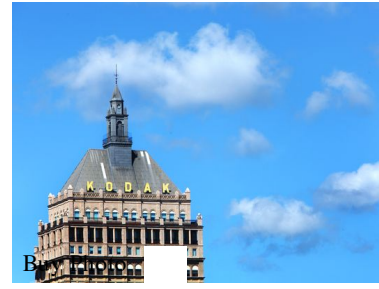


Kodak changing retirement plans



Matthew Daneman, Staff writer 1:53 p.m. EDT July 30, 2014



(Photo: Staff file photo)

Eastman Kodak Co. is making changes to its pension and 401(k) plans, reducing vacation carryover and essentially freezing most executive salaries in 2014, the company disclosed in a memo to employees Wednesday.

CEO Jeff Clarke said in the memo that the changes were necessary to ensure the company's success.

Here's the full text of Clarke's memo:

The Executive Council recently held in-depth discussions on our strategic direction with a focus on identifying actions to accelerate the company's long-term growth, sustainable profitability and success. Kodak is in many important ways a new company – smaller, more tightly focused and more technology-driven. We are benchmarking many dimensions of our business and making changes as a result of that work.

Our overarching imperative is to invest in the continued growth of our strategic offerings. We must also upgrade our email, CRM and other IT systems. These business tools have been underfunded in recent years and are critically needed to effectively do our jobs and best serve our customers. We also need to build a pipeline of talent for the future, while renewing our focus on leadership development and employee engagement.

To make the company more competitive and aligned with the market, we must further simplify processes and manage our cost structure. We will also continue to evaluate our market competitiveness in compensation and benefits globally to ensure that we balance the ability to attract and retain talent with affordability.

Today, we are announcing several actions the Executive Council agreed are necessary changes:

Moving from the current pension plan formulas and 401(k) match for U.S. employees to a single pension benefit formula, effective January 1 of 2015. With this change, our pension benefit will be competitive with companies in our industry. Employee pensions are unaffected through 2014.

A reduction in U.S. vacation carryover from four to two weeks, implemented by end of 2015.

A limited salary review for executives, based on both performance and gap-to-market, which will result in most executives not receiving an increase in 2014. Non-executive salary reviews are unaffected.

A new structure for the Global Variable Pay program in the U.S., Canada and Israel to more closely tie rewards to company and business performance. The Wage Dividend program is unaffected.

We will provide further details on these changes to employees affected by them, starting with a communication on the benefits and compensation changes to U.S. employees later today.

I know that you have all been through many actions in recent years. However, continuing to move to market-competitive benefits and compensation is necessary to ensure our company's success into the future.

Check back for details.

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