

ai-cio.com

## Future of Eastman Kodak's Pension 'Too Early to Tell' Says PBGC

---

Friday, January 20, 2012 1:09:39 PM

*"Some people say that Eastman Kodak's pension plan is in danger because the company filed for bankruptcy, but it's really too early to tell," says PBGC spokesman Marc Hopkins.*

(January 20, 2012) -- The Pension Benefit Guaranty Corporation (PBGC) -- the federal agency, which assumes the pension liabilities of companies in bankruptcy -- has asserted that concerns over the future of Eastman Kodak's pension scheme following the firm's bankruptcy is premature, due to the scheme's reasonable funding level.

"Some people say that Eastman Kodak's pension plan is in danger because the company filed for bankruptcy, but it's really too early to tell," PBGC spokesman Marc Hopkins told *aiCIO*, referring specially to the Rochester, NY-based firm's US scheme. "If the result of the bankruptcy process is that Kodak cannot afford their pension plan, we would step in and take on pension liabilities, paying benefits up to the guaranteed limit," Hopkins said, noting that the action is only hypothetical, as the PBGC's action would evolve over the course of the bankruptcy, which could take at least 18 months.

Hopkins referenced Visteon Corporation, a global supplier of climate, electronics, lighting and interior products, which went through bankruptcy, reorganized, and kept its plan intact -- emerging from bankruptcy on October 1 of 2010 with an improved balance sheet.

PBGC issued a statement saying: "Kodak's US pension plans are reasonably well funded and we want to make sure they stay that way. We will actively participate in Kodak's bankruptcy to protect Kodak's pension plans for their workers and retirees." According to the PBGC, Kodak sponsors two traditional pension plans that cover nearly 63,000 people. The plans are 86% funded, with about \$4.9 billion in assets to cover about \$5.6 billion in benefits.

Kodak filed for bankruptcy protection early Thursday morning, aiming to streamline and improve its business. In a video with WXXI Public Television, Antonio M. Perez, the company's chief executive, said: "We're taking this step at this point in our transformation in order to build the strongest possible foundation for the Kodak of the future."

Some sources conclude the Chapter 11 filing came as a call for help before the firm ran completely out of cash, as the company already owes a growing amount to creditors.

In 2011, PBGC worked with 19 companies in bankruptcy to continue their pension plans after the sponsor reorganized, or after a new owner assumed operations. Their pension plans cover about 74,000 people, who

will receive their full promised benefits. This kept more than \$2 billion in obligations off the agency's books. Perhaps not surprisingly, the fund has been pummeled in recent years by the economic downturn which has caused more corporate bankrupts and pension failures.

While Hopkins said it's too early to assess the impacts of Kodak's bankruptcy on its pension, the Chapter 11 filing may be a further indication of the increased pressure the PBGC faces as more corporate bankruptcies and pension failures contribute to its widening deficit.

*Share*

---

**Original URL:**

[http://www.ai-cio.com/channel/NEWSMAKERS/Future\\_of\\_Eastman\\_Kodak%E2%80%99s\\_Pension\\_%E2%80%98Too\\_Early\\_to\\_Tell\\_%E2%80%99\\_Says\\_PBGC.html](http://www.ai-cio.com/channel/NEWSMAKERS/Future_of_Eastman_Kodak%E2%80%99s_Pension_%E2%80%98Too_Early_to_Tell_%E2%80%99_Says_PBGC.html)