

Electronics Giants Push Back Against Kodak Retiree Deal

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Many of the world's biggest names in electronics and technology, from Canon to LG to Microsoft, are pushing back against the landmark deal Eastman Kodak Co. (EKDKQ) struck to resolve \$2.8 billion in U.K. pension claims.

More than a dozen companies on Thursday filed court papers outlining their objections and concerns to a deal that Kodak calls the "centerpiece" of its restructuring: the transfer of its personalized-imaging and document-imaging businesses to its U.K. pensioners.

The deal, which covers such Kodak products and services as cameras, retail photo-printing kiosks and scanners, will not only resolve the \$2.8 billion in U.K. pension claims but will also bring in \$650 million in cash and noncash consideration to Kodak's bankruptcy estate.

The companies that filed objections say they don't have a problem with the idea of Kodak selling those businesses to its retirees, but they do have a problem with how they and the various agreements they have with Kodak--including patent license agreements--will fare in the sale.

"In their sale motion...the debtors repeat and expand upon aggressive strategies that they have employed in prior sale motions in this case,"

Nikon Corp. (NINYOY, 7731.TO) said in its objection. "The sale motion, which is ambiguous, overreaching, and lacks adequate protection for parties-in-interest, misuses the plan and proposed order to the potential detriment of parties-in-interest, including Nikon."

Nikon's objection, which many of the other companies joined in, points out the deal's lack of protection for the companies' rights as well as the possibility that their agreements could be transferred to the pension plan without their consent or without paying off any amounts owed under them.

Among the companies joining in Nikon's concerns are Intel Corp. ([INTC](#)), International Business Machines Corp. ([IBM](#)), LG Electronics Inc. (066570.SE), Microsoft Corp. ([MSFT](#)) and Nokia Corp. ([NOK](#)). Other objections came in from Canon Inc. (CAJ, 7751.TO), Hewlett-Packard Co. ([HPQ](#)), Imax Corp. ([IMAX](#)) and Sony Corp. (SNE, 6758.TO).

According to Kodak, however, the deal is "essential" to its ability to restructure.

"The debtors believe there is no foreseeable alternative to resolve these liabilities more favorably for the debtors than the [pension plan] global settlement," the company said in court papers.

The U.S. Bankruptcy Court in Manhattan will consider the deal, and the objections to it, at a hearing next Thursday.

Kodak, of Rochester, N.Y., sought Chapter 11 protection in January 2012. It is hoping to exit bankruptcy later this year under a restructuring plan that, in addition to incorporating the U.K. pension deal, would hand control of the company to its bondholders.

(Dow Jones Daily Bankruptcy Review covers news about distressed companies and those under bankruptcy protection. Go to <http://dbr.dowjones.com>)

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