to applicable local laws, regulations and processes, to be eligible for and to receive an Award, all eligible Participants must have signed an Employee Agreement in a form acceptable to the Chief Human Resources Officer, Eastman Kodak Company. Any Participant who fails to sign such an Employee Agreement on or prior to the Award Payment Date(s) will not receive an Award.

ARTICLE 4. AWARD DESCRIPTION

4.1 Terms of Awards

Any Award granted by the Committee under this Administrative Guide will be subject to the terms, conditions, restrictions and limitations contained in this Administrative Guide as well as those contained in the Plan.

4.2 Form of Awards

Any Awards payable for the 2017 Performance Period will be paid on the Award Payment Date(s) determined by the Company, in cash, Common Stock or other property, or any combination thereof, as determined by the Committee. To the extent an Award is paid in Common Stock, such Common Stock will be issued under the Eastman Kodak Company 2013 Omnibus Incentive Compensation Plan (or any applicable successor plan thereto).

ARTICLE 5. AWARD DETERMINATION

5.1 Calculation of Award Pool

Provided that the Performance Gate(s) have been achieved, the percentage derived from the Performance Goal(s) will be multiplied by the aggregate Target Award to determine the Award Pool for the 2017 Performance Period.

5.2 Performance Goal(s) and Performance Gate (s)

The Performance Goal(s) and Performance Gate(s) for the 2017 Performance Period are attached in Appendix A.

Results between the dollar amounts for the Performance Goal(s) shown will be interpolated to derive a Performance Percentage for the Performance Period. The Performance Goal(s) are subject to a maximum payout limit of 200%, although, in the discretion of the CEO and subject to the terms of the Plan, individual Awards may exceed this maximum for any Participant.

5.3 Allocation of Award Pool to Participants

Subject to the Committee's authority to exercise Negative Discretion with regard to the amount of the Award Pool allocated to any Participant for the 2017 Performance Period, each Participant will be allocated an Award no greater than the lesser of: (i) 10% of the Award Pool; or (ii) 500% of his or her annual base salary on December 31, 2016 (or if the Executive was not employed by the Company on such date, 500% of his or her base salary upon hire following December 31, 2016); or (iii) \$5,000,000.

Solely for purposes of this Section 5.3, the "Award Pool" will be determined by using the definition of "Aggregate Target Award" as set forth in this Section 5.3.

For purposes of this Section 5.3, "Aggregate Target Award" means the sum of the Target Award amounts on March 21, 2017 for all Participants eligible to participate in the Plan on March 21, 2017.

5.4 Certification

Following the completion of the Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goal(s) and Performance Gate(s) for the Performance Period have been achieved. If the Committee certifies that the Performance Gate(s) and minimum Performance Goal(s) have been achieved, it shall also calculate and certify in writing the Applicable Performance Percentage. By applying the Performance Formula, the Committee shall then determine and certify the total allocation that has been earned for the Performance Period. The Committee may, through the use of discretion, increase or reduce the amount that would otherwise be certified by application of the Performance Formula, if, in its sole judgment, such increase or reduction is appropriate.

ARTICLE 6. PAYMENT OF AWARDS

6.1 Continued Employment

Except as otherwise provided by this Article 6, to be eligible to be considered for an Award for the 2017 Performance Period, a Participant must be actively employed by the Company on the Form 10-K Filing Date.

6.2 Termination During the Performance Period

In the event a Participant's employment is terminated during the 2017 Performance Period, whether by the Company or the Participant, for any reason (including, but not limited to the

Participant's death or Disability) other than as part of a divestiture by the Company , the Participant will not be eligible to be considered for a n Award for the 2017 Performance Period.

If the termination during the 2017 Performance Period is part of a divestiture by the Company, the Participant will be eligible to be considered for a pro-rata Award paid by the Company based on the number of days of participation in EXCEL during the Performance Period before the date of the divestiture only if the successor company has not agreed to accept liability for the Award. The amount of any pro-rata Award will be calculated as described in Article 3 above.

6.3 Termination After Performance Period and Prior to Form 10-K Filing Date

In the event that a Participant is terminated by the Company for Cause after the end of the Performance Period, but before the Form 10-K Filing Date, the Participant will not be eligible to be considered for an Award for the Performance Period.

In the event that a Participant is terminated by the Company after the end of the Performance Period and prior to the Form 10-K Filing Date for any reason other than Cause, the Participant will be eligible to be considered for an Award for the Performance Period, based on certification by the Committee as set forth in Section 5.4 and subsequent management discretion with respect to the Participant's performance in the Performance Period. If the termination is part of a divestiture by the Company, the Participant will be eligible to be considered for an Award paid by the Company only if the successor company has not agreed to accept liability for the Award.

In the event that a Participant voluntarily terminates his or her employment with the Company after the end of the Performance Period and prior to the Form 10-K Filing Date for any reason other than the death or Disability of the Participant, the Participant will not be eligible to be considered for an Award for the Performance Period.

In the event of the death or Disability of a Participant after the end of the Performance Period and prior to the Form 10-K Filing Date, the Participant will be eligible to be considered for an Award for the Performance Period, based on certification by the Committee as set forth in Section 5.4 and subject to subsequent management discretion with respect to the Participant's performance in the Performance Period.

6.4 Forfeiture

If, at any time, a Participant breaches his or her Employee Agreement or performs any act or engages in any activity which the CEO, in the case of all Participants other than the CEO, or the Committee, in the case of the CEO, determines is inimical to the best interests of Kodak, the Participant will forfeit all of his or her Awards under the Plan.

ARTICLE 7. ADMINISTRATION

This Administrative Guide shall be administered by the Committee. The Committee is authorized to interpret, construe and implement the Administrative Guide, to prescribe, amend and rescind rules and regulations relating to it, and to make all other determinations necessary, appropriate or advisable for its administration. Any determination by the Committee in carrying out, administering or construing this Administrative Guide will be final and binding for all purposes and upon all interested persons and their heirs, successors, and personal representatives.

ARTICLE 8. MISCELLANEOUS

8.1. Termination/Amendment

The Committee may amend, suspend or terminate this Administrative Guide in whole or in part at any time and for any reason, with or without prior notice. In addition, the Committee, or any person to whom the Committee has delegated the requisite authority, may, at any time and from time to time, amend this Administrative Guide in any manner and for any reason.

8.2 Section 409A Compliance

Notwithstanding Section 10.9 of the Plan, the Awards described in this Administrative Guide for the Performance Period are intended to comply with Section 409A of the Code to the extent such arrangements are subject to that law, and the Plan and this Administrative Guide shall be interpreted and administered accordingly.

8.3 Participant 's Rights Unsecured

The amounts payable under this Administrative Guide will be unfunded, and the right of any Participant or his or her estate to receive payment under this Administrative Guide will be an unsecured claim against the general assets of the Company.

8.4 No Guarantee of Tax Consequences

No person connected with this Administrative Guide in any capacity, including, but not limited to, the Company and its directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts deferred under this Administrative Guide, or paid to or for the benefit of a Participant under this Administrative Guide, or that such tax treatment will apply to or be available to a Participant on account of participation in this Administrative Guide.

* * * * *

CERTIFICATION

I, Jeffrey J. Clarke, certify that:

- 1) I have reviewed this Form 10-Q;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Jeffrey J. Clarke
Jeffrey J. Clarke
Chief Executive Officer

Date: May 9, 2017

CERTIFICATION

I, David E. Bullwinkle, certify that:

- 1) I have reviewed this Form 10-Q;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/David E. Bullwinkle
David E. Bullwinkle
Chief Financial Officer

Date: May 9, 2017

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Eastman Kodak Company (the "Company") on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey J. Clarke, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Jeffrey J. Clarke
Jeffrey J. Clarke
Chief Executive Officer

Date: May 9, 2017

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Eastman Kodak Company (the "Company") on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David E. Bullwinkle, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/David E. Bullwinkle
David E. Bullwinkle
Chief Financial Officer

Date: May 9, 2017