

**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, 2014**

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number 1-87

EASTMAN KODAK COMPANY
(Exact name of registrant as specified in its charter)

NEW JERSEY
(State of incorporation)

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

16-0417150
(IRS Employer Identification No.)

14650
(Zip Code)

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

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 checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each Class	Number of Shares Outstanding at May 1, 2014
Common Stock, \$0.01 par value	41,681,642

EASTMAN KODAK COMPANY
Form 10-Q
March 31, 2014

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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)

	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Revenues		
Sales	\$ 387	\$ 489
Services	95	105
Total revenues	482	594
Cost of revenues		
Sales	322	361
Services	74	84
Total cost of revenues	396	445
Gross profit	86	149
Selling, general and administrative expenses	87	118
Research and development costs	27	25
Restructuring costs and other	13	11
Other operating income, net	-	(494)
(Loss) earnings from continuing operations before interest expense, other income (charges), net, reorganization items, net and income taxes	(41)	489
Interest expense	16	24
Loss on early extinguishment of debt	-	6
Other income (charges), net	2	(8)
Reorganization items, net	5	120
(Loss) earnings from continuing operations before income taxes	(60)	331
(Benefit) provision for income taxes	(7)	7
(Loss) earnings from continuing operations	(53)	324
Earnings (loss) from discontinued operations, net of income taxes	19	(41)
Net (loss) earnings	(34)	283
Less: Net income attributable to noncontrolling interests	2	-
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (36)	\$ 283
Basic and diluted net (loss) earnings per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ (1.32)	\$ 1.19
Discontinued operations	0.46	(0.15)
Total	\$ (0.86)	\$ 1.04
Number of common shares used in basic and diluted net (loss) earnings per share	41.7	272.5

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

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

(in millions)

	Three Months Ended	
	March 31,	
	Successor	Predecessor
	2014	2013
NET (LOSS) EARNINGS	\$ (34)	\$ 283
Other comprehensive (loss) income, net of tax:		
Currency translation adjustments	1	31
Pension and other postretirement benefit plan obligation activity, net of tax of \$0 and \$7 for the three months ended March 31, 2014 and 2013, respectively	-	41
Total comprehensive (loss) income, net of tax	(33)	355
Less: comprehensive income attributable to noncontrolling interest	2	-
COMPREHENSIVE (LOSS) INCOME, NET OF TAX ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (35)	\$ 355

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(in millions)

	As of March 31, 2014	As of December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 809	\$ 844
Receivables, net	486	571
Inventories, net	399	358
Deferred income taxes	53	48
Assets held for sale	109	95
Other current assets	82	55
Total current assets	1,938	1,971
Property, plant and equipment, net of accumulated depreciation of \$116 and \$67, respectively	643	684
Goodwill	96	88
Intangible assets, net of accumulated amortization of \$15 and \$8, respectively	212	219
Restricted cash	48	79
Deferred income taxes	44	54
Other long-term assets	101	105
TOTAL ASSETS	\$ 3,082	\$ 3,200
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable, trade	\$ 263	\$ 281
Current portion of long-term debt	4	4
Liabilities held for sale	38	38
Other current liabilities	534	562
Total current liabilities	839	885
Long-term debt, net of current portion	673	674
Pension and other postretirement liabilities	541	572
Other long-term liabilities	413	421
Total Liabilities	2,466	2,552
Commitments and Contingencies (Note 5)		
Equity		
Common stock, \$0.01 par value	-	-
Additional paid in capital	614	613
Accumulated deficit	(117)	(81)
Accumulated other comprehensive income	100	99
	597	631
Less: Treasury stock, at cost	(3)	(3)
Total Eastman Kodak Company shareholders' equity	594	628
Noncontrolling interests	22	20
Total equity	616	648
TOTAL LIABILITIES AND EQUITY	\$ 3,082	\$ 3,200

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,	
	Successor 2014	Predecessor 2013
Cash flows from operating activities:		
Net (loss) earnings	\$ (36)	\$ 283
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	56	41
Net gain on sales of businesses/assets	(21)	(569)
Loss on early extinguishment of debt	-	6
Non-cash restructuring costs, asset impairments and other charges	1	80
Non-cash reorganization items, net	-	62
Benefit for deferred income taxes	(10)	(14)
Decrease in receivables	90	65
(Increase) decrease in inventories	(41)	2
Decrease in liabilities excluding borrowings	(84)	(239)
Other items, net	1	24
Total adjustments	(8)	(542)
Net cash used in operating activities	(44)	(259)
Cash flows from investing activities:		
Additions to properties	(4)	(3)
Proceeds from sales of businesses/assets	14	534
Use of restricted cash	6	1
Marketable securities - sales	-	15
Marketable securities - purchases	-	(17)
Net cash provided by investing activities	16	530
Cash flows from financing activities:		
Repayment of emergence credit facilities	(1)	-
Proceeds from Junior DIP Credit Agreement	-	450
Repayment of term loans under Original Senior DIP Credit Agreement	-	(664)
Net cash used in financing activities	(1)	(214)
Effect of exchange rate changes on cash	(6)	(18)
Net (decrease) increase in cash and cash equivalents	(35)	39
Cash and cash equivalents, beginning of period	844	1,135
Cash and cash equivalents, end of period	\$ 809	\$ 1,174

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 financial statements should be read in conjunction with Kodak's Annual Report on Form 10-K for the year ended December 31, 2013.

Effective August 31, 2013, Kodak sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED-Rochester, LLC ("RED"), a variable interest entity ("VIE"). Kodak determined that it was the primary beneficiary of the VIE. Therefore, Kodak consolidates RED's assets, liabilities and results of operations. Consolidated assets and liabilities of RED are \$85 million and \$5 million, respectively, as of March 31, 2014 and \$85 million and \$3 million, respectively, as of December 31, 2013. RED's equity in those net assets as of March 31, 2014 and December 31, 2013 is \$21 million and \$18 million, respectively. The results of operations and cash flows of RED are immaterial to Kodak. RED's results of operations are reflected in net income attributable to noncontrolling interest in the accompanying Consolidated Statement of Operations.

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

Upon emergence from bankruptcy on September 3, 2013, Kodak applied the provisions of fresh start accounting which resulted in Kodak becoming a new entity for financial reporting purposes. Kodak applied fresh start accounting as of September 1, 2013. Accordingly, the consolidated financial statements on or after September 1, 2013 are not comparable to the consolidated financial statements prior to that date. References to "Successor" or "Successor Company" relate to the reorganized Kodak subsequent to September 3, 2013. References to "Predecessor" or "Predecessor Company" relate to Kodak prior to September 3, 2013.

Reclassifications and Adjustments

Certain amounts for prior periods have been reclassified to conform to the current period classification due to the presentation of discontinued operations and for a change in the segment measure of profitability.

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08 ("ASU 2014-08"), "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)." ASU 2014-08 defines a discontinued operation as a disposal of a component (or group of components) of an entity that was disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. A business activity that, upon acquisition, qualifies as held for sale will also be a discontinued operation. Presentation as a discontinued operation will no longer be precluded if there are operations and cash flows of the component that have not been eliminated from ongoing operations or if there is significant continuing involvement with the component. ASU 2014-08 introduces several new disclosures including disclosing cash flow information of discontinued operations either in the statement of cash flows or in a note, expanded disclosure when an entity retains a significant continuing involvement with a discontinued operation as well as for disposals of individually material components that do not qualify as discontinued operations. The amendments in the update are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014 (January 1, 2015 for Kodak) to new disposals and new classifications of disposal groups as held for sale after the effective date. Early adoption will be permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. Kodak does not expect the adoption of this guidance to have a material impact on its Consolidated Financial Statements.

NOTE 2: REORGANIZATION ITEMS, NET

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

(in millions)	Three Months Ended	
	March 31,	
	Successor	Predecessor
	2014	2013
Professional fees	\$ 5	\$ 58
Provision for expected allowed claims	-	62
Reorganization items, net	\$ 5	\$ 120
Cash payments for reorganization items	\$ 8	\$ 43

Costs directly attributable to the implementation of the plan of reorganization are reported as Reorganization items, net.

NOTE 3: RECEIVABLES, NET

(in millions)	As of	
	March 31, 2014	December 31, 2013
Trade receivables	\$ 396	\$ 473
Miscellaneous receivables	90	98
Total (net of allowances of \$7 and \$6 as of March 31, 2014 and December 31, 2013, respectively)	\$ 486	\$ 571

Approximately \$30 million and \$39 million of the total trade receivable amounts as of March 31, 2014 and December 31, 2013, 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)	As of	
	March 31, 2014	December 31, 2013
Finished goods	\$ 205	\$ 185
Work in process	100	94
Raw materials	94	79
Total	\$ 399	\$ 358

NOTE 5: COMMITMENTS AND CONTINGENCIES

Environmental

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

(in millions)	March 31, 2014	As of	December 31, 2013
Eastman Business Park site, Rochester, NY	\$ 49		\$ 49
Other current operating sites	8		8
Sites associated with former operations	12		13
Sites associated with the non-imaging health businesses sold in 1994	11		12
Total	<u>\$ 80</u>		<u>\$ 82</u>

These amounts are reported in Other long-term liabilities in the accompanying Consolidated Statement of Financial Position.

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

On June 17, 2013 the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, d/b/a Empire State Development entered into a settlement agreement, subsequently amended on August 6, 2013 (the "Amended EBP Settlement Agreement"). The Amended EBP Settlement Agreement includes a settlement of certain of the Company's historical environmental liabilities at EBP through the establishment of the \$49 million EBP Trust. Upon implementation of the Amended EBP Settlement Agreement, (i) the EBP Trust will be responsible for investigation and remediation at EBP arising from the Company's historical subsurface environmental liabilities in existence prior to the effective date of the EBP Settlement, (ii) the Company will fund the EBP Trust with a \$49 million payment and transfer of certain equipment and fixtures used for remediation at EBP, and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million. At emergence, approximately \$31 million was already held in a separate trust to support the environmental liabilities related to EBP, and an escrow account of \$18 million was established for the balance of the trust obligation. The Amended EBP Settlement Agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including a covenant not to sue from the U.S. Environmental Protection Agency ("EPA"). On March 12, 2014, the United States Department of Justice filed with the Bankruptcy Court a proposed settlement agreement between the Company and the EPA that contains a covenant not to sue from the EPA. The settlement agreement is subject to Bankruptcy Court approval. The deadline for implementation of the Amended EBP Settlement Agreement is May 15, 2014.

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

Other Commitments and Contingencies

As of March 31, 2014, the Company had outstanding letters of credit of \$125 million issued under the Asset Based Revolving Credit Agreement (the "ABL Credit Agreement"), as well as bank guarantees and letters of credit of \$8 million, surety bonds in the amount of \$22 million, and cash deposits of \$107 million, primarily to ensure the payment of possible casualty and workers' compensation claims, environmental liabilities at EBP as noted above, legal contingencies, rental payments, foreign exchange contracts and to support various customs, tax and trade activities. The cash deposits are recorded within Restricted cash and Other current assets in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in governmental assessments of indirect and other taxes in various stages of litigation, primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its position. 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, 2014, 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 \$40 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, 2014, Kodak has posted security composed of \$10 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately \$104 million. Generally, any encumbrances on the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

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

NOTE 6: GUARANTEES

Kodak guarantees debt and other obligations of certain customers. The debt and other obligations are primarily due to banks and leasing companies in connection with financing of customers' purchases of equipment and product from Kodak. At March 31, 2014, the maximum potential amount of future payments (undiscounted) that Kodak could be required to make under these customer-related guarantees was \$13 million. At March 31, 2014, the carrying amount of any liability related to these customer guarantees was not material.

The customer financing agreements and related guarantees, which mature between 2014 and 2019, typically have a term of 90 days for product and short-term equipment financing arrangements, and up to five years for long-term equipment financing arrangements. These guarantees would require payment from Kodak only in the event of default on payment by the respective customer. In some cases, particularly for guarantees related to equipment financing, Kodak has collateral or recourse provisions to recover and sell the equipment to reduce any losses that might be incurred in connection with the guarantees. However, any proceeds received from the liquidation of these assets would not cover the maximum potential loss under these guarantees.

EKC also guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed, and the outstanding amount for those guarantees, is \$80 million.

Warranty Costs

Kodak has warranty obligations in connection with the sale of its products and equipment. The original warranty period is generally one year or less. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. Kodak estimates its warranty cost at the point of sale for a given product based on historical failure rates and related costs to repair.

The change in Kodak's accrued warranty obligations balance, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Accrued warranty obligations as of December 31, 2013	\$ 13
Actual warranty experience during 2014	(5)
2014 warranty provisions	2
Accrued warranty obligations as of March 31, 2014	<u>\$ 10</u>

Kodak also offers its customers extended warranty arrangements that are generally one year, but may range from three months to three years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements from December 31, 2013 to March 31, 2014, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Deferred revenue on extended warranties as of December 31, 2013	\$ 30
New extended warranty and maintenance arrangements in 2014	51
Recognition of extended warranty and maintenance arrangement revenue in 2014	(52)
Deferred revenue on extended warranties as of March 31, 2014	<u>\$ 29</u>

NOTE 7: OTHER OPERATING INCOME, NET

(in millions)

	Three Months Ended March 31,	
	Successor 2014	Predecessor 2013
(Income) expenses:		
Gain on sale of digital imaging patent portfolio	\$ -	\$ (535)
Goodwill impairment ⁽¹⁾	-	77
Gain on sale of property in Mexico ⁽²⁾	-	(34)
Other	-	(2)
Total	<u>\$ -</u>	<u>\$ (494)</u>

⁽¹⁾ Kodak recorded an impairment charge of \$77 million related to the Intellectual Property and Brand Licensing reporting unit related to the sale of its digital imaging patents during the first quarter of 2013.

⁽²⁾ In March 2012, Kodak sold a property in Mexico for approximately \$41 million and leased back the property for a one-year term. The pre-tax gain on the property sale of approximately \$34 million was deferred due to Kodak's continuing involvement in the property for the remainder of the lease term. In March 2013, the deferred gain was recognized as the lease term expired.

NOTE 8: INCOME TAXES

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

(in millions)	Three Months Ended	
	March 31,	
	Successor	Predecessor
	2014	2013
(Loss) earnings from continuing operations before income taxes	\$ (60)	\$ 331
Effective tax rate	11.7%	2.1%
(Benefit) provision for income taxes	(7)	7
(Benefit) provision for income taxes @ 35%	(21)	116
Difference between tax at effective vs. statutory rate	14	(109)

For the three months ended March 31, 2014, the difference between the Company's recorded benefit 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. and certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (2) a benefit as a result of Kodak reaching a settlement with a taxing authority in a location outside the U.S. related to withholding taxes, and (3) a benefit associated with foreign withholding taxes on undistributed earnings.

For the three months ended March 31, 2013, 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 within the U.S. for which no provision was recognized offset by losses in certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized, (2) a provision associated with withholding taxes on the sale of intellectual property, (3) a benefit associated with the tax impact of the goodwill impairment recognized during the quarter and (4) changes in audit reserves.

NOTE 9: 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 three months of 2014 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included manufacturing capacity reductions in the U.S. and various targeted reductions in 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, 2014 were as follows:

(in millions)	Severance Reserve	Exit Costs Reserve	Long-lived Asset Impairments and Inventory Write-downs	Total
Balance as of December 31, 2013	\$ 26	\$ 8	\$ -	\$ 34
Q1 2014 charges - continuing operations	11	1	1	13
Q1 utilization/cash payments	(11)	(3)	(1)	(15)
Balance as of March 31, 2014	\$ 26	\$ 6	\$ -	\$ 32

For the three months ended March 31, 2014, the \$13 million of charges were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments and inventory write-downs represent non-cash items.

The severance costs related to the elimination of approximately 200 positions, including approximately 125 manufacturing/service positions, 25 research and development positions and 50 administrative positions. The geographic composition of these positions includes approximately 150 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 first half of 2014. 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 throughout 2014 and beyond.

NOTE 10: 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,		March 31,	
	Successor		Predecessor	
	2014		2013	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:				
Service cost	\$ 4	\$ 2	\$ 8	\$ 2
Interest cost	47	8	43	36
Expected return on plan assets	(77)	(10)	(87)	(40)
Amortization of:				
Prior service cost	-	-	-	1
Net actuarial loss	-	-	48	21
Net pension (income) expense	(26)	-	12	20
Other plans including unfunded plans	-	2	-	6
Total net pension (income) expense	\$ (26)	\$ 2	\$ 12	\$ 26

The net pension (income) expense reported above for the three months ended March 31, 2013 includes \$15 million which was reported as Discontinued operations.

Kodak made contributions (funded plans) or paid benefits (unfunded plans) totaling approximately \$1 million relating to its major U.S. and non-U.S. defined benefit pension plans for the three months ended March 31, 2014. Kodak forecasts its contribution (funded plans) and benefit payment (unfunded plans) requirements for its major U.S. and non-U.S. defined benefit pension plans for the balance of 2014 to be approximately \$12 million.

Postretirement benefit costs for the Company's U.S., Canada and U.K. postretirement benefit plans, which represent the Company's major postretirement plans, include:

(in millions)	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Service cost	\$ -	\$ -
Interest cost	1	1
Amortization of:		
Prior service credit	-	(29)
Net actuarial loss	-	2
Total net postretirement benefit expense (income)	\$ 1	\$ (26)

Kodak paid benefits, net of participant contributions, totaling less than \$1 million relating to its major postretirement benefit plans for the three months ended March 31, 2014. Kodak expects to pay benefits, net of participant contributions, of approximately \$8 million for these postretirement plans for the remainder of 2014.

NOTE 11: EARNINGS PER SHARE

Basic earnings per share computations are based on the weighted-average number of shares of common stock outstanding during the period. Weighted-average basic and diluted shares outstanding were 41.7 million and 272.5 million for the three months ended March 31, 2014 and 2013, respectively.

As a result of the net loss from continuing operations presented for the three months ended March 31, 2014, Kodak calculated diluted earnings per share using weighted-average basic shares outstanding for that period, as utilizing diluted shares would be anti-dilutive to loss per share. If Kodak had reported earnings from continuing operations for the three months ended March 31, 2014, the following potential shares of its common stock would have been dilutive in the computation of diluted earnings per share:

(in millions of shares)	Three Months Ended March 31, 2014
Unvested share-based awards	0.2
Detachable warrants to purchase common shares	1.9
Total	2.1

The computation of diluted earnings per share for the three months ended March 31, 2014 also excluded 0.1 million shares associated with the assumed conversion of outstanding employee stock options because the effects would have been anti-dilutive.

The Predecessor Company reported earnings from continuing operations for the quarter ended March 31, 2013. However, no additional shares of Kodak's common stock from unvested share-based awards were included in the computation of diluted earnings per share as they were all anti-dilutive. Potential shares of Kodak's common stock related to the assumed conversion of (1) approximately 7.6 million outstanding employee stock options, (2) approximately 40.0 million outstanding detachable warrants to purchase common shares, and (3) approximately \$400 million of convertible senior notes due 2017 were excluded from the computation of diluted earnings per share, as these securities were anti dilutive.

NOTE 12: 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, 2014 and December 31, 2013, there were 41.7 and 41.6 million shares of common stock and no shares of preferred stock issued and outstanding, respectively. Treasury stock consisted of approximately 0.2 million shares at both March 31, 2014 and December 31, 2013.

NOTE 13: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(in millions)	Three Months Ended March 31, 2014 (Successor)				
	Unrealized Gains (Losses) Related to Available-for-Sale Securities	Unrealized Gains (Losses) from Hedging Activity	Currency Translation Adjustments	Pension and Other Postretirement Benefit Plan Obligation Changes	Total
Beginning balance	\$ -	\$ -	\$ 1	\$ 98	\$ 99
Other comprehensive income before reclassifications	-	-	1	-	1
Amounts reclassified from accumulated other comprehensive income	-	-	-	-	-
Net current-period other comprehensive income	-	-	1	-	1
Ending balance	\$ -	\$ -	\$ 2	\$ 98	\$ 100

(in millions)	Three Months Ended March 31, 2013 (Predecessor)				
	Unrealized Gains (Losses) Related to Available-for-Sale Securities	Unrealized Gains (Losses) from Hedging Activity	Currency Translation Adjustments	Pension and Other Postretirement Benefit Plan Obligation Changes	Total
Beginning balance	\$ 1	\$ (2)	\$ 318	\$ (2,933)	\$ (2,616)
Other comprehensive income before reclassifications	-	-	31	1	32
Amounts reclassified from accumulated other comprehensive income	-	-	-	40	40
Net current-period other comprehensive income	-	-	31	41	72
Ending balance	\$ 1	\$ (2)	\$ 349	\$ (2,892)	\$ (2,544)

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

(in millions)	Three Months Ended		Affected Line Item in the Consolidated Statement of Operations
	March 31,		
	Successor 2014	Predecessor 2013	
	Amount Reclassified from Accumulated Other Comprehensive Income	Amount Reclassified from Accumulated Other Comprehensive Income	
Pension and other postretirement benefit obligation changes:			
Amortization of prior-service credit	\$ -	\$ (27) ^(a)	
Amortization of actuarial losses	-	71 ^(a)	
Recognition of losses due to settlements	-	3 ^(a)	
	-	47	Total before tax
	-	7	Tax provision
Reclassifications for the period	\$ -	\$ 40	Net of tax

^(a) See Note 10, "Retirement Plans and Other Postretirement Benefits," regarding the pensions and other postretirement plan obligation changes.

NOTE 14: SEGMENT INFORMATION

Current Segment Reporting Structure

Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The balance of Kodak's continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other. A description of the segments follows.

Graphics, Entertainment and Commercial Films: The Graphics, Entertainment and Commercial Films Segment encompasses Graphics, Entertainment Imaging & Commercial Films, and Kodak's intellectual property and brand licensing activities. Product and service offerings include: digital plates, computer to plate output devices, digital controllers, unified workflow solutions, and entertainment imaging and commercial films.

Digital Printing and Enterprise: The Digital Printing and Enterprise Segment encompasses Digital Printing, Packaging and Functional Printing, Enterprise Services & Solutions, and Consumer Inkjet Systems.

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

Segment financial information is shown below:

(in millions)	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Revenues from continuing operations:		
Graphics, Entertainment & Commercial Films	\$ 316	\$ 386
Digital Printing and Enterprise	166	197
All Other	-	11
Consolidated total	<u>\$ 482</u>	<u>\$ 594</u>

(in millions)	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Segment (loss) earnings and Consolidated (loss) earnings from continuing operations before income taxes		
Graphics, Entertainment and Commercial Films	\$ (30)	\$ 16
Digital Printing and Enterprise	(25)	(18)
Total of reportable segments	(55)	(2)
All Other	(3)	(2)
Restructuring costs and other	(13)	(13)
Corporate components of pension and OPEB income ⁽¹⁾	30	12
Other operating income, net	-	494
Loss on early extinguishment of debt, net	-	6
Interest expense	16	24
Other income (charges), net	2	(8)
Reorganization items, net	5	120
Consolidated (loss) earnings from continuing operations before income taxes	<u>\$ (60)</u>	<u>\$ 331</u>

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

NOTE 15: DISCONTINUED OPERATIONS

On April 26, 2013, Eastman Kodak Company, the KPP Trustees Limited ("KPP" or the "Trustee"), as trustee for the U.K. Pension Plan, and certain other Kodak entities entered into a global settlement agreement (the "Global Settlement") that resolved all liabilities of Kodak with respect to the U.K. Pension Plan. The Global Settlement also provided for the acquisition by KPP and/or its subsidiaries of certain assets, and the assumption by KPP and/or its subsidiaries of certain liabilities of Kodak's Personalized Imaging and Document Imaging businesses (together the "Business") under a Stock and Asset Purchase Agreement dated April 26, 2013 (the "SAPA"). On August 30, 2013, the Company entered into an agreement (the "Amended SAPA") amending and restating the SAPA.

Upon emergence from bankruptcy, as a part of the Global Settlement and pursuant to the Amended SAPA, Kodak consummated the sale of certain assets of the Business to KPP Holdco Limited ("KPP Holdco"), a wholly owned subsidiary of KPP, and certain direct and indirect subsidiaries of KPP Holdco (together with KPP Holdco, the "KPP Purchasing Parties"), for net cash consideration, in addition to the assumption by the KPP Purchasing Parties of certain liabilities of the Business, of \$325 million. Up to \$35 million in aggregate of the purchase price is subject to repayment to KPP if the Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. Certain assets and liabilities of the Business in certain jurisdictions were not transferred at the initial closing, which took place upon emergence, but are being transferred in a series of deferred closings in accordance with the Amended SAPA. Kodak is operating the Business relating to the deferred closing jurisdictions, subject to certain covenants, until the applicable deferred closing occurs, and delivers to (or receives from) a KPP subsidiary at each deferred closing a true-up payment reflecting the actual economic benefit (or detriment) to the Business in the applicable deferred closing jurisdiction(s) from the time of the initial closing through the time of the applicable deferred closing. Up to the time of the deferred closing, the results of the operations of the Business are reported as Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations and the assets and liabilities of the Business are categorized as Assets held for sale or Liabilities held for sale in the Consolidated Statement of Financial Position, as appropriate.

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

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

(in millions)	As of	
	March 31, 2014	December 31, 2013
Receivables, net	\$ 14	\$ 16
Inventories, net	78	62
Property, plant and equipment, net	10	10
Other assets	7	7
Assets held for sale	<u>\$ 109</u>	<u>\$ 95</u>
Trade payables	\$ 23	\$ 24
Miscellaneous payables and accruals	15	14
Liabilities held for sale	<u>\$ 38</u>	<u>\$ 38</u>

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

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

(in millions)	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Revenues from Personalized and Document Imaging	\$ 30	\$ 247
Revenues from other discontinued operations	1	11
Total revenues from discontinued operations	<u>\$ 31</u>	<u>\$ 258</u>
Pre-tax earnings (loss) from Personalized and Document Imaging	\$ 19	\$ (28)
Pre-tax earnings (loss) from other discontinued operations	1	(17)
(Provision) benefit for income taxes related to discontinued operations	(1)	4
Earnings (loss) from discontinued operations, net of income taxes	<u>\$ 19</u>	<u>\$ (41)</u>

Kodak was required to use a portion of the proceeds from the divestiture of the Business to repay \$200 million of the Junior Debtor-In-Possession Credit Agreement. Interest expense on the debt that was required to be repaid as a result of the sale of the Personalized Imaging and Document Imaging businesses has therefore been allocated to discontinued operations (\$0 million and \$5 million for the three months ended March 31, 2014 and 2013, respectively).

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

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

NOTE 16: FINANCIAL INSTRUMENTS

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

(in millions)		Value Of Items Recorded At Fair Value As of March 31, 2014			
		Total	Level 1	Level 2	Level 3
ASSETS					
Derivatives					
Short-term foreign exchange contracts	Receivables, net	\$ 2	\$ -	\$ 2	\$ -

LIABILITIES					
Derivatives					
Short-term foreign exchange contracts	Other current liabilities	1	-	1	-

(in millions)		Value Of Items Not Recorded At Fair Value As of March 31, 2014				
		Total	Level 1	Level 2	Level 3	
LIABILITIES						
Debt						
Short-term debt	Short-term borrowings and current portion of long-term debt	Carrying value	\$ 4	\$ -	\$ 4	\$ -
		Fair value	4	-	4	-
Long-term debt	Long-term debt, net of current portion	Carrying value	673	-	673	-
		Fair value	702	-	702	-

(in millions)		Value Of Items Recorded At Fair Value As of December 31, 2013			
		Total	Level 1	Level 2	Level 3
ASSETS					
Derivatives					
Short-term foreign exchange contracts	Receivables, net	\$ 1	\$ -	\$ 1	\$ -

LIABILITIES					
Derivatives					
Short-term foreign exchange contracts	Other current liabilities	3	-	3	-

(in millions)		Value Of Items Not Recorded At Fair Value As of December 31, 2013				
		Total	Level 1	Level 2	Level 3	
LIABILITIES						
Debt						
Short-term debt	Short-term borrowings and current portion of long-term debt	Carrying value	\$ 4	\$ -	\$ 4	\$ -
		Fair value	4	-	4	-
Long-term debt	Long-term debt, net of current portion	Carrying value	674	-	674	-
		Fair value	687	-	687	-

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

Fair Value

Fair values of Kodak's 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. 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, 2014.

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

Foreign Exchange

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

(in millions)	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Net loss	\$ (1)	\$ (3)

Derivative Financial Instruments

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

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'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, 2014 was not significant to Kodak.

In the event of a default under the Company's Senior Secured First Lien Term Credit Agreement, Senior Secured Second Lien Term Credit Agreement, the ABL Credit Agreement, or a default under any derivative contract or similar obligation of Kodak, subject to certain minimum thresholds, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty. At March 31, 2014, Kodak had open derivative contracts in liability positions with a total fair value of \$1 million.

Kodak had no derivatives designated as hedging instruments for the three months ended March 31, 2014 and 2013. The location and amounts of pre-tax gains and losses related to derivatives not designated as hedging instruments reported in the Consolidated Statement of Operations are shown in the following table:

Derivatives Not Designated as Hedging Instruments, Foreign Exchange Contracts

(in millions)

Location of Gain or (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative	
	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
Other income (charges), net	\$ 4	\$ 2

Foreign Currency Forward Contracts

Kodak's foreign currency forward contracts used to mitigate currency risk related to existing foreign currency denominated assets and liabilities are not designated as hedges, and are marked to market through net (loss) earnings at the same time that the exposed assets and liabilities are re-measured through net (loss) earnings (both in Other income (charges), net in the Consolidated Statement of Operations). The notional amount of such contracts open at March 31, 2014 was approximately \$438 million. The majority of the contracts of this type held by Kodak are denominated in euros.

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

OVERVIEW

Kodak is a technology company that provides commercial imaging products and services built on a foundation of materials science, digital imaging science, and deposition processes. Kodak's portfolio of products and services is designed to meet needs of customers in different sectors and cycles of the commercial imaging and printing markets, including prepress and digital printing, and functional and packaging printing. Kodak also offers brand licensing and intellectual property opportunities, and products and services in entertainment imaging (motion pictures) and other commercial films, and it maintains a presence in the sales of ink for its existing installed consumer inkjet printer base.

Revenue declined \$112 million (19%) compared to the prior year quarter. The year over year revenue declines were primarily due to Entertainment Imaging and Commercial Films, as a result of lower demand due to an acceleration of digital substitution, Consumer Inkjet Systems and in Intellectual Property and Brand Licensing due to a one-time agreement recorded in the prior year.

Kodak currently sells replacement ink cartridges for use by consumers in an existing installed base of Kodak consumer inkjet printers. Over time the size of the installed base of Kodak consumer inkjet printers will continue to decline. Sales of replacement ink cartridges will therefore decline as well.

Kodak is focused on managing the decline in its Entertainment Imaging and Commercial Films business and maximizing the return on its existing consumer inkjet printer installed base, while growing its commercial imaging business.

CURRENT KODAK OPERATING MODEL AND REPORTING STRUCTURE

Kodak has two reportable segments: the Graphics, Entertainment and Commercial Films Segment and the Digital Printing and Enterprise Segment. The balance of Kodak's continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other and are composed of Kodak's consumer film business and a utilities variable interest entity. Effective August 31, 2013 the Company sold certain utilities and related facilities and entered into utilities supply and servicing arrangements with RED Rochester LLC, a variable interest entity.

Within each of Kodak's reportable segments are various product groupings, or Strategic Product Groups ("SPGs"). Throughout the remainder of this document, references to the segments' SPGs are indicated in italics.

Graphics, Entertainment and Commercial Films ("GECF") Segment

The GECF segment is comprised of three SPGs: *Graphics, Entertainment Imaging and Commercial Films*, and *Intellectual Property and Brand Licensing*. The GECF segment provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines, packaging, motion picture entertainment, printed electronics, and the aerial and industrial film markets.

Graphics: Kodak's *Graphics* portfolio, covering the pre-press segment of the digital offset printing market, includes digital front-end controllers ("DFEs"), Production Software, Computer-to-Plate Equipment and Digital Plates.

- Kodak's DFEs (KODAK CREO Servers) drive personalized content to digital presses while controlling color and print consistency.
- Production workflow software manages the digital and conventional print content from file creation to output. Kodak's production workflow software includes KODAK PRINERGY Workflow Software, KODAK PREPS Imposition Software, KODAK COLORFLOW Software and the KODAK INSITE Software family of products, managing content and color, reducing manual errors and managing the collaborative creative process.
- Computer to plate ("CTP") thermal output devices transfer the desired image for offset printing onto an aluminum plate, and provide a consistent and high quality image carrier for various offset press applications and market segments. Kodak's CTP products include the KODAK MAGNUS Platesetter and TRENDSETTER Platesetter with SQUAREspot Imaging Technology, which provides high resolution, consistency and stability in thermal imaging, as well as the ACHIEVE Platesetter with TH5 imaging technology that provides a highly efficient and cost effective imaging solution for entry level customer needs.
- Kodak's digital plate offerings include traditional digital plates and KODAK SONORA Process Free Plates. KODAK SONORA Process Free Plates deliver cost savings and efficiency and promote sustainability practices and credentials because they do not require processing chemistry, processing equipment, or chemical disposal.

Kodak also provides service and support related to these products to maintain ideal functionality and uptime for continual use.

Graphics products and services are sold globally through a variety of direct and indirect channels. Kodak is managing and building its *Graphics* business by investing in process-free technology; driving a total, optimized prepress solution; delivering the next-generation print software portfolio; expanding in emerging markets; and, driving manufacturing operational excellence, profitability and sustainable business practices. Kodak faces competition from other companies that offer commercial offset and digital printing equipment, production software, consumables and service. Competitiveness is generally focused on a broad range of technology that provides customers a higher quality, more efficient and cost effective prepress solution at an effective price.

Entertainment Imaging & Commercial Films: Kodak's *Entertainment Imaging & Commercial Film* group encompasses its motion picture film business, providing motion imaging products (camera negative, intermediate, print and archival film), services and technology for the professional motion picture and exhibition industries. Motion picture products are sold directly to studios, laboratories and independent filmmakers. The group also offers aerial and industrial films, including KODAK Printed Circuit Board film. Kodak expects continuing revenue declines in these products as customers continue to migrate to digital products. This group also includes Kodak's component businesses consisting of: Polyester Film; Specialty Chemicals, Inks & Dispersions, and Solvent Recovery.

Intellectual Property and Brand Licensing: *Intellectual Property and Brand Licensing* includes licensing activities related to intellectual property and certain branded licensed products.

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

The DP&E segment is comprised of four SPGs: *Digital Printing, Packaging and Functional Printing, Enterprise Services & Solutions and Consumer Inkjet Systems*. DP&E serves a variety of customers in the creative, in-plant, data center, consumer printing, commercial printing, packaging, newspaper and digital service bureau market segments with a range of software, media and hardware products that provide customers with a variety of solutions. DP&E products and services are sold through direct and indirect channels.

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

The Inkjet Printing Solutions product offering includes the KODAK PROSPER Press and PROSPER Hybrid Components, featuring ultrafast inkjet droplet generation. PROSPER Hybrid Components are also integrated into original equipment manufacturer partner portfolios, where the partner combines PROSPER Writing Systems with its press systems that transport webs of paper through the press. Equipment sales result in ongoing annuities that yield ink and service revenues. The level of annuity revenue depends on the application for which the equipment is used, which drives the total number of pages printed and ink usage. The PROSPER Press features Stream inkjet technology, 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 include publishing, commercial print, direct mail, and packaging. The business also includes a large customer base of KODAK VERSAMARK Products.

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

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

The Packaging business includes Kodak's FLEXCEL NX and FLEXCEL Direct Platform that offer digitization into the flexographic print market. The FLEXCEL NX System uses Kodak's proprietary SQUAREspot laser imaging technology to produce high resolution imaging and environmentally friendly solutions. The FLEXCEL Direct Platform delivers process-less high productivity and environmentally friendly solutions. These print production capabilities leverage a portfolio of offset, flexographic, and digital products and services, which help enable customers to preserve brand equity, enhance shelf appeal, and drive efficiency from design to a final solution.

Kodak's Functional Printing business focuses on two separate solutions that provide touch panel sensor films to the touch module industry. These solutions consist of a silver halide-based solution and an additive printing solution. Both solutions are in the commercialization phase.

Enterprise Services & Solutions: *Enterprise Services & Solutions* assists with the challenges and opportunities created by the worldwide digital transformation. Kodak brings together its technological strengths to meet the needs of its customers in the areas of print and managed media services, brand protection solutions and services, and document management services. The group serves customers in enterprises including government, pharmaceuticals and healthcare, consumer and luxury good products, retail, and financial services. With respect to its print and managed media services, Kodak provides consulting services and assists customers by developing solutions for their printing requirements using Kodak technologies. Kodak's brand protection solutions are addressed at the mitigation of counterfeiting and diversion activities. Through its document management services, Kodak provides expertise to customers in order to capture, archive, retrieve and deliver documents to improve information management.

Consumer Inkjet Systems: *Consumer Inkjet Systems* includes the sale of ink to its existing installed base of consumer inkjet printers.

Revenues from Continuing Operations by Reportable Segment

(in millions)

	Three Months Ended March 31,			
	Successor 2014	Predecessor 2013	% Change	Foreign Currency Impact*
Graphics, Entertainment and Commercial Films				
Inside the U.S.	\$ 83	\$ 123	-33%	0%
Outside the U.S.	233	263	-11%	-1%
Total Graphics, Entertainment and Commercial Films	316	386	-18%	0%
Digital Printing and Enterprise				
Inside the U.S.	80	93	-14%	0%
Outside the U.S.	86	104	-17%	-1%
Total Digital Printing and Enterprise	166	197	-16%	0%
All Other				
Inside the U.S.	-	3		0%
Outside the U.S.	-	8		0%
Total All Other	-	11	-100%	0%
Consolidated				
Inside the U.S.	163	219	-26%	0%
Outside the U.S.	319	375	-15%	-1%
Consolidated Total	\$ 482	\$ 594	-19%	0%

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

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

	Three Months Ended	
	March 31,	
	Successor 2014	Predecessor 2013
(in millions)		
Segment (loss) earnings and Consolidated (loss) earnings from continuing operations before income taxes		
Graphics, Entertainment and Commercial Films	\$ (30)	\$ 16
Digital Printing and Enterprise	(25)	(18)
Total of reportable segments	(55)	(2)
All Other	(3)	(2)
Restructuring costs and other	(13)	(13)
Corporate components of pension and OPEB income ⁽¹⁾	30	12
Other operating income, net	-	494
Loss on early extinguishment of debt, net	-	6
Interest expense	16	24
Other income (charges), net	2	(8)
Reorganization items, net	5	120
Consolidated (loss) earnings from continuing operations before income taxes	\$ (60)	\$ 331

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

FIRST QUARTER 2014 COMPARED WITH FIRST QUARTER 2013
RESULTS OF OPERATIONS

(in millions)

	Three Months Ended March 31,				
	Successor		Predecessor		% Change
	2014	% of Sales	2013	% of Sales	
Revenues	\$ 482		\$ 594		-19%
Cost of revenues	396		445		-11%
Gross profit	86	18%	149	25%	-42%
Selling, general and administrative expenses	87	18%	118	20%	-26%
Research and development costs	27	6%	25	4%	8%
Restructuring costs and other	13	3%	11	2%	18%
Other operating income, net	-		(494)		
(Loss) earnings from continuing operations before interest expense, other income (charges), net, reorganization items, net and income taxes	(41)	-9%	489	82%	-108%
Interest expense	16		24		-33%
Loss on early extinguishment of debt, net	-		6		
Other income (charges), net	2		(8)		
Reorganization items, net	5		120		
(Loss) earnings from continuing operations before income taxes	(60)	-12%	331	56%	-118%
(Benefit) provision for income taxes	(7)	-1%	7	1%	200%
(Loss) earnings from continuing operations	(53)	-11%	324	55%	-116%
Earnings (loss) from discontinued operations, net of income taxes	19		(41)		
Net (loss) earnings	(34)	-7%	283	48%	-112%
Less: Net earnings attributable to noncontrolling interests	2		-		
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (36)	-7%	\$ 283	48%	-113%

	Three Months Ended March 31,		Percent Change vs. 2013			
	2014 Amount	Change vs. 2013	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Revenues	\$ 482	-19%	-14%	-5%	-	n/a
Gross profit margin	18%	-7pp	n/a	-4pp	0pp	-3pp

Revenues

For the three months ended March 31, 2014, revenues decreased approximately 19% compared with the same period in 2013 primarily due to volume declines in *Entertainment Imaging and Commercial Films* (-6%) and *Consumer Inkjet Systems* (-4%) as well as unfavorable price/mix due to lower licensing revenue (-4%). See segment discussions below for additional information.

Gross Profit

The decrease in gross profit percent for the three months ended March 31, 2014 as compared with the prior year quarter was driven by increased manufacturing and other costs (-3pp), and lower licensing revenue (-3pp). See segment discussions below for additional details.

Selling, General and Administrative Expenses

Consolidated selling, general and administrative expenses (SG&A) decreased (26%) for the three months ended March 31, 2014 as compared with the prior year period partially reflecting lower pension costs (10%) with the remaining decrease primarily due to the impact of cost reduction actions.

Research and Development Costs

Consolidated research and development (R&D) expenses increased (8%) for the three months ended March 31, 2014 as compared with the prior year period primarily due to increased expenditures in the Digital Printing and Enterprise Segment as new products get closer to commercialization. Increased depreciation expense from the application of fresh start accounting (+12%) was mitigated by lower pension expense (-14%).

Other Operating Income, Net

For details, refer to Note 7, "Other Operating Income, Net."

Reorganization Items, Net

For details, refer to Note 2, "Reorganization Items, Net."

Income Tax (Benefit) Provision

(in millions)	Three Months Ended			
	Successor		Predecessor	
	2014	March 31, 2013	2013	March 31, 2013
(Loss) earnings from continuing operations before income taxes	\$	(60)	\$	331
(Benefit) provision for income taxes	\$	(7)	\$	7
Effective tax rate		11.7%		2.1%

Current Quarter

The change in Kodak's effective tax rate from continuing operations for 2014 as compared to 2013 is primarily attributable to: (1) a decrease as a result of losses generated within the U.S. and certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized in the three months ended March 31, 2014, (2) an increase as a result of income within the U.S. for which no provision was recognized offset by losses in certain jurisdictions outside the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized in the three months ended March 31, 2013, (3) a benefit associated with the tax impact of the goodwill impairment recognized in the three months ended March 31, 2013, (4) a provision associated with withholding taxes on the sale of intellectual property in the three months ended March 31, 2013, (5) a benefit as a result of Kodak reaching a settlement with a taxing authority in a location outside the U.S. related to withholding taxes in the three months ended March 31, 2014, (6) an increased tax benefit associated with foreign withholding taxes on undistributed earnings and (7) a decrease associated with changes in audit reserves.

Discontinued Operations

Discontinued operations of Kodak include the Personalized Imaging and Document Imaging businesses and other miscellaneous businesses. For details, refer to Note 15, "Discontinued Operations" for additional information.

GRAPHICS, ENTERTAINMENT AND COMMERCIAL FILMS SEGMENT

(in millions)	Three Months Ended					
	Successor			Predecessor		
	2014	% of Sales	2013	% of Sales	% Change	
Revenues	\$	316	\$	386	-18%	
Cost of revenues		287		301	-5%	
Gross profit		29		85	22%	-66%
Selling, general and administrative expenses		53		64	17%	-17%
Research and development costs		6		5	1%	20%
Segment (loss) earnings	\$	(30)	\$	16	4%	-288%

	Three Months Ended		Percent Change vs. 2013			
	Successor	Change vs. 2013	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
	2014	(Predecessor)				
Revenues	\$	316	-18%	-11%	-7%	n/a
Gross profit margin		9%	-13pp	n/a	-7pp	-5pp

Revenues

The decrease in the Graphics, Entertainment and Commercial Films Segment revenues of approximately 18% reflected volume declines driven by reduced demand within *Entertainment Imaging & Commercial Films* (-9%) and *Graphics* (-2%), primarily associated with digital plates, as well as price/mix declines due to reduced revenue within *Intellectual Property and Brand Licensing* (-7%).

Included in first quarter 2013 revenues was a non-recurring licensing agreement which contributed approximately \$31 million to revenues. First quarter 2014 revenues included \$7 million of licensing revenue, received pursuant to a court order which requires equal payments during the second and third quarters of 2014. Revenue will be recognized related to those payments as cash is received.

Gross Profit

The decrease in the Graphics, Entertainment and Commercial Films Segment gross profit percent was driven by unfavorable manufacturing and other costs within *Entertainment Imaging & Commercial Films* (-9pp), primarily due to lower production volumes, and unfavorable price/mix within *Intellectual Property and Brand Licensing* (-6%). Partially offsetting these impacts was favorable manufacturing and other costs within *Graphics* (+5pp) primarily due to lower material costs. Included in the change in manufacturing and other costs noted above was the application of fresh start accounting, which resulted in increased depreciation expense in *Entertainment Imaging & Commercial Films* (-4pp) and decreased depreciation and amortization expense in *Graphics* (+1pp).

DIGITAL PRINTING AND ENTERPRISE SEGMENT

(in millions)

	Three Months Ended March 31,				
	Successor		Predecessor		% Change
	2014	% of Sales	2013	% of Sales	
Revenues	\$ 166		\$ 197		-16%
Cost of revenues	124		145		-14%
Gross profit	42	25%	52	26%	-19%
Selling, general and administrative expenses	42	25%	50	25%	-16%
Research and development costs	25	15%	20	10%	25%
Segment loss	\$ (25)	-15%	\$ (18)	-9%	-39%

	Three Months Ended March 31,			Percent Change vs. 2013			
	Successor 2014	Change vs. 2013 (Predecessor)		Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Revenues	\$ 166	-16%		-16%	-	-	n/a
Gross profit margin	25%	-1pp		n/a	-1pp	1pp	-1pp

Revenues

The decrease in the Digital Printing and Enterprise Segment revenues of approximately 16% for the quarter was primarily attributable to volume declines within *Consumer Inkjet Systems* (-11%), driven by lower sales of ink to the existing installed base of printers. Also contributing to the decline was lower revenues within *Digital Printing* (-4%) due to fewer placements of electrophotographic units during the current year quarter, and within *Enterprise Services & Solutions* (-3%) due to a reduction in government contracts as well as divested operations. Partially offsetting these declines was volume improvements within *Packaging and Functional Printing* (+2%) due to increased sales of Flexcel NX plates largely attributable to an increased installed base of Flexcel NX equipment.

Gross Profit

The decrease in the Digital Printing and Enterprise Segment gross profit percent for the quarter was primarily due to consumer ink sales constituting a lower percentage of the segment's gross profit dollars and higher manufacturing and other costs (-1pp) primarily due to a net increase in depreciation and amortization expense from the application of fresh start accounting.

Research and Development Costs

R&D expenses increased for the three months ended March 31, 2014 as compared with the prior year period due to increased depreciation expense from the application of fresh start accounting (+13%) with the remaining 12% increase primarily due to increased expenditures as new products get closer to commercialization.

RESTRUCTURING COSTS AND OTHER

The Company recorded \$13 million of charges for the three months ended March 31, 2014, which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The Company made cash payments related to restructuring of approximately \$14 million during the quarter.

The restructuring actions implemented in the first three months of 2014 are expected to generate future annual cash savings of approximately \$17 million. These savings are expected to reduce future annual Cost of revenues, SG&A, and R&D expenses by \$10 million, \$4 million, and \$3 million, respectively. The Company 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 2014 as actions are completed.

LIQUIDITY AND CAPITAL RESOURCES

(in millions)	As of March 31, 2014	As of December 31, 2013
Cash and cash equivalents	\$ 809	\$ 844

Cash Flow Activity

(in millions)	Three Months Ended March 31,		Change
	Successor 2014	Predecessor 2013	
Cash flows from operating activities:			
Net cash used in operating activities	\$ (44)	\$ (259)	\$ 215
Cash flows from investing activities:			
Net cash provided by investing activities	16	530	(514)
Cash flows from financing activities:			
Net cash used in financing activities	(1)	(214)	213
Effect of exchange rate changes on cash	(6)	(18)	12
Net (decrease) increase in cash and cash equivalents	\$ (35)	\$ 39	\$ (74)

Operating Activities

Net cash used in operating activities decreased \$215 million for the three months ended March 31, 2014 as compared with the corresponding period in 2013 due to improved earnings impacting cash flow from operations, including lower professional fees associated with the reorganization, and less cash used for working capital and post-employment benefit contributions/payments.

Investing Activities

Net cash provided by investing activities decreased \$514 million for the three months ended March 31, 2014 as compared with the corresponding period in 2013, primarily due to the proceeds from the sale of the digital imaging patent portfolio in the first quarter of 2013.

Financing Activities

Net cash used in financing activities decreased \$213 million for the three months ended March 31, 2014 as compared with the corresponding period in 2013 due to the net pay-down of debt in the prior year period of \$214 million.

Sources of Liquidity

Available liquidity includes cash balances and the unused portion of the Asset Based Revolving Credit Agreement (the "ABL Credit Agreement"). The ABL Credit Agreement had \$28 million of net availability as of March 31, 2014. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At March 31, 2014 and December 31, 2013, approximately \$277 million and \$307 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$532 million and \$537 million, respectively, of cash and cash equivalents were held outside the U.S. Cash balances held outside of the U.S. are generally required to support local country operations, may have high tax costs, or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Additionally, in China, where approximately \$249 million of cash and cash equivalents was held as of March 31, 2014, 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, Senior Secured Second Lien Term Credit Agreement and the ABL 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.

Cash flow from investing activities included \$4 million of capital expenditures for three months ended March 31, 2014. Kodak expects approximately \$40 million of total capital expenditures for 2014. Additionally, Kodak intends to utilize a variety of methods to finance customer equipment purchases in the future, including expansion of existing third party finance programs and internal financing through both leasing and installment loans.

Kodak believes that its liquidity position is adequate to fund its operating and investing needs and to provide the flexibility to respond to further changes in the business environment.

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 the Company's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs, business trends, and other information that is not historical information. When used in this document, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "predicts," "forecasts," or future or conditional verbs, such as "will," "should," "could," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends and data are based upon the Company's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in these forward-looking statements. Important factors that could cause actual events or results to differ materially from these forward-looking statements include, among others, the risks and uncertainties described in more detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 under the headings "Business," "Risk Factors," and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," and those described in filings made by the Company with the U.S. Bankruptcy Court for the Southern District of New York and in other filings the Company makes with the SEC from time to time, as well as the following: the Company's ability to improve and sustain its operating structure, financial results and profitability; the ability of the Company to achieve cash forecasts, financial projections, and projected growth; our ability to achieve the financial and operational results contained in our business plans; the ability of the Company to discontinue or sell certain non-core businesses or operations; the Company's ability to comply with the covenants in its credit facilities; our ability to obtain additional financing if and as needed; any potential adverse effects of the Chapter 11 proceedings on the Company's brand or business prospects; the Company's ability to fund continued investments, capital needs, restructuring payments and service its debt; changes in foreign currency exchange rates, commodity prices and interest rates; the resolution of claims against the Company; our ability to attract and retain key executives, managers and employees; our ability to maintain product reliability and quality and growth in relevant markets; our ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; and the impact of the global economic environment on the Company. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this document. The Company undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

The Company, 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% weaker at March 31, 2014 and December 31, 2013, the fair value of open forward contracts would have decreased \$13 million in each period. 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 and, to a lesser extent, through investments in marketable securities. Kodak may utilize borrowings to fund its working capital and investment needs. 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 borrowings are in variable-rate instruments with an interest rate floor. At March 31, 2014 and December 31, 2013, the one-month LIBOR rate was approximately 0.15% and 0.17%, respectively. If LIBOR rates were to rise above the 1% and 1.25% floors, interest expense would increase approximately \$7 million for each 1% of LIBOR above the floor (\$692 million face amount of debt times 1% at March 31, 2014 and \$693 million face amount of debt times 1% at December 31, 2013). Kodak's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. Kodak manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. Kodak has procedures to monitor the credit exposure amounts. The maximum credit exposure at March 31, 2014 was not significant to Kodak.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Kodak maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in Kodak's reports 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. In designing and evaluating the disclosure controls and procedures, Kodak's management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and, in reaching a reasonable level of assurance, Kodak's management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. 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. Based on their evaluation and subject to the foregoing, 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 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

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

On February 10, 2012, a suit was filed in federal court in the Southern District of New York against the Chief Executive Officer, the former President and Chief Operating Officer and the former Chief Financial Officer, as a putative class action suit under the federal securities laws, claiming that certain Company statements concerning the Company's business and financial results were misleading and claiming alleged resulting damages (*Timothy A. Hutchinson v. Antonio M. Perez, Philip J. Faraci, and Antoinette McCorvey*). The District Court granted defendants' July 2, 2012 motion to dismiss this case as against all defendants but granted the plaintiffs' subsequent motion for leave to amend. Plaintiffs filed a second amended complaint against only the Chief Executive Officer and the former Chief Financial Officer (*Timothy A. Hutchinson v. Antonio M. Perez and Antoinette McCorvey*), in which they sought damages with interest, equitable relief as applicable, and attorneys' fees and costs. The District Court granted defendants' motion to dismiss the case on April 25, 2013, and plaintiffs appealed. On December 26, 2013, the Court of Appeals for the Second Circuit affirmed the decision of the District Court dismissing the case, finding that plaintiffs had failed to plead facts with the particularity required to maintain their alleged causes of action. Plaintiffs did not seek a writ of certiorari to the United States Supreme Court. Accordingly, this case has terminated.

On June 17, 2013 the Company, the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, d/b/a Empire State Development entered into a settlement agreement subsequently amended on August 6, 2013 (the "Amended EBP Settlement Agreement") which resolves certain of the Company's historical environmental liabilities at Eastman Business Park ("EBP") through the establishment of a \$49 million environmental remediation trust (the "EBP Trust"). Upon implementation of the Amended EBP Settlement Agreement, (i) the EBP Trust will be responsible for investigation and remediation at EBP arising from the Company's historical environmental liabilities in existence prior to the effective date of the EBP settlement, (ii) the Company will fund the EBP Trust with a \$49 million payment and transfer of certain equipment and fixtures used for remediation at EBP, and (iii) in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million. The Amended EBP Settlement Agreement is not yet effective and is subject to the satisfaction or waiver of certain conditions including Bankruptcy Court approval of a covenant not to sue from the U.S. Environmental Protection Agency ("EPA") with respect to the liabilities that are addressed in the Amended EBP Settlement Agreement. On March 12, 2014, the United States Department of Justice filed with the Bankruptcy Court a proposed settlement agreement between the Company and the EPA that contains a covenant not to sue from the EPA. The settlement agreement is subject to Bankruptcy Court approval. The deadline for implementation of the Amended EBP Settlement Agreement is May 15, 2014.

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

Items 1A, 2, 3, 4 and 5.

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 6, 2014**

/s/ Eric Samuels
Eric Samuels
Chief Accounting Officer and Corporate Controller
(Chief Accounting Officer and Authorized Signatory)

Eastman Kodak Company
Index to Exhibits

Exhibit
Number

*(10.1)	Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 10, 2014, filed herewith.
*(10.2)	Eastman Kodak Company Executive Compensation for Excellence and Leadership Plan, dated January 1, 2014, filed herewith.
*(10.3)	Eastman Kodak Company Administrative Guide for the 2014 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 Rebecca A. Roof, filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Jeffrey J. Clarke – filed herewith.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by Rebecca A. Roof– filed herewith.
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase.
(101.INS)	XBRL Instance Document.
(101.LAB)	XBRL Taxonomy Extension Label Linkbase.
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase.
(101.SCH)	XBRL Taxonomy Extension Schema Linkbase.
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase

* Management contract or compensatory plan or arrangement.

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 6, 2014

CERTIFICATION

I, Rebecca A. Roof, 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/Rebecca A. Roof
Rebecca A. Roof
Chief Financial Officer

Date: May 6, 2014

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

In connection with the Quarterly Report of Eastman Kodak Company (the "Company") on Form 10-Q for the period ended March 31, 2014 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 6, 2014

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

In connection with the Quarterly Report of Eastman Kodak Company (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rebecca A. Roof, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/Rebecca A. Roof
Rebecca A. Roof
Chief Financial Officer

Date: May 6, 2014

**EASTMAN KODAK COMPANY EXECUTIVE COMPENSATION FOR EXCELLENCE AND LEADERSHIP
(AS AMENDED AND RESTATED JANUARY 1, 2014)**

ARTICLE 1 - Purpose, Effective Date and Term of Plan

1.1 Purpose

The purposes of the Plan are to provide an annual incentive to Executives of Kodak to put forth maximum efforts toward the continued growth and success of Kodak, to encourage such Executives to remain in the employ of Kodak, to assist Kodak in attracting and motivating new Executives on a competitive basis, and to endeavor to qualify the Awards granted to Covered Employees under the Plan as performance-based compensation as defined in Section 162(m) of the Code. The Plan is intended to apply to Executives of Kodak in the United States and throughout the world.

The Plan is intended to qualify for exemption from Section 409A of the Code, by reason of the short-term deferral rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations. No person acquires a legally binding right to any Award hereunder until the year following the Performance Period. Awards will be paid in the calendar year following the close of the Performance Period, unless deferred under a separate plan pursuant to Article 9.

1.2 Effective Date

The Plan, in its amended and restated form, will be effective as of January 1, 2014.

ARTICLE 2 - Definitions

2.1 Actual Award Pool

"Actual Award Pool" means, for a Performance Period, the amount determined in accordance with Section 7.2(d). The Actual Award Pool for a Performance Period determines the aggregate amount of all the Awards that are to be issued under the Plan for such Performance Period.

2.2 Award

"Award" means the compensation granted to a Participant by the Committee for a Performance Period pursuant to Articles 7 and 8. All Awards shall be issued in the form specified by Article 5.

2.3 Award Pool

"Award Pool" means, for a Performance Period, the dollar amount calculated in accordance with Section 7.2(b) by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period.

2.4 Award Payment Date(s)

"Award Payment Date(s)" means, for each Performance Period, the date(s) that the amount of the Award for that Performance Period shall be paid to the Participant under Article 8, without regard to any election to defer receipt of the Award made by the Participant under Article 9 of the Plan.

2.5 Board

"Board" means the Board of Directors of the Company.

2.6 Cause

"Cause" means (a) the willful and continued failure by an Executive to substantially perform his or her duties with his or her employer after written warnings identifying the lack of substantial performance are delivered to the Executive by his or her employer to specifically identify the manner in which the employer believes that the Executive has not substantially performed his or her duties; or (b) the willful engaging by an Executive in illegal conduct which is materially and demonstrably injurious to the Company or any of its Subsidiaries.

2.7 CEO

"CEO" means the Chief Executive Officer of the Company.

2.8 Code

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

2.9 Committee

"Committee" means the Executive Compensation Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan; provided that the Committee shall consist of two or more directors, each of whom are both a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of Section 162(m) of the Code and the applicable regulation thereunder.

2.10 Common Stock

"Common Stock," means the common stock, \$.01 par value per share, of Kodak that may be newly issued or treasury stock.

2.11 Company

"Company" means Kodak and its Subsidiaries.

2.12 Covered Employee

"Covered Employee" means an Executive whom is either a "Covered Employee" within the meaning of Section 162(m) of the Code or an Executive who the Committee has identified as a potential "Covered Employee" within the meaning of Section 162(m) of the Code.

2.13 Disability

"Disability" means a disability under the terms of any long-term disability plan maintained by the Company or a Subsidiary.

2.14 Effective Date

"Effective Date" means the date an Award is determined to be effective by the Committee upon its grant of such Award.

2.15 Exchange Act or Act

"Exchange Act" or "Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

2.16 Executive

"Executive" means an employee who has signed an Eastman Kodak Company Employee Agreement or a valid employee agreement of a Subsidiary, and is a salaried employee of the Company or a Subsidiary at the executive level in wage grade 48 or above, or the equivalent thereof.

2.17 Kodak

"Kodak" means Eastman Kodak Company.

2.18 Negative Discretion

"Negative Discretion" means the discretion granted to the Committee pursuant to Section 7.2(c) to reduce or eliminate the portion of the Award Pool allocated to a Covered Employee.

2.19 Participant

"Participant," means for a Performance Period, an Executive who is designated to participate in the Plan for the Performance Period pursuant to Article 3.

2.20 Performance Criteria

"Performance Criteria" means one or more of the following for the Company on a consolidated basis and/or for any Subsidiary, division, strategic product group, segment, business unit and/or one or more product lines: return on assets; return on net assets; return on equity; return on shareholder equity; return on invested capital; return on capital; total shareholder return; share price; improvement in and/or attainment of expense levels; improvement in and/or attainment of cost levels, selling, general and administrative expense ("SG&A"); SG&A as a percent of revenue; costs as a percent of revenue; productivity objectives; unit manufacturing costs; gross profit margin; operating margin; cash margin; earnings per share; earnings from operations; segment earnings from operations; earnings; earnings before taxes; earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); revenue measures; number of units sold; number of units installed; revenue per employee; market share; market position; working capital measures; inventory; accounts receivable; accounts payable; cash conversion cycle; cash flow; cash generation; net cash generation; proceeds from asset sales; free cash flow; investable cash flow; capital expenditures; capital structure measures; cash balance; debt levels; equity levels; economic value added models; defective parts per million (DPPM); manufacturing yield metrics; technology milestones; commercialization milestones; customer metrics; customer satisfaction; consumable burn rate; installed base; repeat customer orders; acquisitions; divestitures; employee metrics; employee engagement; employee retention; employee attrition; workforce diversity; and diversity initiatives, in each case, measured either annually or cumulatively over a period of years, on an absolute basis and/or relative to a pre-established target and/or plan, to previous years' results, as a percentage of revenue, and/or to a designated comparison group.

2.21 Performance Formula

"Performance Formula" means, for a Performance Period, the one or more objective formulas applied against the Performance Goals to determine the Award Pool for the Performance Period. The Performance Formula for a Performance Period shall be established in writing by the Committee within the first 90 days of the Performance Period (or, if later, within the maximum period allowed pursuant to Section 162(m) of the Code).

2.22 Performance Goals

"Performance Goals" means, for a Performance Period, the one or more goals for the Performance Period established by the Committee in writing within the first 90 days of the Performance Period (or, if longer, within the maximum period allowed pursuant to Section 162(m) of the Code) based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; and (c) in view of the Committee's assessment of the business strategy of the Company, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant. However, to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.23 Performance Period

"Performance Period" means Kodak's fiscal year.

2.24 Plan

"Plan" means the Executive Compensation for Excellence and Leadership plan.

2.25 Retirement

"Retirement" means, in the case of a Participant employed by the Company, voluntary termination of employment: (i) on or after age 55 where the Participant has 10 or more years of service; or (ii) on or after age 65. In the case of a Participant employed by a Subsidiary, "Retirement" means early or normal retirement under the terms of the Subsidiary's retirement plan, or if the Subsidiary does not have a retirement plan, termination of employment on or after age 65. A Participant must voluntarily terminate his or her employment in order for his or her termination of employment to be for "Retirement."

2.26 Subsidiary

Subsidiary means a corporation or other business entity in which Kodak directly or indirectly has an ownership interest of at least 50%.

2.27 Target Award

"Target Award" means, for a Performance Period, the target award amounts established for each wage grade by the Committee for the Performance Period. A Participant's Target Award for a Performance Period is expressed as a percentage of his or her annual base salary in effect as of the last day of the Performance Period. The Target Awards shall serve only as a guideline in making Awards under the Plan. Depending upon the Committee's exercise of its discretion pursuant to Sections 7.2(c), (d) and (e), but subject to Section 7.3, a Participant may receive an Award for a Performance Period that may be more or less than the Target Award for his or her wage grade for that Performance Period. Moreover, the fact that a Target Award is established for a Participant's wage grade for a Performance Period shall not in any manner entitle the Participant to receive an Award for such period.

2.28 Total Target Cash Compensation

"Total Target Cash Compensation" means the Participant's annual base salary and annual variable pay opportunity at target, excluding any special performance-based or non-performance-based payments during the Performance Period.

ARTICLE 3 - Eligibility

Executive Officers under Section 16 of the Exchange Act ("Section 16 Officers") participate in this Plan each Performance Period. Other Executives are eligible to participate in the Plan, provided that, certain Executives may not be eligible to participate in the Plan where the Company or a Subsidiary has designated them as participants in an alternative variable pay plan or sales incentive compensation plan for all or a portion of the Performance Period. However, the fact that an Executive is a Participant for a Performance Period shall not in any manner entitle such Participant to receive an Award for the period. The determination as to whether or not such Participant shall be paid an Award for such Performance Period shall be decided solely in accordance with the provisions of Articles 7 and 8 hereof.

ARTICLE 4 - Plan Administration

4.1 Responsibility

The Committee shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

4.2 Authority of the Committee

The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Committee shall have the exclusive right: to interpret the Plan, to determine eligibility for participation in the Plan, to decide all questions concerning eligibility for and the amount of Awards payable under the Plan, to establish and administer the Performance Goals and certify whether, and to what extent, they are attained, to construe any ambiguous provision of the Plan, to correct any default, to supply any omission, to reconcile any inconsistency, to issue administrative guidelines as an aid to administer the Plan, to make regulations for carrying out the Plan and to make changes in such regulations as it from time to time deems proper, and to decide any and all questions arising in the administration, interpretation, and application of the Plan. In addition, in order to enable Executives who are foreign nationals or are employed outside the United States or both to receive Awards under the Plan, the Committee may adopt such amendments, procedures, regulations, subplans and the like as are necessary or advisable, in the opinion of the Committee, to effectuate the purposes of the Plan.

4.3 Discretionary Authority

The Committee shall have full discretionary authority in all matters related to the discharge of its responsibilities and the exercise of its authority under the Plan including, without limitation, its construction of the terms of the Plan and its determination of eligibility for participation and Awards under the Plan. It is the intent of the Plan that the decisions of the Committee and its actions with respect to the Plan shall be final, binding and conclusive upon all persons having or claiming to have any right or interest in or under the Plan.

4.4 Section 162(m) of the Code

With regard to all Covered Employees, the Plan shall for all purposes be interpreted and construed in accordance with Section 162(m) of the Code. All terms in this Plan referring to actions to be taken within the first 90 days of the Performance Period (or within the maximum period allowed pursuant to Section 162(m) of the Code) are for the purpose of compliance with Section 162(m) of the Code, and in no event shall a failure to meet such timelines constitute a breach of the terms of the Plan.

4.5 Delegation of Authority

Except to the extent prohibited by law, the Committee may delegate some or all of its authority under the Plan to any person or persons as long as any such delegation is in writing; provided, however, only the Committee or a subset of the Committee consisting of at least two outside non-employee members, may select and grant Awards to Participants who are Covered Employees.

ARTICLE 5 - Form of Awards

All Awards will be paid in cash or Common Stock, or a combination thereof, at the discretion of the Committee. To the extent an award is paid in Common Stock, such Stock will be issued under the 2013 Omnibus Long-Term Compensation Plan of Eastman Kodak Company, or any applicable successor plan.

ARTICLE 6 - Setting Performance Goals and Performance Formula

Within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed pursuant to Section 162(m) of the Code), the Committee shall establish in writing:

- (a) the one or more Performance Goals for the Performance Period based upon the Performance Criteria;
- (b) the one or more Performance Formulas for the Performance Period;
- (c) an objective means of allocating, on behalf of each Covered Employee, a portion of the Award Pool (not to exceed the amount set forth in Section 7.3(b)) to be granted, subject to the Committee's exercise of Negative Discretion, for such Performance Period in the event the Performance Goals for such period are attained; and
- (d) an administrative guide setting forth terms and conditions governing the Performance Period, which may include but not be limited to specific terms relating to the Performance Criteria, Performance Goals, Performance Formula or the manner in which the Performance Goals, Performance Criteria or Performance Formula shall be calculated or determined.

ARTICLE 7 - Award Determination

7.1 Certification

- (a) In General. As soon as practicable following the availability of performance results for the completed Performance Period, the Committee shall determine the Company's performance in relation to the Performance Goals for that period and certify in writing whether the Performance Goals were satisfied.
- (b) Performance Goals Achieved. If the Committee certifies that the Performance Goals for a Performance Period were satisfied, it shall determine the Awards for such Performance Period by following the procedure described in Section 7.2. During the course of this procedure, the Committee shall certify in writing for the Performance Period the amount of: (i) the Award Pool; and (ii) the Award Pool to be allocated to each Covered Employee in accordance with Section 7.2(c).
- (c) Performance Goals Not Achieved. In the event the Performance Goals for a Performance Period are not satisfied, the limitation contained in Section 7.3(c) shall apply to the Covered Employees.

7.2 Calculation of Awards

(a) In General. As detailed below in the succeeding provisions of this Section 7.2, the procedure for determining Awards for a Performance Period involves the following steps:

- (i) determining the Award Pool;
- (ii) allocating the Award Pool to Covered Employees;
- (iii) determining the Actual Award Pool; and
- (iv) allocating the Actual Award Pool among individual Participants other than Covered Employees.

Upon completion of this process, any Awards earned for the Performance Period shall be paid in accordance with Article 8.

- (b) Determining Award Pool. The Committee shall determine the Award Pool for the Performance Period by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period.
- (c) Allocating Award Pool to Covered Employees. The Committee shall determine, by way of the objective means established pursuant to Article 6, the portion of the Award Pool that is to be allocated to each Covered Employee for the Performance Period. The Committee shall have no discretion to increase the amount of any Covered Employee's Award as so determined, but may through Negative Discretion reduce the amount of or totally eliminate such Award if it determines, in its absolute and sole discretion, that such a reduction or elimination is appropriate.
- (d) Determining Actual Award Pool. The Committee may use its discretion to adjust upward or downward the amount of the Award Pool for any Performance Period. No such adjustment will, however, increase the amount of the Awards paid to the Covered Employees for the Performance Period as determined under Section 7.2(c). To the extent the Committee determines to exercise discretion with regard to the Award Pool for a Performance Period, the amount remaining after such adjustment shall be the Actual Award Pool for the Performance Period. Thus, if the Committee elects not to exercise discretion with respect to the Award Pool for a Performance Period, the amount of the Actual Award Pool for the Performance Period will equal the amount of the Award Pool for such period.
- (e) Allocating Actual Award Pool to Individual Participants Other Than Covered Employees. The CEO shall, in his or her sole and absolute discretion, determine for each Participant, other than those that are Covered Employees or Section 16 Officers, the portion, if any, of the Actual Award Pool that will be awarded to such Participant for the Performance Period. By way of illustration, and not by way of limitation, the CEO may, but shall not be required to, consider: (1) the Participant's position and level of responsibility, individual merit, and contribution to the success of the Company and Target Award; (2) the performance of the Company or the organizational unit of the Participant based upon attainment of financial and other performance criteria and goals; and (3) business unit, division or department achievements. For Section 16 Officers who are not Covered Employees, the CEO shall recommend the Award, if any, for each Participant to the Committee for its approval.

7.3 Limitations on Awards

The provisions of this Section 7.3 shall control over any Plan provision to the contrary.

- (a) Maximum Award Pool. The total of all Awards granted for a Performance Period shall not exceed the amount of the Actual Award Pool for such Performance Period.
- (b) Maximum Award Payable to Covered Employees. The maximum Award payable to any Covered Employee under the Plan for a Performance Period shall be \$5,000,000.
- (c) Attainment of Performance Goals. The Performance Goals for a Performance Period must be achieved in order for a Covered Employee to receive an Award for such Performance Period.

ARTICLE 8 - Payment of Awards for a Performance Period

8.1 Termination of Employment

In general, except as set forth in this Section 8.1, a Participant must be employed on the last day of the Performance Period in order to be eligible to be considered for an Award under the Plan for the applicable Performance Period; provided that, in the administrative guide accompanying the Plan for each Performance Period, the Committee shall determine: (i) rules, if any, regarding the treatment of a Participant under the Plan in the event of the Participant's termination of employment under certain circumstances prior to the end of the Performance Period, and (ii) rules, if any, regarding the treatment of a Participant under the Plan in the event of the Participant's termination of employment under certain circumstances after the Performance Period but prior to the Award Payment Date(s). Any Award paid to a Participant whose employment terminates either prior to the end of the Performance Period or prior to the Award Payment Date(s) shall be determined according to Article 7 and shall be paid according to Section 8.2.

8.2 Timing of Award Payments

Unless deferred pursuant to Article 9 hereof, the Awards granted for a Performance Period shall be paid to Participants on the Award Payment Date(s) for such Performance Period, which date(s) shall occur during the calendar year immediately following the Performance Period.

ARTICLE 9 - Deferral of Awards

At the discretion of the Committee, a Participant may, subject to such terms and conditions as the Committee may determine, elect to defer payment of all or any part of any Award which the Participant might earn with respect to a Performance Period and which is paid in cash by complying with such procedures as the Committee may prescribe. Any Award, or portion thereof, upon which such an election is made shall be deferred into, and be subject to the terms, conditions and requirements of, the Eastman Kodak Employees' Savings and Investment Plan or any other applicable deferred compensation plan of the Company or a Subsidiary.

ARTICLE 10 - Miscellaneous

10.1 Nonassignability

No Awards under the Plan shall be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution), assignment, pledge, or encumbrance, nor shall any Award be payable to anyone other than the Participant to whom it was granted.

10.2 Withholding Taxes

The Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment.

10.3 Amendments to Awards

The Committee may at any time unilaterally amend any unearned, deferred or unpaid Award, including, but not by way of limitation, Awards earned but not yet paid, to the extent it deems appropriate.

10.4 No Right to Continued Employment or Grants

Participation in the Plan shall not give any Executive any right to remain in the employ of the Company or a Subsidiary. The Company or, in the case of employment with a Subsidiary, the Subsidiary, reserves the right to terminate any Executive at any time. Further, the adoption of this Plan shall not be deemed to give any Executive or any other individual any right to be selected as a Participant or to be granted an Award.

10.5 Amendment/Termination

The Committee may suspend or terminate the Plan at any time with or without prior notice. In addition, the Committee, or any person to whom the Committee has delegated the requisite authority, may, from time to time and with or without prior notice, amend the Plan in any manner, but may not without shareholder approval adopt any amendment which would require the vote of the shareholders of Kodak pursuant to Section 162(m) of the Code, but only insofar as such amendment affects Covered Employees.

10.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

10.7 No Right, Title, or Interest in Company Assets

To the extent any person acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the rights of an unsecured creditor of the Company and the Participant shall not have any rights in or against any specific assets of the Company. All of the Awards granted under the Plan shall be unfunded.

10.8 No Guarantee of Tax Consequences

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

10.9 Compliance with Section 162(m)

If any provision of the Plan would cause the Awards granted to a Covered Employee not to constitute qualified Performance-Based Compensation under Section 162(m) of the Code, that provision, insofar as it pertains to the Covered Employee, shall be severed from, and shall be deemed not to be a part of, this Plan, but the other provisions hereof shall remain in full force and effect.

10.10 Exemption from Section 409A

The Plan is intended to be exempt from Section 409A of the Code, and shall be construed and administered accordingly.

Eastman Kodak Company
Administrative Guide for the 2014 Performance Period
under the
Executive Compensation for Excellence and Leadership 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 2014 Performance Period. In addition, this Administrative Guide is intended to establish those requirements necessary to ensure that the Awards for the Performance Period will be treated as performance-based compensation for purposes of Section 162(m) of the Code. 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 Security and Exchange Commission, its Form 10-K for the period ending December 31, 2014.

2.2 **Performance Gates**

The term "Performance Gate" means a performance metric which must be achieved in order 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 2014 Performance Period that coincides with Kodak’s 2014 fiscal year.

ARTICLE 3. ELIGIBILITY

Employees who are eligible to participate in the Plan for the 2014 Performance Period are executives (i) who are in wage grade 48 and above during the 2014 Performance Period; or (ii) who are hired or promoted to wage grade 48 and above during the 2014 Performance Period.

Awards will be calculated using the base salary and target EXCEL percentage as of December 31 of the Performance Period. For purposes of Covered Employees as defined by 162(m), the Committee shall have the authority to exercise Negative Discretion pursuant to Article 5.4.

An executive who becomes a Participant as a result of 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 2014 Performance Period will not in any manner entitle the Participant to receive payment of an Award for the 2014 Performance Period. The determination as to whether or not such Participant becomes entitled to payment of an Award for the 2014 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, in order 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 payment date specified in Article 6 below 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 2014 Performance Period will be paid on the Award Payment Date(s) determined by the Company, in cash and/or in any other form of Award as may be determined by the Committee.

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 2014 Performance Period. The Segment Awards will be applied based on organizational alignment throughout the year (pro-rated where transfers across segments occur during the performance year).

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

The Performance Goal(s) and Performance Gate(s) for the 2014 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 except Covered Employees.

5.3 Allocation of Award Pool to Covered Employees

Subject to the Committee's authority to exercise Negative Discretion with regard to the amount of the Award Pool allocated to any Covered Employee for the 2014 Performance Period, each Covered Employee 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, 2012; 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 30, 2014 for all of the Participants eligible to participate in the Plan on March 30, 2014.

5.4 Certification

Following the completion of the Performance Cycle, 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 Cycle 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 Cycle. 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 provided in Section 6.2 below, to be eligible to be considered for a 2014 Award, a Participant must be actively employed by the Company or a Subsidiary on the Form 10-K Filing Date.

6.2 **Termination of Employment Prior to the Company's Form 10-K Filing Date**

In the event a Participant terminates employment during the 2014 Performance Period or prior to the Form 10-K Filing Date due to death, Disability, or layoff, the Participant will be eligible to be considered for a pro-rata Award as set forth below, 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. In no event will Participants who were terminated as the result of a layoff in 2014, but whose notice, severance or garden leave period continues into 2015, be considered eligible for an Award for the 2015 Performance Period.

Participants who terminate employment with the Company during the Performance Period or prior to the Form 10-K Filing Date as part of a divestiture 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 who terminates employment due to a divestiture is considered eligible for an Award paid by the Company, the Award will be pro-rated as set forth below.

The amount of any pro-rata Award as described in this Section 6.2 will be calculated by multiplying the earned Award by a percentage, the numerator of which is the number of days the executive is on payroll during the Performance Period and the denominator of which is 365 days. All pro-rata Awards will be paid on the Award Payment Date(s).

6.3 **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

The Awards described in this Administrative Guide are intended to comply with Section 409A of the Internal Revenue Code to the extent such arrangements are subject to that law, and this Administrative Guide shall be interpreted and administered accordingly.

8.3 Section 162(m) of the Code

Generally, if any provision of this Administrative Guide would cause the Awards granted to a Covered Employee not to constitute "qualified performance-based compensation" under Section 162(m) of the Code, that provision, in so far as it pertains to the Covered Employee, will be severed from, and will be deemed not to be a part of, this Administrative Guide, but the other provisions hereof will remain in full force and effect. Further, if this Administrative Guide fails to contain any provision required under Section 162(m) in order to make the Awards granted hereunder to a Covered Employee be "qualified performance-based compensation," then this Administrative Guide will be deemed to incorporate such provision, effective as of the date of this Administrative Guide's adoption by the Committee.

8.4 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.

8.5 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.

APPENDIX A

§ Definitions of Performance Goal(s) and Performance Gate(s)

§ Performance Goal Matrix

March 10, 2014

Jeffrey J. Clarke

Re: Employment Agreement

Dear Jeff:

This mutually agreeable form of employment agreement (this "*Agreement*"), will be your employment agreement and will be effective on March 12, 2014 ("the Effective Date"). For purposes of this Agreement, the term "*Company*" shall refer to Eastman Kodak Company.

1. Terms Schedule

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

2. Scheduled Term

The term of this Agreement will begin on the Effective Date and end on March 12, 2017.

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.
- (d) *Other Activities.* During your Scheduled Term and subject to the terms of the Schedule, you may (1) serve on corporate, civic or charitable boards or committees, (2) manage

(e) 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.

(f) *Incorporation of Employee's Agreement.* The terms of Eastman Kodak Company Employee's Agreement, attached hereto as Exhibit 1, are incorporated by reference and you agree to abide by such sections.

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 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, known as Executive Compensation for Excellence and Leadership ("EXCEL") (your "Annual Incentive"). Your annual target award under EXCEL will be determined in accordance with your Schedule. Any actual award in a given annual performance period will depend upon performance against corporate goals selected by management and approved by the appropriate committee of the Board and will be paid in the discretion of such committee. 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. Your equity awards are stated on your Schedule in terms of dollar (\$) value. The actual number of restricted stock units you will be granted is calculated by dividing the dollar value of your award by the closing price of the Company's stock on the New York Stock Exchange on the date of grant. 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 March 12, 2014 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.

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

(b) basis that is at least as favorable as that provided to similarly situated executives of the Company.

(c) *Vacation.* You will be entitled to paid annual vacation in accordance with your Schedule.

(d) *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.

(e) *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 relevant Board reach a determination as soon as reasonably possible.

(f) *Additional Benefits.* During your employment, you will be provided any additional benefits stated in your Schedule.

6. Termination of Your Employment; End of Scheduled Term

(a) *No Reason Required.* Neither you nor the Company is under any obligation to continue your employment beyond the Scheduled Term. In addition, you or the Company may terminate your employment early at any time for any reason, or for no reason, subject to compliance with Section 6(c).

(b) *Related Definitions.*

1. "Cause" means any of the following: (A) your Willful and continued failure or refusal for a period of at least 60 days following delivery to you of a written 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's 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.
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 the 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");
- 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 accrued but unused vacation, and (C) any accrued expense reimbursements and other cash entitlements (including for accrued expense reimbursement for which supporting documentation is submitted within 30 days after termination of your employment) (together, your "*Accrued Compensation*"). In addition, the Company will timely pay you any amounts and provide you any benefits that are required, or to which you are entitled, under any plan, contract or arrangement of the Company as of the end of your employment (together, the "*Other Benefits*").
 2. The Company will pay you severance ("*Severance Payments*") in an amount equal to your Salary, multiplied by the severance multiplier on your Schedule ("*Severance Multiplier*").
 3. Your Annual Incentive will be governed by the terms of the EXCEL plan and any applicable Administrative Guide or Award notice.
 4. Your Long-Term Equity Awards will continue to vest and remain exercisable according to the terms of the applicable award, in each case without regard to any continued employment condition. The benefits in this Section 6(d)(3) are referred to as "*Continued Vesting*."
-

- (e) *For Cause or without Good Reason.* If the Company terminates your employment for Cause or you terminate your employment without Good Reason, the Company will pay your Accrued Compensation and your Other Benefits. 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 your Accrued Compensation, Earned Annual Incentive and will provide Continued Vesting of your Long Term Incentive Awards in accordance with the terms of the applicable awards, without regard to any continued employment condition, and your Other Benefits.
- (g) *For End of Scheduled Term.* At the end of your Scheduled Term, the Company will (i) pay you (x) Accrued Compensation, (y) Earned Annual Incentive and (z) Annual Incentive in respect of the fiscal year in which the end of your Scheduled Term occurs, based on actual achievement of applicable performance targets (which such amount shall not be prorated). Your Long-Term Equity Award will be subject to Continued Vesting.
- (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 "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) and 6(d)(4) 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. 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. "*Non-Competition Period*" means the period provided in the Schedule.
4. "*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.

(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 your 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 your 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 your 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.

9. Effect on Other Agreements

- (a) *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 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
Attention: General Counsel
343 State Street
Rochester, New York 14650

- (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 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.

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

EASTMAN KODAK COMPANY

By: :

Name: James V. Continenza
Title: Chairman of the Board

EXECUTIVE

Jeffrey J.
Clarke

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.
- 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 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
 - (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 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

EMPLOYMENT AGREEMENT EFFECTIVE MARCH 12, 2014
TERMS SCHEDULE

<i>Position</i>	Chief Executive Officer, Eastman Kodak Company
<i>Base Salary</i>	\$1,000,000
<i>Annual Cash Performance Incentive under Company's Executive Compensation for Excellence and Leadership (EXCEL) Plan¹</i>	<p>The target level for your Annual Incentive will be 100% of your Base Salary.</p> <p>The maximum payout under the EXCEL Plan is 200%.</p> <p>Total Target Cash Compensation is \$2,000,000.</p>
<i>Long-Term Incentive Compensation</i>	<p>\$3,000,000 in Restricted Stock Units will be granted on the Effective Date of your agreement with vesting over a three-year period (33.3% vests each year).</p> <p>\$1,000,000 in Stock Options will be granted on the effective date of your agreement. You will also be granted \$1,000,000 in Stock Options on each of the first and second anniversary of the Effective Date. The strike price on the options will be the NYSE closing price of the Company's common stock on the grant date. Each option grant will vest over a three-year period (33.3% vests each year.)</p> <p>Total Direct Compensation is \$4,000,000 (Total Target Cash plus Annual Equity Awards).</p>
<i>Housing Allowance and Travel Expenses</i>	<p>\$5,000 /Month (net of taxes)</p> <p>Housing and travel allowance provided for the term of your contract (to cover your housing and travel expenses incurred between San Francisco and Rochester.)</p> <p>Your principle office will be in Rochester, NY; the Company will provide office space in San Francisco with video conference capability. You will spend on a monthly average a maximum 20% of your time in the San Francisco office during first year of employment.</p>
<i>Severance Multiplier</i>	2X Base Salary

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

²Leaving Reasons and associated eligibility are reviewed and approved by the Executive Compensation Committee

Terms Schedule for **Jeffrey J. Clarke**

<i>Change of Control</i>	In the case of a Change of Control event followed by an involuntary termination ² within two years following the Change of Control, severance would be paid after the 409(a) waiting period.
<i>Additional Benefits</i>	Up to four weeks vacation.
<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· Vacation Buy
<i>Outside Board Service</i>	You may continue service on existing outside boards (Orbitz, RedHat and Compuware) so long as such service does not unreasonably interfere with your primary responsibility to Kodak. In the event of resignation from one or more of these boards, you may serve on up to two outside boards, including by substituting current board service for up to two new board seats.
