

October 10, 2012

TO: U.S. Kodak Employees
FROM: Global Benefits Organization
SUBJECT: Court Motion on Retiree Benefits

Today, the company filed a motion with the U.S. Bankruptcy Court for the Southern District of New York seeking approval of an agreement reached with the Official Committee of Retirees appointed by that Court under the Chapter 11 proceedings. This committee was appointed to negotiate with the company on behalf of retirees, long-term disability recipients, and their spouses, dependents or survivors (together referred to below as "Retirees") concerning the future of retiree medical, dental, life insurance, and survivor income benefits. Retirees' pension arrangements are not impacted by the proposed agreement with the committee. As a part of the reorganization process, the company has negotiated with the committee to reach agreement on the future of these retiree benefits. After extensive discussions and consideration of information, Kodak and the committee have reached an agreement that provides for the following changes:

- Kodak will no longer provide retiree medical, dental, life insurance and survivor income benefits to current and future Retirees after December 31, 2012. Retirees will have an opportunity to elect COBRA or conversion coverage as provided under the plans or as otherwise legally required. Retirees will be responsible for the full cost of the coverage they elect.
- The committee will set up a trust or account from which some limited benefits for some retirees may be provided. The trust or account will be funded by the following contributions from Kodak:
 - \$7.5 million dollars in cash,
 - A priority administrative claim against Kodak in the amount of \$15 million, and
 - A general unsecured claim against Kodak in the amount of \$635 million

The benefits to be paid from these funds have not yet been determined. In the coming weeks, the committee will be communicating with the retiree community about the benefits that will be provided.

This agreement, if approved by the Court, is a major step towards one of the four key objectives for our reorganization: reducing our legacy liabilities. Regrettably, we can no longer afford these expenses. Consider that:

- Our current OPEB coverage costs the company approximately \$10 million per month.
- Given the much smaller number of active employees compared to the number of retirees, each current U.S. employee must support the retiree benefits of seven retirees (based on 2011 figures).

- Very few of our competitors provide retiree benefits.

Since entering Chapter 11 reorganization in January, Kodak has taken a series of other steps to enhance our liquidity, including the proposed sale of our Personalized Imaging and Document Imaging businesses, cost structure reductions, and other measures to conserve costs. While we are optimistic about the outlook for our future business in commercial, packaging and functional printing and enterprise services, there is no reasonable scenario that could support continued payment of \$10 million per month for these benefits.

We encourage you to review the Questions & Answers below regarding these proposed changes. A copy of the motion will be available from <http://www.kcellc.net/kodak>. Click on Court Documents. A copy of the letter that current retirees will receive will be posted tomorrow on the Kodak Transforms website (www.kodaktransforms.com). The proposed agreement is subject to approval by the Court and is scheduled to be heard at a hearing on October 29, 2012.

In addition to the above changes, the Kodak Medical Assistance Plan, Kodak Prescription Drug Plan, and Kodak Dental Plan are being amended effective January 1, 2012, to reduce the period for submitting benefit claims to twelve months from the date of service. As a result, all claims for medical and dental benefits incurred on or after January 1, 2012, must be submitted for payment within twelve months of the date that the claim was incurred. Claims incurred for medical or dental benefits prior to January 1, 2012, must be submitted by the earlier of (a) the second anniversary of the date that the claims was incurred or (b) December 31, 2012. The claims submission period for routine life insurance and survivor income benefits is not changing (i.e., within one year from the date of death).

We recognize that these changes will create challenges for many individuals. However, this is one of the many difficult but necessary steps we must take to put the company on a path to emerge as a profitable, sustainable company.

Questions & Answers

1. Do these changes apply to employees? Yes. There will be no retiree medical or survivor income benefits after December 31, 2012, for employees who retire or go on long-term disability, and the changes to the claim submission period apply to claims by employees as well as retirees.

2. What options will current and future retirees have for medical coverage under COBRA? Individuals who lose coverage will be eligible to elect coverage under COBRA, a federal law that provides for the opportunity to continue health care coverage at full cost for a period of time. Details on options and cost will be provided at the time when the loss of coverage occurs.

Also, New York State and other states have been working to set up health care coverage pools to provide ready access to coverage for their citizens beginning in 2014 as required under the federal health care reform law. In the case of Medicare-eligible retirees (generally those age 65 and over), supplemental

medical coverage is widely available in the retail market.

3. Does this mean my Optional and Dependent Life Insurance will be terminated when I retire? No. Optional and Dependent Life Insurance can be continued by paying the premiums directly to MetLife.

4. Isn't \$635 million quite a large sum? How can we commit that amount of money? The \$635 million is a claim in Chapter 11 proceedings. The value of the claim will be determined as the case proceeds.

5. What will the committee do with the funds they receive? The committee has yet to determine how the funds will be used.

6. Where can I get further information?

Besides the motion and a notice that will be appearing in the *USA Today* and *Democrat and Chronicle* newspapers within the next few days, there is no additional information about these changes at this time. Other documents concerning this motion that are submitted to the Bankruptcy Court can be accessed through <http://www.kccllc.net/kodak>. Click on Court Documents.

All benefits information in this document is subject to applicable laws and the terms of the relevant plan documents, which will govern if there are any differences. The company reserves the right to amend or terminate any benefit plan at any time. This document summarizes the changes made to the applicable Kodak benefit plans and therefore constitutes a summary of material modifications to the summary plan descriptions previously provided to you in your You & Kodak Benefits Handbook and updates.