



## Kodak Motion to Bankruptcy Court

October 10, 2012

We became aware today that Kodak submitted a motion to the bankruptcy court in New York City in order to present a proposal negotiated with the Official Retirees Committee to eliminate ALL retiree health and welfare benefits. The motion requests approval by the court for an effective date of December 31, 2012.

Although EKRA has not seen the details of the Kodak plan, we are very disappointed that the information about such a dramatic change in health and welfare benefits became known via the public court venue. It is especially disappointing that neither Kodak nor the Official Retiree Committee, who worked on this for the past 5 months, felt it was important to communicate to retirees the direness of the Kodak situation nor in any way to indicate the Draconian result they were about to reveal. This, coupled with not seeking input, makes this news all the more shocking.

The only 'warnings' we had were made by interpretation through newspaper and other media reports about such things as the failed auction process, the out pouring of negative cash flow to the tune of \$75-80 million per month, the huge bankruptcy bills being accumulated by numerous legal and financial counsel, etc.

We have indicated in past memos that the situation seemed bleak, but the lack of any communication is a travesty. At this point Kodak has not communicated its plan on how they intend to inform retirees individually following the approval of its motion; we should all EXPECT and deserve full disclosure on:

- Why the situation is so bad that it requires full elimination of health and welfare benefits,
- What steps each retiree needs to take to make any transition,
- What resources are available to make individual interpretations when necessary,
- The specific dates when each particular benefit is due to terminate,
- What, if any, alternatives are available for continuing a particular benefit, even if it means the retiree paying the full cost .....etc., etc.

Although the Kodak proposal in the motion seeks to eliminate health and welfare benefits, it makes a provision for setting up a small externally managed benefit fund known as a VEBA (Voluntary Employees' Beneficiary Association). It appears the intent of the VEBA will be to manage a small fund dedicated to provide a small portion of the Survivor Income Benefit (SIB). Specific information about how this is to be utilized will need to be communicated by Kodak, the Official Retiree Committee or the Board set up to manage the VEBA. At this point we do not have any information about its value, management, or process.

EKRA realizes full well that this is a shock to the thousands of Kodak retirees, survivors and dependents. We will continue to push for factual communication from Kodak and the Official Retiree Committee, obtain other relevant information, determine possible alternatives and provide ongoing communication so Kodak retirees have as much information as possible to make their individual decisions.

As noted above, in the motion going to the court Kodak proposes to eliminate Kodak retiree health and welfare benefits. This includes benefits such as health care, life insurance, dental insurance, and some portion of the SIB. It DOES NOT affect the pension plan known as KRIP (Kodak Retirement Income Plan). KRIP is funded and managed separately from Kodak operations. We have been advised that KRIP is currently sufficiently funded to continue to provide the monthly pension check everyone receives. The very best way for KRIP to continue unaffected is to have Kodak successfully exit bankruptcy in 2013.

For now retirees need to concentrate on what this elimination of health and welfare benefits means to each of us individually and obtain necessary coverage based on our individual needs.

- As we mentioned in recent memos, the Medicare insurance providers are conducting open enrollment sessions during October and November. The Rochester area sessions are listed on our website and have been advertised in the newspaper. In addition, each provider has listed phone numbers for those unable to attend a session. Further, in the Rochester area, Lifespan provides accurate and objective information regarding Medicare and related insurances to help individuals determine the Medicare plan that best suits their needs.
- For individuals under age 65 we expect Kodak will communicate the process to obtain COBRA coverage for the under age 65 retiree health care plan. Although the NYS legislation that was passed earlier this year is available it does not appear to be the best or most cost affective alternative. The NYS legislation has always been a safety net option for under age 65 retirees should other group plans not be available. COBRA continuation coverage would be a continuation of the Kodak group plan. After discussions with the insurance providers, they indicated that an offering similar to the Kodak plan would probably be slightly more costly than the COBRA coverage. As a result, EKRA did not see any advantage to establishing a group plan under the NYS legislation.

As more information becomes available EKRA will continue to communicate with you, our valued members.

Your EKRA Team