

Kodak Retiree Committee Secures Extended Coverage Of Benefits Despite Kodak's Termination Of Plans

Committee To Establish Trust To Fund Some Benefits

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ROCHESTER, N.Y., Oct. 15, 2012 -- /PRNewswire/ -- The Official Committee of Retirees of the Eastman Kodak Company has reached an agreement in principle with Kodak that will provide for the continuation of all retiree benefits through the end of 2012. The settlement also provides for a cash payment of \$7.5 million and bankruptcy claims totaling \$650 million that will be used to fund the continuation of some benefits after December 31, 2012.

The Committee was formed in May 2012 to advocate for retirees after Kodak filed a motion with the bankruptcy court to terminate health benefits for its Medicare-eligible retirees, effective May 1, 2012. Soon thereafter, Kodak informed the Committee that it intended to terminate all benefits as of September 30, 2012. Kodak stated it could not continue retiree benefits and also reorganize, and provided the Committee with hundreds of thousands of pages of supporting documents. If Kodak does not successfully emerge from bankruptcy, the retirees have no chance of receiving any future benefits.

The Committee's advisors engaged in extensive and hard-fought negotiations with Kodak, which the company required be conducted under strict confidentiality. The Committee was ultimately able to strike an agreement with Kodak for all benefits to be continued through the end of 2012 – a value to the retiree community of approximately \$30 million (in addition to about \$8.5 million in savings to Medicare-eligible retirees that resulted from the withdrawal of the motion to terminate their health care benefits effective May 1, 2012). The Committee also concluded the agreement in a way that requires Kodak to make COBRA coverage available for life to all retirees so long as retirees pay premiums and Kodak continues to sponsor health plans for its active employees. This will allow all retirees to have health care coverage comparable to what they currently have, although premium costs may increase for many.

The bankruptcy claims include an administrative priority claim in the amount of \$15 million, and a general unsecured claim in the amount of \$635 million, which will be liquidated to add to the cash payment of \$7.5 million.

The Committee will use the funds acquired in the settlement to set up a VEBA – a trust fund that will subsidize the cost of some benefits going forward. Based on input received from the retiree community and the experience of the Committee members, the Committee decided that the limited funds available should be used where they are most needed, to create a modest safety net for as many people as possible. Specifically, the VEBA will pay a limited portion of the Survivor Income Benefits to surviving spouses and dependents of retirees who depend on these payments for their living costs. In addition, the Committee intends to use the VEBA to subsidize some portion of the health care costs for retirees not yet eligible for


Medicare. The Committee determined that health care benefits comparable to what Kodak has been providing for Medicare-eligible retirees are readily available in the marketplace at a reasonable cost. Retirees with life insurance benefits will have conversion rights under the terms of the Kodak plans.

Finally, communications to retirees, while not permitted during the negotiations, are now of paramount importance. The Committee thus secured Kodak's commitment to provide prompt and comprehensive communications to the retiree community, including written information as well as a series of town hall meetings.

The Committee recognizes that retirees are going to suffer as a result of Kodak's decision to terminate benefits. Unfortunately, however, the law does not favor the interests of retirees in this situation. The Committee ultimately concluded that the agreement it negotiated was better than it could reasonably expect to achieve if it engaged in risky, uncertain, and potentially harmful litigation.

The Committee urges all retirees to pay close attention to the information they will be receiving from Kodak, as well as from health insurance carriers, Medicare, and the Committee. Information regarding COBRA coverage, Medicare coverage, and conversion options will be disseminated over the coming weeks and months, as well as more information regarding the VEBA and the benefits it will provide.

SOURCE Official Committee of Retirees of the Eastman Kodak Company

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