

January 19, 2012

Dear Colleagues:

I know you are all very much aware of the challenges we have faced as a company – just as you are aware of the significant progress we have made as a result of so much hard work and dedication on the part of each of you. We have known for quite some time what the Kodak of the future would need to look like, and in recent years we have done a large portion of the heavy lifting that will be required to get us there. Our foremost goal has always been clear: to build a Kodak that is competitive in the world of today – and sustainably profitable tomorrow.

Today we are taking another important step forward together. This morning our U.S. parent company and its U.S. subsidiaries filed for Chapter 11 reorganization to bolster liquidity in the U.S., monetize non-strategic intellectual property, fairly resolve our legacy costs, and enable the company to focus on its most valuable business lines. This means that our U.S. businesses will continue normal operations under a special set of legal protections. Our non-U.S. subsidiaries are not included in the filing, and they will continue to operate as usual.

Even as our efforts over the last several years have brought us a great deal closer to completing our transformation, our path to sustainable, profitable growth in 2013 was predicated on a business plan that was challenged by the combination of two key events: (1) the impact of the global economic slowdown, and (2) the significant impact of a litigation strategy of delay by key industry players that resulted in Kodak not being paid what was rightfully owed us given our well-tested and validated digital imaging patents. The consequence of these events is that we need additional time and flexibility to complete our transformation and move forward as a more competitive and sustainable global enterprise.

The steps we are taking this morning are right for our company, and will provide us with the additional time and flexibility we need to ensure:

- Our vendors, suppliers, and customers remain confident in our position, with the commitment of \$950 million in new financing, plus the cash we have on hand;
- We are able to fully enforce Kodak's IP rights against industry players that have infringed our proven and valuable digital imaging patents, or otherwise spur the monetization of the company's valuable intellectual property;
- Our legacy costs are fairly apportioned and scaled for a company of the size we are today; and
- Kodak actively manages the value of our enterprise for its stakeholders, including evaluating our businesses to enable us to reorganize around our commercial and consumer units.

Throughout the reorganization process, we intend to carry forward with business in the normal course:

- Our employees should expect to receive their usual wages and salaries, healthcare coverage, vacation, and other benefits, without interruption;
- Our customers should continue to expect from us the same quality products and services that help them do more, do it better, and do it faster;
- Our vendors, suppliers, and other business partners should expect payment in full for goods and services they provide us during this process; and
- All our other stakeholders should expect to see further evidence of our commitment to building a Kodak that will be successful in the marketplace – and a positive force in the communities we call home – for many years to come.

The U.S. Chapter 11 reorganization process is a powerful tool for a company that has invested significantly in research and development to drive future growth, but is experiencing a liquidity shortage. The court-supervised process enables a company to maintain normal business operations under the direction of its Board and management for ordinary course decisions, while also engaging the court process for extraordinary business decisions – all with the purpose of emerging as a stronger and more sustainable business.

This process will bring new challenges, but the people of Kodak have risen to challenges before. I want to assure you that we are going to make every effort to keep our lines of communication open as we move forward through this process together. To that end, I and senior leaders will host a Town Hall meeting later this morning at 9:00 a.m. U.S. EST for employees. The meeting is being held at Kodak Office in Rochester, and other company sites will be able to join via teleconference. For remote sites, if an employee has a question for the Town Hall meeting, those can be submitted along with the submitter's name and location to [www-Employee-Communications@Kodak.com](mailto:www-Employee-Communications@Kodak.com). Site-specific information will be distributed separately with details on the remote meeting locations.

Those of you who have customer- or vendor-facing responsibilities will receive more detailed instructions and communications materials in a separate message this morning – but it is worth restating here the critical importance of our customers understanding that they can continue to rely on us, and that Kodak remains open for business as usual.

This morning's announcement is also likely to draw interest from a number of other parties – from our suppliers and business partners to our own friends and family. We have established a public website, [www.kodaktransforms.com](http://www.kodaktransforms.com), to serve as a centralized source of information on our reorganization process for a variety of different constituents, including employees.

We have made significant progress over the past several years at Kodak. We have created new digital businesses that are beginning to deliver on their exciting growth prospects, while at the same time we have radically reshaped businesses that needed appropriate

scaling for profoundly changed markets, resulting in operations that have continued to generate cash for our business. Now, as we realize the value that we expect to create through this process, a wide range of stakeholders – including our employees – will stand to benefit from our success.

There is much more yet to come from Kodak, as we complete our transformation and write the next chapter in the history of the world's leading materials science and digital imaging company. The Kodak of the future will continue to leverage our fundamental knowledge and commercialization advantages in materials sciences, digital imaging, and deposition technologies to capitalize on opportunities and be competitive in growth markets.

It is my hope that today's announcement will provide all of us, together with our stakeholders worldwide, a greater measure of clarity and confidence about Kodak's path forward.

Sincerely,

**Antonio M. Perez**  
Chairman and Chief Executive Officer