
Kodak to Sell Film Business That Made It a Blue Chip

by MIKE SPECTOR AND DANA MATTIOLI • AUG. 23, 2012

[Eastman Kodak](#) Co. [EKDKQ +6.12%](#) is putting the camera-film business that helped make it a blue-chip company on the block as the company struggles to adapt to changing times and reorganize under bankruptcy protection.

Kodak said on Thursday it would sell its traditional off-the-shelf print-film business and several other businesses to raise additional cash as an auction of its digital patents slogs on.

In addition to print film, Kodak's businesses for sale include kiosks that develop digital photos as well as heavy-duty commercial scanners and related software used by large companies such as health-insurance firms to process thousands of forms from customers. A business that takes photos of theme-park visitors for souvenirs is also up for sale.

The businesses for sale are grouped under the headings "personalized imaging" and "document imaging." The upshot is Kodak will continue to shift its focus to commercial businesses, mainly printers.

Kodak plans to complete the sales during the first half of 2013, the year it hopes to emerge from Chapter 11 bankruptcy protection, said Chief Executive [Antonio Perez](#) on a conference call with reporters. [Lazard](#) Ltd. [LAZ +0.25%](#) will handle the sales.

"We have to make tough choices to build our future and this is one of those choices," Mr. Perez said. He declined to speculate how much Kodak hopes to fetch for the businesses.

The sales would cement Kodak's departure from its roots as a successful juggernaut included in the Dow Jones Industrial Average Index from 1930 until 2004. Despite inventing the digital camera, Kodak has been slow to adapt to new technologies and rivals. The company filed for bankruptcy protection in January amid a cash crunch.

The announcement Thursday of the planned sales comes as Kodak continues to hold discussions with a wide-ranging investor consortium on the sale of its digital patent portfolio. A consortium including [Apple](#)

Inc., [AAPL +0.09%](#) [Google Inc., GOOG +0.27%](#) [Microsoft Corp. MSFT +1.01%](#) and patent aggregators has been in discussions with Kodak on buying the patents. The auction began Aug. 8 with competing investor groups later merging to form one suitor.

The Wall Street Journal reported earlier that Kodak could start selling off businesses and try to bring home cash from overseas as part of contingency plans following the result of a prolonged auction of the patent portfolio. The auction isn't expected to raise as much cash as Kodak initially hoped. That is leading the company to look for other ways to raise money to repay more than \$660 million owed banks including [Citigroup Inc. C +0.83%](#) that provided a bankruptcy loan, as well as other creditors.

Bids have come in all different shapes and sizes. People close to the matter said Kodak appeared close to some kind of deal, though the details remained unclear. Kodak hoped to sell the whole portfolio and earlier this year said it could be worth between \$2.2 billion and \$2.6 billion. Initial bids came in below \$250 million, according to people familiar with the matter.

"We expected this to be a complex process, and it has been all of that and more," Mr. Perez said.

Kodak put the 1,100 patents on the block a year ago to raise cash after Mr. Perez's strategy of milking the patent portfolio through suits and licensing agreements ran dry. Mr. Perez has been trying to transform Kodak into a company that sells consumer and commercial inkjet printers, moving away from traditional off-the-shelf print film and other older businesses.

Kodak exited some of its consumer businesses in February, announcing plans to shut down production of digital cameras, video cameras and digital picture frames. In April, it sold its Kodak Gallery photo-sharing website to [Shutterfly Inc. SFLY -2.70%](#) for \$23.8 million. Kodak's camera business and photosharing site were both unprofitable, according to people familiar with the matter.

Kodak's personalized imaging business generates about \$1.3 billion a year in revenues. Kodak's document imaging business generates around \$466 million a year.

While Mr. Perez focused Kodak more on selling products to commercial customers, the company still has a large consumer inkjet printing business that has yet to turn a profit. A person familiar with the matter said a sale of the consumer inkjet business is unlikely. The cross licenses Kodak had to obtain to enter the consumer inkjet space are nontransferable in the event of a sale, this person said, meaning a buyer wouldn't be able to enter the business without having its own licenses.

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