



## Kodak retirees balking at bigwig bonuses

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A number of Eastman Kodak Co. retirees — including some former upper-level executives — are urging a federal bankruptcy court judge to shoot down company plans for executive bonuses potentially worth millions.

“To reward people with money that should go to us and for reducing our potential payout is grossly unfair,” former corporate Vice President Richard Pignataro, now a Florida resident, wrote U.S. Bankruptcy Court Judge Allan Gropper in a letter dated July 16.

Former General Counsel Cecil D. Quillen Jr., now living in Virginia, argued in a letter also dated July 16 that the company’s top executives already carry a fiduciary duty to return as much value to the company’s creditors, so extra financial incentives are superfluous.

“(CEO Antonio) Perez himself has submitted unsecured claims for more than \$18.8 million,” Quillen wrote. “As a consequence, (executives) already have a direct financial interest in enhancing the value of the Kodak bankrupt estate.”

The bonus plan, submitted to U.S. Bankruptcy Court earlier this month, would pay 15 top executives a total of as much as \$17.6 million if the company gets out of bankruptcy and creditors get back all the money they’re owed. If they receive 30 cents on the dollar, which is Kodak’s target, those executives would receive a total of \$8.8 million.

Kodak has argued the bonuses are intended to replace the bonus plans previously in place, which traditionally had been a sizable source of income for top executives, with something specifically designed for the company’s Chapter 11 bankruptcy.

The deadline for objecting to the bonus plan is Monday. Gropper is scheduled to hold a hearing on the proposal Aug. 6.

Such bonus plans are commonplace in corporate bankruptcies. And the letter writers might be tilting at windmills.

“While such letters cannot be dismissed as completely irrelevant, it is extremely rare for such letters to carry much weight with a judge especially when the official committee of unsecured creditors is supportive,” said Michael Friedman, an attorney specializing in bankruptcy and restructuring issues with New York City law firm Richards Kibbe & Orbe LLP.

According to Kodak, the bonus plan was put together with input from the unsecured creditors committee.

In his letter dated July 17, Greece resident David G. Tomer singled out Perez for blame for the company's downfall. "And now he expects to be rewarded for guiding Kodak through, and possibly out of, bankruptcy? I'm stunned," wrote Tomer, who retired in 1991 after 26 years with Kodak, much of that time as a mechanical engineer who built automatic production machinery.

"If Kodak does come out of bankruptcy, based on Mr. Perez's record, it will not be due to his efforts."

Thursday, Tomer said he recognizes his letter likely won't sway court opinion. "I always have some hope the light will shine as I see it and change things. I don't think it's going to happen. I can at least say I tried."