

# EASTMAN KODAK CO

## FORM 10-K (Annual Report)

Filed 03/17/20 for the Period Ending 12/31/19

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the year ended December 31, 2019 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-87

**EASTMAN KODAK COMPANY**  
(Exact name of registrant as specified in its charter)

NEW JERSEY  
(State of incorporation)  
343 STATE STREET, ROCHESTER, NEW YORK  
(Address of principal executive offices)

16-0417150  
(IRS Employer Identification No.)  
14650  
(Zip Code)

Registrant's telephone number, including area code: 585-724-4000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	KODK	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

See definition of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

The aggregate market value of the voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2019 was approximately \$48 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 2, 2020 was 43,578,870 shares of common stock.

Eastman Kodak Company  
Form 10-K  
December 31, 2019

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## PART I

### ITEM 1. BUSINESS

When used in this report, unless otherwise indicated by the context, “we,” “our,” “us,” and “Kodak” refer to the consolidated company on the basis of consolidation described in Note 1 to the consolidated financial statements in Part II, Item 8, “Financial Statements and Supplementary Data” of this Form 10-K Report. Also, unless otherwise indicated by the context, “EKC” means the parent company, Eastman Kodak Company (the “Company”).

Kodak is a global technology company focused on print and advanced materials and chemicals. Kodak provides industry-leading hardware, software, consumables and services primarily to customers in commercial print, packaging, publishing, manufacturing and entertainment. Kodak is committed to environmental stewardship and ongoing leadership in developing sustainable solutions. Its broad portfolio of superior products, responsive support and world-class R&D make Kodak solutions a smart investment for customers looking to improve their profitability and drive growth.

Kodak’s consolidated financial statements have been prepared on the going concern basis of accounting, which assumes Kodak will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Refer to Note 1, “Summary of Significant Accounting Principles” in the Notes to Financial Statements for additional information.

The Company was founded by George Eastman in 1880 and incorporated in 1901 in the State of New Jersey. Kodak is headquartered in Rochester, New York.

### REPORTABLE SEGMENTS

Kodak has six reportable segments: Print Systems, Enterprise Inkjet Systems, Kodak Software, Brand, Film and Imaging, Advanced Materials and 3D Printing Technology and Eastman Business Park.

#### Print Systems

The Print Systems segment is comprised of Prepress Solutions, which includes Kodak’s digital offset plate offerings and computer-to-plate imaging solutions, and Electrophotographic Printing Solutions, which offers high-quality digital printing solutions using electrically charged toner-based technology. The Print Systems segment provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines and packaging. While the businesses in this segment are experiencing pricing pressure, innovations in Kodak product lines that can command premium prices offset some of the long-term market price erosion.

Prepress Solutions capitalizes on a contract-based, stable and recurring cash flow-generative business model. The average duration of customer contracts is two years. These contracts offer stability and generate recurring revenue. The core of the business is the manufacturing of aluminum digital printing plates of varying sizes. These plates can be as small as 23cm x 27cm and as large as 126cm x 287cm. Unexposed plates are sold to commercial printing companies for use in the offset printing process. Kodak also manufactures equipment, known as Computer to Plate (“CTP”) equipment, which images the plates with a laser. The plates are used in the offset printing process, which transfers ink from the plate onto a rubber blanket and then onto the substrate to be printed. Due to the nature of the imaging and printing process, a new plate must be used for each printing run. As a result, there is a recurring revenue stream from the sale of these plates.

Kodak seeks to mitigate the impact of increases in aluminum prices through a combination of price increases, commodity contracts, improved production efficiency and cost reduction initiatives. In January 2019, Kodak received exemptions on U.S. tariffs on aluminum.

The Print Systems products and services are sold globally to customers through both a direct sales team as well as indirectly through dealers. Primary competitors are Fuji and Agfa. Kodak expects to benefit from current industry trends, including customers’ increasing focus on sustainability initiatives, which strengthens demand for Kodak’s process-free solutions.

#### • *Prepress Solutions:*

- Digital offset plates, which includes KODAK SONORA Process Free Plates. KODAK SONORA Process Free Plates are prepared directly with a CTP thermal output device and do not require subsequent processing chemistry, processing equipment or chemical disposal. As a result, the plates deliver cost savings and efficiency for customers and promote environmental sustainability practices.
- CTP output devices that are used by customers to transfer images onto aluminum offset printing plates and provide consistent and high-quality imaging for offset press applications. CTP products provide high resolution, consistency and stability in thermal imaging. Kodak also offers a lower cost CTP system using TH5 imaging technology, which provides a highly efficient and cost-effective imaging solution at a lower price point.
- Net sales for Prepress Solutions accounted for 59% and 58% of Kodak’s total net revenue for the years ended December 31, 2019 and 2018, respectively.

- *Electrophotographic Printing Solutions:*

- NEXPRESS printers produce high-quality, differentiated printing of short-run, personalized print applications, such as direct mail, books, marketing collateral and photo products.
- DIGIMASTER printers use monochrome electrophotographic printing technology for transactional printing, short-run books, corporate documentation, manuals and direct mail.
- Net sales for Electrophotographic Printing Solutions accounted for 9% and 10% of Kodak's total net revenue for the years ended December 31, 2019 and 2018, respectively.

The Print Systems segment also provides service and support related to these products.

On September 1, 2019 Kodak established a strategic relationship with Lucky HuaGuang Graphics Co. Ltd ("HuaGuang") in the People's Republic of China. The relationship is comprised of an agreement under which Kodak sold its shares of the Kodak (China) Graphic Communication Co. Ltd. entity, which included the offset printing plates facility in Xiamen, China, and related assets and liabilities, to HuaGuang; a supply agreement from HuaGuang to Kodak; and a license agreement under which Kodak licensed its plates technology to HuaGuang to sell into the plates market in China. For further information on the relationship with HuaGuang, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 of this Annual Report on Form 10-K ("MD&A") and Note 30, "Assets Held for Sale" in the Financial Statements and Supplementary Data under Item 8 of this Annual Report on Form 10-K.

#### **Enterprise Inkjet Systems**

The Enterprise Inkjet Systems segment contains the Prosper business and the Versamark business. The Enterprise Inkjet Systems products include production press systems, consumables (primarily ink), inkjet components and services. Enterprise Inkjet Systems products are distributed directly by Kodak and indirectly through dealers. The markets that the Enterprise Inkjet Systems segment serves are highly competitive in variable printing applications like direct mail, newspapers, books, and packaging/labels. Key competitors are HP, Canon, Ricoh, and Screen.

- *Prosper:*
  - The Prosper business product offerings, including the PROSPER Press systems and PROSPER Components, feature ultrafast inkjet droplet generation. This includes the PROSPER 6000 Press, which delivers a continuous flow of ink that enables constant and consistent operation, with uniform ink droplet size and accurate placement, even at very high print speeds. Applications of the PROSPER Press include publishing, commercial print, direct mail and packaging. PROSPER System Components are integrated into original equipment manufacturer ("OEM") partner products and systems. Sales of equipment that incorporate the PROSPER Writing Systems result in recurring revenue from sales of ink and other consumables and equipment service. The level of recurring revenue depends on the application for which the equipment is used, which drives the total number of pages printed and, therefore, the amount of ink usage. The business model is further supplemented by consumption of other consumables including refurbished jetting modules and service.
  - The focus of the Prosper business is on developing the next generation platform, Ultrastream, with solutions that place writing systems in OEMs as well as direct sale press products that widens its reach into applications for packaging and décor and expands the substrate range to include plastics. The Prosper business closed on the first sale of a writing system for use in a packaging application in December of 2019 with Uteco Group. Uteco Group is integrating Ultrastream in a packaging press solution.
  - The Prosper business includes Kodak Print Services. Kodak Print Services prints the Jersey Evening Post as well as the majority of U.K. national newspapers for distribution in both Jersey and Guernsey islands. The business is used to demonstrate the value of the Kodak Prosper presses to customers around the world.
- *Versamark:*
  - The KODAK VERSAMARK Products are the predecessor products to the PROSPER business. Kodak has ceased manufacturing VERSAMARK Press Systems. Users of KODAK VERSAMARK products continue to purchase ink and other consumables as well as service from Kodak. Applications of the VERSAMARK products include publishing, transactional, commercial print and direct mail.

Net sales for Enterprise Inkjet Systems accounted for 10% of Kodak's total net revenue for each of the years ended December 31, 2019 and 2018.

#### **Kodak Software**

The Kodak Software segment is comprised of the Software business. The Software business offers a leading suite of solutions for print production workflow, including the PRINERGY workflow production software, by providing customer value through automation, web integration and integration with other Kodak products and third-party offerings. Production workflow software is used by customers to manage digital and conventional print content from file creation to output.

Production workflow software manages content and color, reduces manual errors and helps customers manage the collaborative creative process. Kodak believes it is a leader in production workflow solutions for the commercial print and packaging industries with over 15,000 systems installed in some of the largest printing and packaging establishments around the world. The Software business includes digital front-end controllers which manage the delivery of personalized content to digital presses while controlling color and print consistency. Products and services are sold directly by Kodak and indirectly through dealers. The markets that Kodak Software serves are highly competitive. Key customer segments each face competitive market pressure in pricing and new product introduction. Primary competitors include Heidelberg, Agfa, Fuji, and Esko.

### **Brand, Film and Imaging**

The Brand, Film and Imaging segment is comprised of five lines of business: Consumer Products, Industrial Film and Chemicals, Motion Picture, Kodak Services for Business (“KSB”) and Kodakit. Kodak’s Brand, Film and Imaging products are distributed directly by Kodak and indirectly through dealers. Brand licensees use the Kodak brand on their products and use their own distribution channels. One Industrial Film and Chemicals customer of professional and consumer still photographic film and chemicals represented approximately 20% of total Brand, Film and Imaging segment revenues in 2019.

- *Consumer Products:*

- Includes licensing of the Kodak brand to third parties. Kodak currently licenses its brand for use with a range of products including batteries, digital and instant print cameras and camera accessories, printers, and LED lighting. Kodak intends to continue efforts to grow its portfolio of brand licenses to generate both ongoing royalty streams and upfront payments.
- Consumer Inkjet Solutions, which involves the sale of ink to an existing installed base of consumer inkjet printers.
- 3rd party sales of specialty inks and dispersions.

- *Industrial Film and Chemicals:*

- Offers industrial film, including films used by the electronics industry to produce printed circuit boards, as well as professional and consumer still photographic film.
- Includes related component businesses: Polyester Film; Solvent Recovery; and Specialty Chemicals.

- *Motion Picture:*

- Includes the motion picture film business serving the entertainment industry. Motion picture products are sold directly to studios, external laboratories and independent filmmakers.
- Kodak motion picture film processing laboratories offering onsite processing services at strategic locations in the U.S. and Europe.

- *Kodak Services for Business:*

- KSB assists organizations with challenges and opportunities created by the worldwide digital transformation. It provides business process outsourcing services, scan and capture solutions, records conversion services, workflow solutions, content management, and print and managed media services that assist customers with solutions that meet their business requirements. KSB has expertise in the capture, archiving, retrieval and delivery of documents including in depth knowledge of handling legacy media. KSB serves enterprise customers primarily in the banking, insurance and government sectors. Sales in KSB are project-based and can vary from year to year depending on the nature and number of projects in existence that year.

- *Kodakit:*

- Kodakit is a platform that connects businesses with professional photographers to cater to their photography needs. Customers include global hotels and online travel agencies, real estate companies, marketplaces, advertising agencies and global brands.

- In October 2019, Kodak decided to discontinue the operation of Kodakit.

Net sales for Motion Picture and Industrial Film and Chemicals accounted for 14% and 12% of Kodak's total net revenue for the years ended December 31, 2019 and 2018, respectively.

#### **Advanced Materials and 3D Printing Technology**

The Advanced Materials and 3D Printing Technology segment contains the Kodak Research Laboratories and associated new business opportunities and intellectual property licensing not directly related to other business divisions. Kodak conducts research and files patent applications with fundamental inventions from the Kodak Research Laboratories. Additionally, Kodak continues to file new patent applications in areas aligned with its core businesses. Via these core business patent applications along with the research inventions, Kodak maintains a large worldwide portfolio of pending applications and issued patents. Product solutions in Advanced Materials and 3D Printing are in the process of being commercialized, and there are new business opportunities with identified markets and customers.

The Advanced Materials and 3D Printing Technology segment will also pursue partnership opportunities to commercialize functional materials and printed electronics technologies. These partnerships may include non-recurring engineering payments for Kodak efforts to further develop such technologies into products. The Advanced Materials and 3D Printing Technology segment also provides a wide range of analytical services to external clients at market rates.

- *Advanced Materials:*

- Advanced Materials is developing solutions for component smart materials based on the materials science inventions and innovations from the research laboratories. There are multiple applications that Kodak contemplates addressing in this category. Currently, the primary focus is on light blocking particles for the textile market.

- *3D Printing:*

- 3D Printing concentrates on partnership and/or licensing opportunities in micro 3D printing solutions such as printed electronics. In addition, for macro 3D printing AM3D manufactures and sells a specialty material to a 3D printing customer.

- *IP Licensing:*

- Kodak actively seeks opportunities to leverage its patents and associated technology in licensing and/or cross-licensing deals to support both revenue growth and its ongoing businesses. While revenues from these licensing activities tend to be unpredictable in nature, this segment still carries the potential for revenue generation from intellectual property licensing and new materials businesses.

#### **Eastman Business Park**

The Eastman Business Park segment includes the operations of the Eastman Business Park, a more than 1,200-acre technology center and industrial complex in Rochester, New York and the leasing activities related to that space. A large portion of this facility is used in Kodak's own manufacturing and other operations, while the remaining portion is occupied by external tenants or available for rent to external tenants. Two tenants represented approximately 40% of total Eastman Business Park segment revenues in 2019.

#### **DISCONTINUED OPERATIONS**

Discontinued operations of Kodak include the Flexographic Packaging business. Refer to Note 29, "Discontinued Operations" in the Notes to Financial Statements for additional information.

## **RAW MATERIALS**

The raw materials used by Kodak are many and varied and are generally readily available. Lithographic aluminum is the primary material used in the manufacture of offset printing plates. Kodak procures lithographic aluminum coils from several suppliers with pricing based, in part, on either prevailing market prices for aluminum or on fixed prices for aluminum agreed to up to eighteen months prior. Electronic components are used in the manufacturing of commercial printers and other electronic devices. The film and chemicals business uses many raw materials from a broad range of suppliers. While most raw materials are generally available from multiple sources, certain key electronic components and other components included in the finished goods manufactured by Kodak and manufactured by and purchased from Kodak's third-party suppliers are obtained from single or limited sources, which subjects Kodak to supply risks.

## **SEASONALITY OF BUSINESS**

Equipment and plate unit sales generally are higher in the fourth quarter, resulting from customer or industry budgeting practices and buying patterns.

## **RESEARCH AND DEVELOPMENT**

Kodak's general practice is to protect its investment in research and development and its freedom to use its inventions by obtaining patents. The ownership of these patents contributes to Kodak's ability to provide industry-leading products. Kodak holds portfolios of patents in several areas important to its business, including specific technologies such as lithographic printing plates and related equipment systems; digital printing workflow and color management proofing systems; color and black-and-white electrophotographic printing systems including key press components and toners; commercial inkjet writing systems and components, presses and inks; consumer inkjet inks and media; functional printing materials, formulations, and deposition modalities; engineered microparticles for specific functions; security materials; embedded information; and color negative films, processing and print films. Each of these areas is important to existing and emerging business opportunities that bear directly on Kodak's overall business performance.

Kodak's major products are not dependent upon one single, material patent. Rather, the technologies that underlie Kodak's products are supported by an aggregation of patents having various remaining lives and expiration dates. There is no individual patent, or group of patents, whose expiration is expected to have a material impact on Kodak's results of operations.

## **ENVIRONMENTAL PROTECTION**

Kodak is subject to various laws and governmental regulations concerning environmental matters. The U.S. federal environmental legislation and state regulatory programs having an impact on Kodak include the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the NY State Chemical Bulk Storage Regulations and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the "Superfund Law").

It is Kodak's policy to carry out its business activities in a manner consistent with sound health, safety and environmental management practices, and to comply with applicable health, safety and environmental laws and regulations. Kodak continues to engage in programs for environmental, health and safety protection and control.

Based upon information presently available, future costs associated with environmental compliance are not expected to have a material effect on Kodak's capital expenditures or competitive position, although costs could be material to a particular quarter or year.

## **EMPLOYMENT**

At the end of 2019, Kodak employed the full time equivalent of approximately 4,922 people globally, of whom approximately 2,116 were employed in the U.S. The actual number of employees may be greater because some individuals work part time.

## **AVAILABLE INFORMATION**

Kodak files many reports with the Securities and Exchange Commission ("SEC") ([www.sec.gov](http://www.sec.gov)), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports, and amendments to these reports, are made available free of charge as soon as reasonably practicable after being electronically filed with or furnished to the SEC. They are available through Kodak's website at [www.Kodak.com](http://www.Kodak.com). To reach the SEC filings, follow the links to About Kodak, Investor Center, Financial Information and then SEC Filings.

## ITEM 1A. RISK FACTORS

Kodak operates in rapidly changing economic and technological environments which present numerous risks, many of which are driven by factors it cannot control or predict. Certain factors may have a material adverse effect on its business, financial condition, and results of operations and make an investment in its securities risky. You should consider carefully the risks and uncertainties described below in addition to other information contained in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section and the consolidated financial statements and related notes. The following discussion of "risk factors" identifies Kodak's assessment of the most significant factors which may adversely affect its business, operations, financial position, stock price or future financial performance. Additional risks and uncertainties Kodak is unaware of, or currently believes are not material, may also become important factors which could adversely affect its business, operations, financial position or future financial performance.

### Risks Related to Kodak's Business

*If Kodak is not able to successfully implement its business plans, or experiences implementation delays in cost structure reduction, Kodak's consolidated results of operations, financial position and liquidity could be negatively affected.*

Kodak's business plans are subject to a number of assumptions, projections, and analysis. If these assumptions prove to be incorrect, Kodak may be unsuccessful in executing its business plans or achieving the projected results, which could adversely impact its financial results and liquidity. In addition, Kodak continues to rationalize its workforce and streamline operations to a leaner and more focused organization aligned with its business initiatives. There are no assurances such measures will prove to be successful or the cost savings or other results it achieves through these plans will be consistent with its expectations. As a result, its results of operations, financial position and liquidity could be negatively impacted. If restructuring plans are not effectively managed, it may experience lost customer sales, product delays, additional costs and other unanticipated effects, causing harm to its business and customer relationships.

Finally, the timing and implementation of these plans require compliance with numerous laws and regulations, including local labor laws, and the failure to comply with such requirements may result in damages, fines and penalties which could adversely affect Kodak's business.

*The ability to generate positive operating cash flows will be necessary for Kodak to continue to operate its business.*

The positive cash flow from operations generated by Kodak in 2019 were derived from working capital improvements and individual transactions which occurred during the year and are not expected to be recurring. Kodak has not generated positive operating cash flows without supplementing such cash flow from operations with monetization transactions over the past several years and, based on forecasted cash flows, there are uncertainties regarding its ability to meet commitments in the U.S. as they come due. The Print segment is its largest segment and has had declining revenues and segment earnings which are expected to continue to decline. Kodak's stable and remaining growth businesses may not grow or continue to generate the same or enough cash flow to offset businesses with declining cash flows and investments needed for certain growth businesses. It may take Kodak longer to generate positive cash flow from operations than planned, which would have a material adverse effect on its liquidity and financial position. If Kodak is unable to generate positive cash flow from operations in the future or to adequately supplement such cash flow from operations with proceeds from monetization transactions, its ability to continue as a going concern could be impaired or limited.

*Continued investment, capital needs, restructuring payments, dividends and servicing the Company's debt require a significant amount of cash and it may not be able to generate sufficient cash to fund these activities, which could adversely affect its business, operating results and financial condition.*

Kodak's business may not generate cash flow in an amount sufficient to enable it to pay the principal or mandatory redemption price of, or interest and dividends on, the 5% Secured Convertible Notes (the "Convertible Notes") and the 5.50% Series A Convertible Preferred Stock (the "Series A Preferred Stock"), or to fund Kodak's other liquidity needs, including working capital, capital expenditures, product development efforts, restructuring actions, strategic acquisitions, investments and alliances and other general corporate requirements. Its film manufacturing facilities are aged and without significant updates to equipment and systems will be more prone to failure. Capital improvements are planned but there is risk to manufacturing operations especially due to the complexity of the processes and technology and the loss of knowledge as employees leave who are familiar with the processes and technology. The longer these updates are delayed the higher the risk due to equipment failures, further obsolescence and additional loss of employees with the specific knowledge base.

Kodak's ability to generate cash is subject to general economic, financial, competitive, litigation, regulatory and other factors beyond its control. There are no assurances:

- Kodak's businesses will generate sufficient cash flow from operations;
- Kodak will be able to repatriate or move cash to locations where and when it is needed;
- the Company will meet all the conditions associated with making borrowings or issuing letters of credit under the ABL Credit Agreement;
- Kodak will realize cost savings, earnings growth and operating improvements resulting from the execution of its business and restructuring plan;
- Kodak will not have to expend cash defending lawsuits regardless of the merits of any claims raised; or
- Future sources of funding will be available in amounts sufficient to enable funding of its liquidity needs.

If Kodak cannot fund its liquidity needs, it will have to take actions, such as reducing or delaying capital expenditures, product development efforts, strategic acquisitions, and investments and alliances; selling additional assets; restructuring or refinancing the Company's debt; or seeking additional equity capital. Such actions could increase the Company's debt, negatively impact customer confidence in its ability to provide products and services, reduce its ability to raise additional capital and delay sustained profitability. There are no assurances any of these actions could, if necessary, be taken on commercially reasonable terms, or at all, or they would satisfy Kodak's liquidity needs.

***If Kodak is unable to successfully develop, fund and commercialize products in certain businesses upon which it is focused or do so within an acceptable timeframe, its financial performance could be adversely affected.***

Kodak has focused its investments in Print, Advanced Materials, and Chemicals. These investment areas include offset plates and CTP devices, digital printing using commercial inkjet and electrophotography, high resolution functional printing for electronic and optical solutions, specialty chemicals, and smart materials for light control and 3D printing. Each of these businesses requires additional investment and may not be successful. The introduction of successful innovative products at market competitive prices and the achievement of scale are necessary for Kodak to grow these businesses, improve margins and achieve its financial objectives. Additionally, its strategy is based on a number of factors and assumptions, some of which are not within its control, such as the actions of third parties. There can be no assurance that it will be able to successfully execute all or any elements of its strategy, or that its ability to successfully execute its strategy will be unaffected by external factors. If Kodak is unsuccessful in growing its investment businesses as planned, or perceiving the needs of its target customers, its financial performance could be adversely affected.

***Due to the nature of the products it sells and Kodak's worldwide distribution, Kodak is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity costs which, together with tariffs that may be imposed, may adversely impact its results of operations and financial position.***

As a result of Kodak's global operating and financing activities, it is exposed to changes in currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Exchange rates and interest rates in markets in which it does business tend to be volatile and, at times, its sales and profitability can be negatively impacted across all its segments depending upon the value of the U.S. dollar and other major currencies such as the euro, the Japanese yen, the British pound and the Chinese yuan. In addition, Kodak's products contain aluminum, silver, petroleum-based or other commodity-based raw materials, the prices of which have been, and may continue to be, volatile. In the case of aluminum and other raw materials and components imported by Kodak, tariffs imposed from time to time may give rise to future cost increases. Tariffs or duties may also be imposed on exported products produced by Kodak, making such products less competitive in jurisdictions imposing such tariffs or duties. If the global economic situation remains uncertain or worsens, there could be further volatility in changes in currency exchange rates, interest rates and commodity prices, which could have negative effects on its revenue and earnings.

***Weakness or worsening of global economic conditions could adversely affect Kodak's financial performance and liquidity.***

The global economic environment may adversely affect sales of Kodak's products, profitability and liquidity. Global financial markets have been experiencing extreme volatility, including as a result of the global outbreak of the coronavirus formally known as COVID-19. Economic conditions could accelerate any decline in demand for products, which could also place pressure on its results of operations and liquidity. In particular, if the coronavirus has a significant impact on the printing industry it could adversely impact the demand for Kodak's products. There is no guarantee that anticipated economic growth levels in markets which have experienced some economic strength will continue in the future, or Kodak will succeed in expanding sales in these markets. In addition, accounts receivable and past due accounts could increase due to a decline in its customers' ability to pay as a result of an economic downturn, including as a result of the coronavirus, and its liquidity, including its ability to use credit lines, could be negatively impacted by failures of financial instrument counterparties, including banks and other financial institutions. If global economic weakness and tightness in the credit markets exist, worsen or are attenuated, Kodak's profitability and related cash generation capability could be adversely affected and, therefore, affect its ability to meet its anticipated cash needs, impair its liquidity or increase its costs of borrowing.

In June 2016, the United Kingdom (the "UK") held a referendum in which voters opted for the country's exit from the EU, commonly referred to as Brexit. Consistent with the outcome of this referendum, the UK left the EU on January 31, 2020. Thus, the UK is no longer a member of the EU; however, the UK will continue to be subject to EU rules and remain a member of the single market and customs union during an implementation period. The implementation period runs to December 31, 2020 but may be extended for up to two years. The UK government is negotiating with the EU on trade and other terms for such exit. Leaving without any agreement on such terms would lead to disruption to UK/EU trade. However, Kodak has put appropriate plans in place for continuity of supply and purchase of products, although there is likely to be some limited cost impact associated with these plans.

The uncertainty concerning Brexit has also caused global stock market volatility and currency exchange rate fluctuations that resulted in strengthening of the U.S. dollar relative to other foreign currencies in which we conduct business. There may also be broader uncertainty over the position the United States will take with respect to certain treaty and trade relationships with other countries. This uncertainty may impact (i) the ability or willingness of non-U.S. companies to transact business in the United States, including with the Company, (ii) regulation and trade agreements affecting U.S. companies, (iii) global stock markets and (iv) general global economic conditions. All of these factors are outside Kodak's control but may cause it to adjust its strategy in order to compete effectively in global markets and could adversely affect its business, financial condition, operating results and cash flows.

***If Kodak is unable to successfully develop or commercialize new products or do so in a timely manner, its business, financial position and operating results may suffer.***

Kodak generally sells its products in industries which are characterized by rapid technological changes, frequent new product and service introductions and changing industry standards.

Without the timely introduction of new products, services and enhancements, its products and services will become technologically obsolete over time, in which case its revenue and operating results would suffer. Therefore, its future results of operations will depend to a significant extent upon its ability to successfully commercialize new products in a timely manner. The success of its new products and services will depend on several factors, including its ability to:

- identify customer needs;
- innovate and develop new technologies, services, and applications;
- commercialize new technologies in a timely manner;
- manufacture and deliver its products in sufficient volumes and on time;
- differentiate its offerings from its competitors' offerings;
- price its products and services competitively;
- anticipate its competitors' development of new products, services or technological innovations;
- work successfully alongside its partners; and
- control product quality in its manufacturing processes.

As a result of these and other factors, products currently in development by Kodak (for example, UltraStream technology, new generations of Sonora offset plates, and small particle technology) may or may not be successfully commercialized in a timely manner, or at all. If any of its key products cannot be successfully or timely commercialized, its operating results could be adversely affected. Moreover, it cannot guarantee any investment made in developing products will be recouped, even if it is successful in commercializing those products, which could have a material adverse effect on its business, financial position and operating results.

***If Kodak's commercialization and manufacturing processes fail to prevent issues with product reliability, yield and quality, its product launch plans may be delayed, its financial results may be adversely impacted, and its reputation may be harmed.***

In developing, commercializing and manufacturing Kodak's products and services it must adequately address reliability and prevent yield and other quality issues, including defects in its engineering, design and manufacturing processes, as well as defects in third-party components included in its products. Because Kodak's products are sophisticated and complicated to develop and commercialize with rapid advances in technologies, the occurrence of defects may increase, particularly with the introduction of new product lines. Unanticipated issues with product performance may delay product launch plans which could result in additional expenses, lost revenue and earnings. Although it has established internal procedures to minimize risks which may arise from product quality issues, there can be no assurance it will be able to eliminate or mitigate occurrences of these issues and associated liabilities. Product reliability, yield and quality issues can impair its relationships with new or existing customers and adversely affect its brand image; product quality issues can result in recalls, warranty, or other service obligations and litigation; and its reputation as a producer of high quality products could suffer, all of which could adversely affect its business as well as its financial results.

***If the reputation of Kodak or its brand erodes significantly, it could have a material impact on its financial results.***

Kodak's reputation, and the reputation of its brand, form the foundation of its relationships with key stakeholders and other constituencies, including customers, suppliers and consumers. The quality and safety of Kodak's products are critical to its business. Kodak's products have worldwide recognition, and its financial success is directly dependent on the success of its product offering. One aspect of Kodak's business is licensing others to use Kodak's brand in connection with the sale of such licensees' products and services, and activities by such licensees may be perceived by the market as being activities of Kodak. The success of Kodak's brand can suffer if its or its licensees' marketing plans, product initiatives or activities do not have the desired impact on the brand's image or ability to attract customers. Kodak's results could also be negatively impacted if its brand suffers substantial harm to its reputation due to significant product reliability and quality issues, and product-related litigation. Additionally, negative or inaccurate postings or comments on social media or networking websites about Kodak, its licensees or its brand could generate adverse publicity which could damage the reputation of the brand. Kodak also devotes significant time and resources to programs consistent with its corporate values and commitments that are designed to protect and preserve its reputation, such as social responsibility and environmental sustainability. If these programs are not executed as planned or suffer negative publicity, Kodak's reputation and financial results could be adversely impacted.

***Increased competition, including price competition, could have a material adverse impact on Kodak's revenue, gross margins, cash flow and market share.***

The markets in which Kodak does business are highly competitive with large, entrenched, and well financed industry participants, many of which are larger than Kodak. In addition, it encounters aggressive price competition for many of its products and services from numerous companies globally. Any of its competitors may:

- foresee the course of market developments more accurately than it does;
- sell superior products and provide superior services or offer a broader variety of products and services;
- have the ability to produce or supply similar products and services at a lower cost;
- have better access to materials and supplies and the ability to acquire materials and supplies at a lower cost;
- develop stronger relationships with its suppliers or customers;
- adapt more quickly to new technologies or evolving customer requirements than it does; or
- have access to capital markets or other financing sources on more favorable terms than it can obtain.

As a result, Kodak may not be able to compete successfully with its competitors. Finally, it may not be able to maintain its operating costs or prices at levels which would allow it to compete effectively. Kodak's results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures. If its products, services and pricing are not sufficiently competitive with current and future competitors, it could also lose market share, adversely affecting its revenue, gross margins and cash flow.

***An inability to provide competitive financing arrangements to Kodak's customers or extension of credit to customers whose creditworthiness deteriorates could adversely impact its revenue, profitability and financial position.***

The competitive environment in which Kodak operates may require it to facilitate or provide financing to its customers. Customer financing arrangements may cover all or a portion of the purchase price for its products and services. It may also assist customers in obtaining financing from banks and other sources. Its success may be dependent, in part, upon its ability to provide customer financing on competitive terms and on its customers' creditworthiness. Tightening of credit in the global financial markets can adversely affect the ability of Kodak's customers to obtain financing for significant purchases, which may result in a decrease in, or cancellation of, orders for its products and services. If Kodak is unable to provide competitive financing solutions to its customers or if it extends credit to customers whose creditworthiness deteriorates, its revenues, profitability and financial position could be adversely impacted.

***The loss of one or more of Kodak's key personnel, or its failure to attract and retain other highly qualified personnel in the future, could harm its business.***

In order for it to be successful, Kodak must continue to attract, retain and motivate executives and other key employees, including technical, managerial, marketing, sales, research and support positions. Hiring and retaining qualified executives, research and engineering professionals, and qualified sales representatives, particularly in Kodak's targeted growth markets, are critical to its future. It may be unable to attract and retain highly qualified management and employees, particularly if it does not offer employment terms competitive with the rest of the market. Failure to attract and retain qualified individuals, key leaders, executives and employees, or failure to develop and implement a viable succession plan, could result in inadequate depth of institutional knowledge or skill sets, which could adversely affect its business.

***If Kodak cannot effectively anticipate technology trends and develop and market new products to respond to changing customer needs and preferences, its revenue, earnings and cash flow could be adversely affected.***

Kodak serves imaging/print needs for business markets, including graphic communications, packaging, enterprise services, and printed electronics. Its success in these markets depends on its ability to offer differentiated solutions and technologies to capture market share and grow scale. To enable this, it must continually develop and introduce new products and services in a timely manner to keep pace with technological developments and achieve customer acceptance. In addition, the services and products it provides to customers may not or may no longer meet the needs of its customers as the business models of its customers evolve. Its customers may decide to outsource their imaging needs or may purchase imaging services and needs from other suppliers. In addition, it is difficult to predict successfully the products and services its customers will demand. The success of Kodak's business depends in part on its ability to identify and respond promptly to changes in customer preferences, expectations and needs. If it does not timely assess and respond to changing customer expectations, preferences and needs, its financial condition, results of operations or cash flows could be adversely affected.

If Kodak is unable to timely anticipate new technology trends, develop improvements to its current technology to address changing customer preferences, and effectively communicate its businesses, products, and the markets it serves, its revenue, earnings and cash flow could be adversely affected. The success of Kodak's technology development efforts may be affected by the development efforts of its competitors, which may have more financial and other resources to better ascertain technology trends, changing customer preferences, and changing business expectations or models. Kodak's assessment and response may as a result be incomplete or inferior when compared to its competitors, which could adversely affect its product roadmaps and associated revenue streams.

Kodak has reduced the scope of its corporate-focused research and development activities. If its investment in research and product development is inadequate, its response to changing customer needs and changing market dynamics may be too slow and this may adversely affect revenue streams from new products and services.

***Kodak makes investments in new products and services that may not achieve expected returns.***

Commercial success depends on many factors, including innovativeness, developer support, and effective distribution and marketing. If customers do not perceive Kodak's latest offerings as providing significant new functionality or other value, they may reduce their purchases of new products or upgrades, unfavorably affecting revenue. Kodak may not achieve significant revenue from new product, service, and distribution channel investments for several years, if at all.

New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins Kodak has experienced historically. Developing new technologies is complex. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect Kodak's revenue.

***Kodak relies on third-party suppliers and service providers to support its manufacturing, logistics, and business operations and faces the risks associated with reliance on external business partners.***

Kodak relies on third-party suppliers for goods and services to support its manufacturing, logistics, and business operations. To the extent it relies on third-parties, it faces the risks that those third parties may not be able to:

- develop manufacturing methods appropriate to Kodak's products;
- maintain an adequate control environment;
- quickly respond to changes in customer demand for Kodak's products;
- obtain supplies and materials necessary for the manufacturing process; or
- mitigate the impact of labor shortages and/or other disruptions.

Suppliers may choose to unilaterally withhold products, components or services. In addition, Kodak may experience shortages in supply and disruptions in service as a result of unexpected demand, transportation and logistical limitations, and/or disruptions or production difficulties at its suppliers, such as disruptions due to fires, medical epidemics, other natural disasters or events outside of a supplier's control. In addition, disruptions could result from a reduction in the number of its suppliers due to their own financial difficulties or a reduction in the products offered by such suppliers. As a result of the loss of any supplier, or a substantial decrease in the availability of products from its suppliers, Kodak may be unable to meet its customer commitments, its costs could be higher than planned, and its cash flows and the reliability of its products could be negatively impacted. Kodak will vigorously enforce its contractual rights under such circumstances, but there is no guarantee it will be successful in preventing or mitigating the effects of unilateral actions by its suppliers. Other supplier problems that Kodak could encounter include electronic component shortages, excess supply, risks related to the duration and termination of its contracts with suppliers for components and materials and risks related to the ability to obtain products, components or services from single source suppliers on favorable terms or at all. The realization of any of these risks, should alternative third-party relationships not be established, could cause interruptions in supply or increases in costs which might result in Kodak's inability to meet customer demand for its products, damage to its relationships with its customers, and reduced market share, all of which could adversely affect its results of operations and financial condition.

Any significant negative change in the payment terms that Kodak has with its suppliers could adversely affect its liquidity. There is a risk that Kodak's key suppliers could respond to any actual or apparent decrease in or any concern with its financial results or liquidity by requiring or conditioning their sale of goods or services to Kodak on more stringent or more costly payment terms, such as by requiring standby letters of credit, earlier or advance payment of invoices, payment upon delivery, or shorter payment terms. Kodak's need for additional liquidity could significantly increase and its supply could be materially disrupted if a significant portion of its key suppliers and vendors took one or more of the actions described above, which could have a material adverse effect on its sales, customer satisfaction, cash flows, liquidity and financial position.

***Business disruptions could seriously harm Kodak's future revenue and financial condition and increase its costs and expenses.***

Worldwide operations could be subject to earthquakes, power shortages, telecommunications failures, cyber-attacks, terrorism and other physical security threats, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, political or economic instability, and other natural or manmade disasters or business interruptions, for which Kodak is predominantly self-insured. The occurrence of any of these business disruptions could seriously harm its revenue and financial condition and increase its costs and expenses.

The ongoing outbreak of the coronavirus formally known as COVID-19 emanating from China in December 2019 and spreading throughout many regions of the world has resulted in travel restrictions to and from affected regions, disruptions to suppliers' performance and delivery, in some cases whether or not based in affected regions, as well as the temporary shutdown of many businesses in affected regions. Kodak has manufacturing, service and sales operations in affected regions, including China, Germany and Italy, and regularly imports and exports products into and out of the affected regions. Kodak also relies on:

- certain third-party suppliers and vendors in affected regions for goods and services to support its global business operations;
- customers whose need for Kodak products is based on manufacturing operations in affected regions;
- suppliers, some of which are based in affected regions, to transport products into and out of affected regions;
- companies operating outside affected regions who obtain critical raw materials or components from affected regions to supply Kodak;
- the shooting, production and release of motion picture films in or dependent on affected regions; and
- royalties from brand licensees that source products from or sell products in affected regions.

Certain of Kodak's critical business functions, including its manufacturing and field service operations, cannot be performed remotely, and an inability of Kodak's employees to physically work at its or its customers locations due to government restrictions, health concerns or illness may disrupt its operations, perhaps significantly. Kodak has already experienced some disruptions in its manufacturing and logistics operations due to the coronavirus outbreak. The full extent to which the coronavirus outbreak impacts Kodak's results will depend on future developments, which are highly uncertain and cannot be predicted at the time of this filing, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the virus or treat its impact, among others. Complications from the coronavirus outbreak could have a material adverse effect on the continuity of our business operations and our results of operations and financial position, particularly if such complications have an extended duration.

In addition, some areas, including parts of the east and west coasts of the United States, have previously experienced, and may experience in the future, major power shortages and blackouts. These blackouts could cause disruptions to its operations or the operations of its suppliers, distributors and resellers, or customers. Kodak has operations including research and development facilities in geographically disparate locations, such as Israel, Japan, China, Canada and Germany. The impact of these risks is greater in areas where products are manufactured at a sole or limited number of location(s), and where the sourcing of materials is limited to a sole or limited base of suppliers, since any material interruption in operations in such locations or suppliers could impact Kodak's ability to provide a particular product or service for a period of time.

***Kodak's inability to effectively complete and manage strategic transactions could adversely impact its business performance, including its financial results.***

As part of Kodak's strategy, it may be engaged in discussions with third parties regarding possible divestitures, asset sales, spin-offs, investments, acquisitions, strategic alliances, joint ventures, and outsourcing transactions and may enter into agreements relating to such transactions in order to further its business objectives. In order to successfully pursue its strategic transaction strategy, it must identify suitable buyers, sellers and partners and successfully complete transactions, some of which may be large and complex, and manage post-closing issues such as the elimination of any remaining post-sale costs related to divested businesses. Transaction risk can be more pronounced for larger and more complicated transactions or when multiple transactions are pursued simultaneously. There are no assurances Kodak will be able to consummate any strategic transactions which it undertakes or, if consummated, Kodak will achieve the benefits sought to be achieved from such strategic transactions. If Kodak fails to identify and successfully complete transactions that further its strategic objectives, it may be required to expend resources to develop products and technology internally, it may be at a competitive disadvantage or it may be adversely affected by negative market perceptions. Any of these factors could have an adverse effect on its revenue, gross margins and profitability. In addition, unpredictability surrounding the timing of such transactions could adversely affect its financial results.

***Kodak may pursue acquisitions or combinations which could fail or present unanticipated problems for its business in the future, which would adversely affect its ability to realize the anticipated benefits of those transactions or increase the price it would be required to pay.***

Kodak may seek to enter into transactions which may include acquiring or combining with other businesses. It may not be able to identify suitable acquisition or combination opportunities or finance and complete any particular acquisition or combination successfully. Furthermore, acquisitions and combinations involve a number of risks and challenges, including:

- the ability to obtain required regulatory and other approvals;
- the need to integrate acquired or combined operations with its business;
- potential loss of key employees;
- difficulty in evaluating operating costs, infrastructure requirements, environmental and other liabilities and other factors beyond its control;
- wrong, inaccurate or changing business assumptions on which such acquisitions or combinations are predicated;
- potential lack of operating experience in new business or geographic areas;
- an increase in its expenses and working capital requirements;
- management's attention may be temporarily diverted; and
- the possibility it may be required to issue a substantial amount of additional equity or debt securities or assume additional debt in connection with any such transactions.

Any of these factors could adversely affect its ability to achieve anticipated levels of cash flows or realize synergies or other anticipated benefits from a strategic transaction. Furthermore, the market for transactions is highly competitive, which may adversely affect its ability to find transactions which fit its strategic objectives or increase the price it would be required to pay (which could decrease the benefit of the transaction or hinder its desire or ability to consummate the transaction). Strategic transactions may occur at any time and may be significant in size relative to its assets and operations.

***Cyber-attacks or other data security incidents that disrupt Kodak's operations or result in the breach or other compromise of proprietary of confidential information about its workforce, its customers, or other third parties could disrupt its business, harm its reputation, cause it to lose customers, and expose it to costly regulatory enforcement and litigation.***

To effectively manage Kodak's global business, it depends on secure and reliable information technology systems with accurate data. These systems and their underlying infrastructure are provided by a combination of Kodak and third-parties, and if unavailable or unreliable, could disrupt Kodak's operations, causing delays or cancellation of customer orders, impeding the manufacturing or delivery of products, delaying the reporting of financial results, or impacting other business processes critical to running its business.

Kodak's IT systems contain critical information about its business, including intellectual property and confidential information of its customers, business partners, and employees. Cyber-attacks or defects in its systems could result in this proprietary information being disclosed or modified, which could cause significant damage to its business or its reputation. Kodak has system controls and security measures in place that are designed to protect its IT systems against intentional or unintentional disruptions of its operations or disclosure of confidential information, but it may not be able to implement solutions that result in stopping or detecting all of these threats to its internal information systems or those of its third-party providers. A breach of Kodak's security measures could result in unauthorized access to and misuse of its information, corruption of data, or disruption of operations, any of which could have a material adverse impact on its business.

Kodak also provides IT-based products and services to its customers, and operates services used by its customers and hosted by Kodak, both businesses and consumers, and a breach of its security or reliability measures, or those of its third-party service providers, could negatively impact its customers' operations or data privacy.

Attacks on IT systems continue to grow in frequency, complexity and sophistication, and Kodak is regularly targeted by unauthorized parties using malicious tactics, code and viruses.

It has programs in place to prevent, detect and respond to data or cyber security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, are increasingly more complex and sophisticated and may be difficult to detect for long periods of time, Kodak may be unable or fail to anticipate these techniques or implement adequate or timely preventive or responsive measures.

***Failure to comply with anti-corruption laws and regulations, anti-money laundering laws and regulations, economic and trade sanctions, and similar laws could have a materially adverse effect on Kodak's reputation, results of operations or financial condition, or have other adverse consequences.***

Regulators worldwide are exercising heightened scrutiny with respect to anti-corruption, economic and trade sanctions, and anti-money laundering laws and regulations. Such heightened scrutiny has resulted in more aggressive investigations and enforcement of such laws and more burdensome regulations, any of which could adversely impact Kodak's business. Kodak has a global operating presence, including in numerous developing economies where companies and government officials are more likely to engage in business practices that are prohibited by domestic and foreign laws and regulations, including the United States Foreign Corrupt Practices Act and the U.K. Bribery Act. Such laws generally prohibit improper payments or offers of payments to foreign government officials and leaders of political parties, and in some cases, to other persons, for the purpose of obtaining or retaining business. Kodak is also subject to economic and trade sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, which prohibit or restrict transactions or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially designated, including narcotics traffickers and terrorists or terrorist organizations, among others. In addition, Kodak is subject to anti-money laundering laws and regulations.

Kodak has implemented policies and procedures to monitor and address compliance with applicable anti-corruption, economic and trade sanctions and anti-money laundering laws and regulations, and it periodically reviews, upgrades and enhances certain of its policies and procedures. However, there can be no assurance that its employees, consultants or agents will not take actions in violation of its policies for which it may be ultimately responsible, or that its policies and procedures will be adequate or will be determined to be adequate by regulators. Any violations of applicable anti-corruption, economic and trade sanctions or anti-money laundering laws or regulations could limit certain of Kodak's business activities until they are satisfactorily remediated and could result in civil and criminal penalties, including fines, which could damage its reputation and have a materially adverse effect on its results of operation or financial condition.

***Failure to comply with privacy, data protection and cyber security laws and regulations could have a materially adverse effect on Kodak's reputation, results of operations or financial condition.***

Kodak receives, processes, transmits and stores information relating to identifiable individuals (personal information), both in its role as a technology provider and as an employer. As a result, Kodak is subject to numerous U.S. federal and state and foreign laws and regulations relating to personal information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. In Europe, the General Data Protection Regulation ("GDPR") became effective on May 25, 2018 for all European Union ("EU") member states. The GDPR includes operational requirements for companies receiving or processing personal data of EU residents that are partially different from those previously in place and includes significant penalties for non-compliance. In the United States, the California Consumer Privacy Act ("CCPA") became effective on January 1, 2020 and many other states are in various stages of implementing privacy legislation. The CCPA provides California residents with specific privacy rights including a new private right of action for certain data breaches.

Recently enacted laws and regulations, as well as any other change to existing laws, the introduction of new laws in this area, or the failure to comply with existing laws that are applicable, may subject Kodak to, among other things, additional costs or changes to its business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on its ability to obtain and process information and allegations by its customers and clients that it has not performed its contractual obligations. At the same time, the risk of cyber-attacks is relevant to the requirements regarding storage, transfer, sharing and handling of personal information.

This environment demands Kodak continuously improve its design and coordination of security controls and contractual arrangements across its businesses and geographies. Despite these efforts, it is possible its security controls over personal data, its training of employees and vendors on data privacy and data security, and other practices it follows may not prevent the improper disclosure of personal information. Improper disclosure of this information could harm its reputation or subject it to liability under laws which protect personal data, resulting in increased costs or loss of revenue.

***If Kodak cannot protect the intellectual property rights on which its business depends, or if third parties assert it violates their intellectual property rights, its revenue, earnings, expenses and liquidity may be adversely impacted.***

A key differentiator for Kodak in many of its businesses is its technological advantage over competitors' products and solutions. Its technological advantage is supported by Kodak's intellectual property rights. Patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and non-disclosure, confidentiality and other types of agreements with Kodak's employees, customers, suppliers and other parties, may not be effective in establishing, maintaining, protecting and enforcing Kodak's intellectual property rights.

Any of Kodak's direct or indirect intellectual property rights could be challenged, invalidated, circumvented, infringed, diluted, disclosed or misappropriated, or such intellectual property rights may not be sufficient to permit it to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly product redesign efforts, discontinuance of certain product offerings or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same degree as the laws of the United States.

Therefore, in certain jurisdictions, Kodak may be unable to protect its proprietary technology adequately against unauthorized third party copying, infringement or use, which could adversely affect its competitive position. Also, some of Kodak's business and some of its products rely on key technologies developed or licensed by third parties and, because of the rapid pace of technological change in the information technology industry, it may not be able to obtain or continue to obtain licenses and technologies from relevant third parties on reasonable terms, or at all.

Kodak also licenses third parties to use its trademarks. In an effort to preserve its trademark rights, Kodak enters into license agreements with these third parties which govern the use of its trademarks and require its licensees to abide by quality control standards with respect to the goods and services they provide under the trademarks. Although Kodak makes efforts to police the use of its trademarks by its licensees, there can be no assurance these efforts will be sufficient to ensure the licensees abide by the terms of their licenses. In the event Kodak's licensees fail to do so, its trademark rights could be diluted and its reputation harmed by its licensees' activities. Also, failure by Kodak and its licensees to sufficiently exploit any of Kodak's trademarks in any markets could erode Kodak's trademark rights with respect to the relevant trademarks. Because the laws and enforcement regimes of certain countries do not protect proprietary rights to the same degree as those in the United States, in certain jurisdictions Kodak may be unable to adequately prevent such unauthorized uses, which could result in impairment of its trademark rights.

Kodak has made substantial investments in new, proprietary technologies and has filed patent applications and obtained patents to protect its intellectual property rights in these technologies as well as the interests of its licensees. There can be no assurance Kodak's patent applications will be approved, any patents issued will be of sufficient scope or strength to provide it with meaningful protection, or such patents will not be challenged by third parties. Furthermore, Kodak may fail to accurately predict all of the countries where patent protection will ultimately be desirable, and if it fails to timely file a patent application in any such country, it may be precluded from doing so at a later date. The patents issuing may vary in scope of coverage depending on the country in which such patents issue.

In addition, the intellectual property rights of others could inhibit Kodak's ability to conduct its business. Other companies may hold patents on technologies used in Kodak's industries and some of these companies may be aggressively seeking to expand, enforce or license their patent portfolios. Third parties may claim Kodak and its customers, licensees or other parties indemnified by it are infringing upon their intellectual property rights. Such claims may be made by competitors seeking to block or limit Kodak's access to certain markets. Additionally, certain individuals and groups have purchased intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from large companies like Kodak. Even if it believes the claims are without merit, these claims may have the following negative impacts on its business:

- claims can be time consuming and costly to defend and may distract management's attention and resources;
- claims of intellectual property infringement may require it to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting it from marketing or selling certain of its products;
- even if it has an agreement with a third party to indemnify it against such costs, the indemnifying party may be unable to uphold such party's contractual obligations; and
- if it cannot or does not license the infringed technology at all, license the technology on reasonable terms or substitute similar technology from another source, its revenue and earnings could be adversely impacted.

Finally, Kodak uses open source software in connection with some of its products and services. Companies which incorporate open source software into their products have, from time to time, faced claims challenging the ownership of open source software and/or compliance with open source license terms. As a result, Kodak could be subject to suits by parties claiming ownership of what it believes to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose Kodak's source code or pay damages for breach of contract could be harmful to its business results of operations and financial condition.

***Kodak's future pension and other postretirement benefit plan costs and required level of contributions could be unfavorably impacted by changes in actuarial assumptions, market performance of plan assets and obligations imposed by legislation or pension authorities which could adversely affect its financial position, results of operations, and cash flow.***

Kodak has significant defined benefit pension and other postretirement benefit obligations.

The funded status of its U.S. and non-U.S. defined benefit pension plans (and other postretirement benefit plans), and the related cost reflected in its financial statements, are affected by various factors subject to an inherent degree of uncertainty. Key assumptions used to value these benefit obligations, funded status and expense recognition include the discount rate for future payment obligations, the long term expected rate of return on plan assets, salary growth, healthcare cost trend rates, mortality trends, and other economic and demographic factors. Significant differences in actual experience, or significant changes in future assumptions or obligations imposed by legislation or pension authorities, could lead to a potential future need to contribute cash or assets to Kodak's plans in excess of currently estimated contributions and benefit payments and could have an adverse effect on Kodak's consolidated results of operations, financial position or liquidity.

In past years, Kodak has experienced increases in the costs of these defined benefit pension and postretirement benefit obligations as a result of macro-economic factors beyond its control, including increases in health care costs, declines in investment returns on pension plan assets, and changes in discount rates and mortality rates used to calculate pension and related liabilities. At least some of these macro-economic factors may again put pressure on the cost of providing pension and medical benefits. There can be no assurance it will succeed in limiting cost increases. In addition, continued upward pressure, including any as a result of new legislation, could reduce the profitability of its businesses.

***Kodak may be required to recognize impairments in the value of its goodwill and/or other long-lived assets which could adversely affect its results of operations.***

Upon emergence from bankruptcy, Kodak applied fresh start accounting pursuant to which the reorganization value was allocated to the individual assets and liabilities based on their estimated fair values. The excess reorganization value over the fair value of identified tangible and intangible assets is reported as goodwill. In connection with fresh start, Kodak also determined the fair value of its other long-lived assets, including intangible assets. The determination of reorganization value, equity value of the Company's common stock and fair value of assets and liabilities is dependent on various estimates and assumptions, including financial projections and the realization of certain events. Kodak tests goodwill and indefinite lived intangible assets for impairment annually or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Kodak evaluates other long-lived assets for impairments whenever events or changes in circumstances indicate the carrying value may not be recoverable. Impairments could occur in the future if Kodak's expected future cash flows decline, market or interest rate environments deteriorate, or if carrying values change materially compared with changes in their respective fair values.

***Kodak's businesses experience seasonality of sales. Therefore, lower demand for Kodak's products or increases in costs during periods which are expected to be at peak in seasonality may have a pronounced negative effect on its results of operations.***

Equipment and consumables sales generally exhibit higher levels in the fourth quarter due to the seasonal nature of placements, resulting from customer or industry budgeting practices. As a result, a sequential quarter-to-quarter comparison is not a good indication of Kodak's performance or how it will perform in the future. In addition, adverse developments during what are expected to be peak periods in seasonality, such as lower-than-anticipated demand for its products, an internal systems failure, increases in materials costs, or failure of or performance problems with one of its key logistics, components supply, or manufacturing partners, could have a material adverse impact on its financial condition and operating results. Tight credit markets which limit capital investments or a weak economy which decreases print demand could negatively impact equipment or consumable sales. These external developments are often unpredictable and may have an adverse impact on its business and results of operations.

***If Kodak fails to manage distribution of its products and services properly, its revenue, gross margins and earnings could be adversely impacted.***

Kodak uses a variety of different distribution methods to sell and deliver its products and services, including third-party resellers and distributors and direct and indirect sales to both enterprise accounts and customers. Successfully managing the interaction of direct and indirect channels with various potential customer segments for its products and services is a complex process. Moreover, since each distribution method has distinct risks and costs, Kodak's failure to achieve the most advantageous balance in the delivery model for its products and services could adversely affect its revenue, gross margins and earnings. This has concentrated Kodak's credit and operational risk and could result in an adverse impact on its financial performance.

***Kodak's future results could be harmed if it is unsuccessful in its sales in emerging markets.***

Because Kodak is seeking to expand its sales and number of customer relationships outside the United States, including in emerging markets in Asia, Latin America and Eastern Europe, Kodak's business is subject to risks associated with doing business internationally, such as:

- support of multiple languages;
- recruitment of sales and technical support personnel with the skills to design, manufacture, sell and supply products;
- compliance with governmental regulation of imports and exports, including obtaining required import or export approval for its products;
- complexity of managing international operations;
- exposure to foreign currency exchange rate fluctuations;
- commercial laws and business practices which may favor local competition and the imposition of tariffs on products or raw materials imported into or exported from the U.S.;
- multiple, potentially conflicting, and changing governmental laws, regulations and practices, including differing export, import, tax, anti-corruption, anti-dumping, economic sanction, labor, and employment laws;
- difficulties in collecting accounts receivable;
- limitations or restrictions on the repatriation of cash;
- limitations or reductions in protection of intellectual property rights;
- complications in logistics and distribution arrangements; and
- political or economic instability.

There can be no assurance Kodak will be able to market and sell its products in all of its targeted markets. If its efforts are not successful, its business growth and results of operations could be harmed.

As a global company, Kodak is subject to regulatory requirements and laws in the jurisdictions in which it operates, and any alleged non-compliance with these requirements or laws could result in an adverse financial or reputational impact.

***Kodak is subject to environmental laws and regulations and failure to comply with such laws and regulations or liabilities imposed as a result of such laws and regulations could have an adverse effect on its business, results of operations and financial condition.***

Kodak is subject to environmental laws and regulations world-wide that govern, for example, the discharge of pollutants, the management of hazardous materials, the cleanup of contaminated sites, and the composition and end-of-life management of its products. Non-compliance with applicable laws or liability incurred without regard to fault could have a material adverse effect on its business, results of operations and financial condition. The cost of complying with such laws could have a material adverse effect on its business, results of operations and financial condition. Any uncertainties related to environmental conditions or obligations at Kodak's properties may impact its ability to further develop or sell such properties.

***Kodak may have additional tax liabilities.***

Kodak is subject to income taxes in the U.S. and in many foreign jurisdictions. Significant judgment is required in determining Kodak's worldwide provision for income taxes. In the course of its business, there are transactions and calculations where the ultimate tax determination is uncertain.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution. Management's ongoing assessments of the outcomes of these issues and related tax positions require judgment, and although management believes that adequate provisions have been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings and cash flow of Kodak.

***Kodak's business, financial position, results of operations, cash flows and reputation may be negatively impacted by legal matters.***

Kodak has various contingencies which are not reflected on its balance sheet, including those arising as a result of being involved from time to time in a variety of claims, lawsuits, investigations, remediations and proceedings concerning: commercial, tax, tort, customs, employment, health and safety and intellectual property matters, licensee activities, and compliance with various domestic and international laws and regulations. Should developments in any of these matters cause a change in its determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on its business, financial position, results of operations, and cash flows.

***Regulations related to "conflict minerals" may require Kodak to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing Kodak's products.***

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of Congo ("DRC") and adjoining countries.

As a result, in August 2012, the SEC adopted rules requiring disclosure related to sourcing of specified minerals, known as “conflict minerals,” which are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. Kodak has designed its overall conflict minerals policies and procedures to be consistent with the guidance issued by the Organization for Economic Co-operation and Development (“OECD”) and continues to perform due diligence on its supply chain. Kodak filed its most recent Conflict Minerals Disclosure report for the reporting period from January 1, 2018 to December 31, 2018 on May 31, 2019. As of the date of the report, Kodak determined certain of its products contain such specified minerals but was unable to determine whether or not such minerals originate from the DRC or an adjoining country. Kodak may incur additional costs to comply with these disclosure requirements, including costs related to determining the sources of the specified minerals used in its products, in addition to the cost of any changes to products, processes, or sources of supply as a consequence of such verification activities, which may adversely affect its business. In addition, the number of suppliers who provide “conflict-free” minerals may be limited, which may make it difficult to satisfy customers who require all of the components of its products be certified as conflict-free, which could place it at a competitive disadvantage if it is unable to do so. Because Kodak’s supply chain is complex, it may also not be able to sufficiently verify the origins of the relevant minerals used in its products through its due diligence procedures, which may harm its reputation.

#### **Risks Related to the Company’s Indebtedness and Access to Capital Markets**

*There can be no assurance the Company will be able to comply with the terms of its various credit facilities.*

A breach of any of the financial or other covenants contained in the ABL Credit Agreement or the Convertible Notes could result in an event of default under these facilities.

If any default or event of default occurs under the ABL Credit Agreement and the Company is not able to either cure it or obtain a waiver from the requisite lenders under the ABL Credit Agreement, the administrative agent under the ABL Credit Agreement may, and at the request of the requisite lenders for that facility must, declare all of the Company’s outstanding obligations under the ABL Credit Agreement, together with accrued interest and fees, to be immediately due and payable. In addition, the agent under the ABL Credit Agreement may, and at the request of the requisite lenders must, terminate the lenders’ commitments under that facility and cease making further loans. If any default or event of default occurs under the Convertible Notes and the Company is not able to either cure it or obtain a waiver from the holders of the Convertible Notes, such holders may declare all of the Company’s outstanding obligations under the Convertible Notes, together with accrued interest and fees, to be immediately due and payable. If applicable, the administrative agent under the ABL Credit Agreement and the collateral agent for the Convertible Notes could institute foreclosure proceedings against the pledged assets. Any of these outcomes would likely have an adverse effect on the Company’s operations and its ability to satisfy its obligations as they come due.

On March 6, 2020 Kodak obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant in the ABL Credit Agreement that may be deemed to occur in relation to the going concern explanatory paragraph contained in the audit report on Kodak’s financial statements as of and for the year ended December 31, 2019. There can be no assurance that Kodak will be able to obtain such a waiver if a going concern explanatory paragraph is contained in the audit report with respect to Kodak’s annual financial statements for future years. In the absence of such a waiver, the agent or lenders under the ABL Credit Agreement may take the position that such explanatory paragraph constitutes a default under the reporting covenant in the ABL Credit Agreement. For more information on the reporting covenants under the Credit Agreements and the potential impact of the explanatory paragraph in the audit report refer to Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources of Liquidity.”

*Kodak may require additional capital funding and such capital may not be available to it and/or may be limited.*

Because of Kodak’s current non-investment grade credit rating and financial condition, and/or general conditions in the financial and credit markets, its access to the capital markets is limited. Moreover, the urgency of a capital-raising transaction may require it to pursue additional capital at an inopportune time or unattractive cost. The Company has issued approximately \$80 million and \$85 million of letters of credit under the ABL Credit Agreement as of December 31, 2019 and 2018, respectively. The maturity date of the ABL Credit Agreement is May 26, 2021. Upon the earlier of the maturity date or the termination of the revolving credit commitments under the ABL Credit Agreement, the obligations thereunder will become due and the Company will need to provide alternate collateral in place of the letters of credit issued under the ABL Credit Agreement.

Kodak’s ability to obtain capital and the costs of such capital are dependent on numerous factors, including:

- covenants in the ABL Credit Agreement and Convertible Notes;
- obtaining a consent from the holders of Series A Preferred Stock for the issuance of additional preferred shares which rank senior or *pari passu* to the Series A Preferred Stock;
- investor confidence in Kodak and the markets in which it operates;
- its financial performance and projected financial performance and the financial performance and projected financial performance of its subsidiaries;
- its levels of debt and redemption obligations, including the maturity of the Convertible Notes on November 1, 2021, unless extended in accordance with their terms, and the mandatory redemption of the Series A Preferred Stock on November 15, 2021;
- its ability to generate positive cash flow;
- its ability to consummate monetization transactions including asset sales;
- its requirements for posting collateral under various commercial agreements;
- its credit ratings;

- its long-term business prospects; and
- general economic and capital market conditions.

Kodak may not be successful in obtaining additional capital for these or other reasons. An inability to access capital is likely to limit its ability to meet its operating needs and, as a result, may have a material adverse effect on its financial condition, results of operations and cash flows. In particular, Kodak does not have committed refinancing or the liquidity to meet the debt obligations under the Convertible Notes and ABL Credit Agreement or the redemption obligations under the Series A Preferred Stock if they were to become due in accordance with their current terms, and there are no assurances Kodak will be able to amend, extend, refinance or repay the loans under the Convertible Notes, the redemption obligations under the Series A Preferred Stock or, as necessary, its obligations under the ABL Credit Agreement before they become due. If Kodak is unable to amend, extend or refinance the obligations under the Convertible Notes, ABL Credit Agreement or Series A Preferred Stock before they become due, its ability to continue as a going concern would likely be impaired.

***The current non-investment grade status and Kodak's financial condition may adversely impact Kodak's commercial operations, increase its liquidity requirements and increase the cost of refinancing opportunities. It may not have adequate liquidity to post required amounts of additional collateral.***

The Company's corporate family credit rating is currently below investment grade and there are no assurances its credit ratings will improve, or they will not decline, in the future. In addition, the Company may not continue to maintain credit ratings from the recognized rating agencies.

Its credit ratings and financial condition may affect the evaluation of its creditworthiness by trading counterparties and lenders, which could put it at a disadvantage to competitors with higher or investment grade ratings.

In carrying out its commercial business strategy, the current non-investment grade credit ratings have resulted and will likely continue to result in requirements that Kodak either prepay obligations or post significant amounts of collateral to support its business. Additionally, Kodak's current non-investment grade credit rating and financial condition may limit its ability to obtain additional sources of liquidity, refinance its debt obligations, including any mandatory redemption of its Series A Preferred Stock, or access the capital markets at the lower borrowing costs which would presumably be available to competitors with a higher or investment grade rating or stronger financial condition.

Should its ratings continue at their current levels, or should its ratings be further downgraded, it would expect these negative effects to continue and, in the case of a downgrade, become more pronounced. In particular, given the Company's current credit ratings it would be required, if requested, to provide up to \$13 million of additional letters of credit to the issuers of certain surety bonds to fully collateralize such bonds.

***The availability of borrowings and letters of credit under the ABL Credit Agreement is limited by the amount of various types of assets and, under certain circumstances, the administrative agent under the ABL Credit Agreement will have greater control over Kodak's cash.***

Availability under the Company's ABL Credit Agreement is based on the amount of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Cash less specified reserves as described in Note 9, "Debt and Finance Leases" to the consolidated financial statements. Kodak's U.S. Accounts Receivable and Inventory levels have declined over the past four years, and Machinery and Equipment for purposes of the ABL Credit Agreement amortizes down by \$1 million per quarter. If Eligible Receivables, Eligible Inventory and Eligible Machinery and Equipment continue to decline and an asset base cannot be maintained to support the \$80 million of outstanding letters of credit and the \$15 million of Excess Availability required under the ABL Credit Agreement, the Company would be required to increase restricted cash deposited in the Eligible Cash account or remain in compliance with the ABL Credit Agreement's Fixed Charge Coverage Ratio and operate under cash dominion by the administrative agent under the ABL Credit Agreement. Additional cash deposited in the Eligible Cash account would be classified as restricted cash and would not be available to support ongoing working capital and investment needs.

If the administrative agent under the ABL Credit Agreement executed cash dominion, it would increase operational complexities for the Company. An event of default would occur under these circumstances if neither of these alternatives were achieved.

***The Company's substantial monetary obligations require a portion of its cash flow be used to fund other obligations rather than be invested in the business and could adversely affect its ability to fund its operations.***

The Company's indebtedness under the Convertible Notes and ABL Credit Agreement and its other obligations including the potential mandatory redemption of the Series A Preferred Stock could have important negative consequences to the Company and investors in its securities. These include the following:

- it may not be able to satisfy all of its obligations, including, but not limited to, its obligations under the Convertible Notes and the ABL Credit Agreement, which may cause a cross-default or cross-acceleration on other debt it may have incurred;
- it could have difficulties obtaining necessary financing in the future for working capital, capital expenditures, debt service requirements, mandatory redemption of the Series A Preferred Stock, refinancing or other purposes;
- it will have to use a significant part of its cash flow or cash balances to make payments on its debt or Series A Preferred Stock and to satisfy the other obligations set forth above, which may reduce the capital available for operations and expansion; and
- adverse economic or industry conditions may have more of a negative impact.

The Company cannot be sure cash generated from its business will be as high as it expects, or its expenses will not be higher than it expects. Because a portion of its expenses are fixed in any given year, its operating cash flow margins are highly dependent on revenues, which are largely driven by customer demand. A lower amount of cash generated from its business or higher expenses than expected, when coupled with its debt obligations, could adversely affect its ability to fund its operations.

#### **Risks Related to the Company's Common Stock**

***The conversion of the Convertible Notes or the Company's Series A Preferred Stock into shares of the Company's common stock may dilute the value for the current holders of the Company's common stock.***

The Convertible Notes are convertible into shares of the Company's common stock at a conversion rate of 314.9785 shares of common stock per \$1,000 principal amount of Convertible Notes, and the 2,000,000 outstanding shares of the Company's Series A Preferred Stock are convertible into shares of the Company's common stock at a conversion rate of 5.7471 shares of common stock per share of Series A Preferred Stock. As a result of the conversion of any issued and outstanding Convertible Notes or Series A Preferred Stock, the Company's existing shareholders will own a smaller percentage of its outstanding common stock. Based on the capitalization of the Company as of December 31, 2020, the conversion of all Convertible Notes would result in the issuance to holders thereof of approximately 42% of the outstanding common stock after giving effect to such conversion, the conversion of all shares of the Series A Preferred Stock would result in the issuance to holders thereof of approximately 21% of the outstanding common stock after giving effect to such conversion, and the conversion of all Convertible Notes and all shares of the Series A Preferred Stock would result in the issuance to holders thereof of approximately 50% of the outstanding common stock after giving effect to such conversion. Further, additional shares of common stock may be issuable pursuant to certain other features of the Convertible Notes and Series A Preferred Stock, with such issuances being further dilutive to existing holders of common stock.

If Convertible Notes or shares of Series A Preferred Stock are converted into common stock, holders of such converted common stock will be entitled to the same dividend and distribution rights as holders of the common stock currently authorized and outstanding. As such, another dilutive effect resulting from the conversion of any issued and outstanding Convertible Notes or shares of Series A Preferred Stock will be a dilution to dividends and distributions.

Holders of the Company's common stock will not realize any dilution in their ownership, dividend or distribution rights solely as a result of the reservation of any shares of common stock for issuance upon conversion of the Convertible Notes or Series A Preferred Stock or for issuance of additional shares of common stock pursuant to certain other features of the Convertible Notes or Series A Preferred Stock, but will experience such dilution to the extent additional shares of common stock are issued in the future as described above.

***The holders of the Company's Series A Preferred Stock and Convertible Notes own a large portion of the voting power of the Company's outstanding securities and have the right to nominate two members to the Company's Board. As a result, these holders may influence the composition of the Board and future actions taken by the Board.***

The holders of the Company's Series A Preferred Stock are entitled to vote upon all matters upon which holders of the Company's common stock have the right to vote and are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series A Preferred Stock could be converted at the then applicable conversion rate. These holders currently hold approximately 30% of the voting power of the Company on an as-converted basis. These holders also hold all of the Convertible Notes. If the holders converted all of the Convertible Notes, the holders would hold approximately 56% of the voting power of the Company on an as-converted basis and such conversion may constitute a change in control of the Company. As a result, these holders may have the ability to influence future actions by the Company requiring shareholder approval. The Company and these holders are parties to a Shareholder Agreement that contains certain restrictions on disposition or acquisition of Company securities and other actions by these holders, some of which restrictions will expire on April 17, 2020.

Further, for as long as they hold any shares of Series A Preferred Stock, the current holders of the Series A Preferred Stock are entitled to nominate for election (collectively and not individually) at the Company's annual meeting of shareholders a number of directors to the board of directors of the Company (the "Board") commensurate with their ownership percentage of common stock on an as-converted basis. Two of the Company's current Board members were nominated by these current holders, who also have the right to fill vacancies on the Board created by one of their nominees ceasing to serve on the Board. The nomination and other rights regarding the Board granted to the current holders of Series A Preferred Stock are not transferrable to any other person.

Also, whenever dividends on the Series A Preferred Stock are in arrears for six or more dividend periods, the holders of Series A Preferred Stock (voting with holders of all other classes of preferred stock of the Company whose voting rights are then exercisable) are entitled to vote for the election of two additional directors at the Company's next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside (during which time the number of directors the current holders of Series A Preferred Stock are entitled to nominate under the Purchase Agreement will be reduced by two). As a result, the presence of directors on the Board nominated by the current holders of Series A Preferred Stock or elected by the holders of Series A Preferred Stock would enable such current holders or the holders of Series A Preferred Stock to influence the composition of the Board and, in turn, potentially influence and impact future actions taken by the Board. As of February 1, 2020, the Company is in arrears for four dividend payments.

*The Company has registered the resale of a large portion of its outstanding securities. The resale of the Company's common stock, or the perception that such resale may occur, may adversely affect the price of its common stock.*

In compliance with two Registration Rights Agreements to which the Company is a party, it has registered the resale of an aggregate of 20,723,050 shares of outstanding common stock, 2,000,000 shares of outstanding Series A Preferred Stock, and 11,494,200 shares of common stock, subject to anti-dilution adjustments, issuable upon the conversion of outstanding Series A Preferred Stock. The Company is also a party to a Registration Rights Agreement pursuant to which it is obligated under defined circumstances to register for resale the shares of common stock issuable upon conversion of the Convertible Notes. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of the Company's common stock to decline. Under the terms of the Registration Rights Agreements to which the Company is subject, the counterparties to such Registration Rights Agreements can, in certain circumstances, require the Company to participate in an underwritten public offering of the registered securities. Any shares sold in a registered resale will be freely tradable without restriction under the Securities Act. While the Company cannot predict the size of future resales or distributions of its common stock, if there is a perception that such resales or distributions could occur, or if the holders of the Company's securities registered for resale sell a large number of the registered securities, the market price for the Company's common stock could be adversely affected.

*The resale of a significant portion of the Company's securities registered for resale or certain accumulations or transfers of the Company's securities could result in a change of control of the Company and the loss of favorable tax attributes.*

The Company has registered the resale of securities representing approximately 59% of its outstanding shares of common stock assuming the issuance of all common stock issuable upon the conversion of the Series A Preferred Stock, and, if it is required to register the common stock issuable upon the conversion of the Convertible Notes, the Company will have registered the resale of securities representing approximately 74% of its outstanding shares of common stock assuming the issuance of all common stock issuable upon the conversion of the Series A Preferred Stock and Convertible Notes.

Although the holders of the subject securities consist of several unaffiliated groups, these holders collectively have a controlling influence over all matters presented to the Company's shareholders for approval, including election of members to the Board and change of control transactions. In addition, the holders of subject securities collectively would be able to cause a change of control of the Company by selling a sufficient portion of the Company's securities held by them.

If such a transaction, in combination with other transactions including the issuance of the Series A Preferred Stock and Convertible Notes, the conversion of such securities, the redemption, refinancing, extension or amendment of the Series A Preferred Stock, or future issuances of securities by the Company, were to result in an "ownership change" as determined under Section 382 of the Internal Revenue Code of 1986, as amended, then the Company's ability to offset taxable income with tax attributes generated prior to the ownership change date could be limited, possibly substantially. For more information on the Company's tax attributes refer to Note 18, "Income Taxes". The interests of the holders of the securities registered for resale may not always coincide with the interests of the other holders of our common stock.

*The Company's stock price has been and may continue to be volatile.*

The market price of the Company's common stock has fluctuated substantially and may continue to fluctuate significantly. Future announcements or disclosures concerning the Company, its strategic initiatives, its sales and profitability, and quarterly variations in actual or anticipated operating results or comparable sales, any failure to meet analysts' expectations and sales of large blocks of its common stock, among other factors, could cause the market price of its common stock to fluctuate substantially.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Kodak's worldwide headquarters is located in Rochester, New York.

Kodak owns 12 million square feet and leases, as a lessee, approximately 1 million square feet of space that includes administrative, research and development, manufacturing and marketing facilities in several worldwide locations. Out of the owned space, Kodak leases out approximately 1 million square feet to third party tenants. The leases are for various periods and are generally renewable.

Kodak's principal manufacturing facilities, by segment, are listed below. Properties in a location may be shared by all segments operating in that location.

**Enterprise Inkjet Systems**  
Rochester, New York, USA  
Dayton, Ohio, USA  
Shanghai, China

**Brand, Film and Imaging**  
Rochester, New York, USA

**Print Systems**  
Rochester, New York, USA  
Columbus, Georgia, USA  
Osterode, Germany  
Gunma, Japan  
Shanghai, China  
Vancouver, Canada

**Kodak Software**  
Vancouver, Canada  
(software development)  
Shanghai, China

**Advanced Materials and  
3D Printing Technology**  
Rochester, New York, USA

Regional distribution centers are located in various places within and outside of the United States.

Research and development is headquartered at the Kodak Research Laboratories which is part of the Eastman Business Park in Rochester, New York, where Kodak conducts research and files patent applications with fundamental inventions. Other U.S. research and development groups are located in Dayton, Ohio and Columbus, Georgia. Outside the U.S., research and development groups are located in Canada, Israel, Germany, Japan and China. The research and development groups work in close cooperation with manufacturing units and marketing organizations to develop new products and applications to serve both existing and new markets.

Kodak has excess capacity in some locations. Kodak is pursuing monetizing its excess capacity by selling or leasing the associated properties.

### **ITEM 3. LEGAL PROCEEDINGS**

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor.

The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes and income taxes. Kodak's Brazilian operations are disputing these matters and intend to vigorously defend their position. Kodak routinely assesses these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2019, Kodak's Brazilian operations maintained accruals of approximately \$3 million for claims aggregating approximately \$149 million inclusive of interest and penalties where appropriate. In connection with assessments and litigation in Brazil, local regulations may require Kodak's Brazilian operations to post security for a portion of the amounts in dispute. Generally, any encumbrances of the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products and claims arising out of Kodak's licensing its brand. These matters are in various stages of investigation and litigation and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations.

Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

### **ITEM 4. MINE SAFETY DISCLOSURES**

None.

## INFORMATION ABOUT ITS EXECUTIVE OFFICERS

Pursuant to General Instructions G (3) of Form 10-K, the following list is included as an unnumbered item in Part I of this report in lieu of being included in the Proxy Statement for the Annual Meeting of Shareholders.

Name	Age	Positions Held
James V. Continenza	57	Executive Chairman
David E. Bullwinkle	45	Chief Financial Officer and Senior Vice President
Roger W. Byrd	54	General Counsel, Secretary and Senior Vice President
John O'Grady	56	Vice President
Eric H. Samuels	52	Chief Accounting Officer and Corporate Controller
Terry R. Taber	65	Vice President
Randy D. Vandagriff	57	Vice President

The executive officers' biographies follow:

### James V. Continenza

Jim Continenza leads the transformation of Kodak as Executive Chairman. He was appointed to that position by the Board of Directors on February 20, 2019. Continenza joined the Board of Directors of Kodak in April 2013 and became Chairman of the Board in September 2013.

Continenza brings a proven track record of guiding leading technology companies through transformations. Since September 2012, Continenza has served as the Chairman and Chief Executive Officer of Vivial, Inc., a privately-held marketing technology and communications company. He has also held leadership roles at STi Prepaid, LLC, a telecommunications company; Anchor Glass Container Corp., a leading manufacturer of glass containers; Teligent, Inc., a provider of communications services including voice, data, and internet access; Lucent Technologies Product Finance, a global leader in telecom equipment; and AT&T.

In addition to his management experience, Continenza currently serves on the board of Cenveo Corporation, an industry leader in transformative publishing solutions, and on the board of Merrill Corporation LLC. He has also served on the boards of NII Holdings, Inc., Tembec, Inc. and Neff Corporation. He also serves or has served on the boards of a number of private companies.

### David E. Bullwinkle

Dave Bullwinkle is the Chief Financial Officer and Senior Vice President of Kodak. The Board of Directors elected Bullwinkle to this position effective July 2016. Effective November 6, 2018, Bullwinkle is President of the Eastman Business Park Division. Bullwinkle is responsible for advancing the growth strategy for Eastman Business Park and leading Kodak's worldwide finance, corporate development, internal audit and purchasing teams. Bullwinkle reports to Executive Chairman Jim Continenza.

Bullwinkle joined Kodak in 2004 and has worked in several financial management roles at the company including Worldwide BU Controller, Assistant Corporate Controller and External Reporting Manager. He served as the Director of Corporate Financial Planning and Analysis and Vice President, Finance at Kodak from November 2010 to June 2016, and Director of Investor Relations from August 2013 to June 2016.

Prior to joining Kodak, Bullwinkle worked as the Manager of Financial Reporting at Birds Eye Foods, Inc. and previously at PricewaterhouseCoopers from 1996 to 2002 in various roles including serving as an Assurance Manager.

Bullwinkle has an MBA from St. John Fisher College and Bachelor of Science in Accounting degree from SUNY Geneseo. Bullwinkle is also a Certified Public Accountant in the State of New York.

### Roger W. Byrd

Roger Byrd was appointed General Counsel, Secretary and Senior Vice President of Kodak in January 2019. He is responsible for leading the company's global legal function and for providing legal guidance to senior leadership and the Board of Directors. He also oversees the corporate development function. Byrd reports to Executive Chairman Jim Continenza.

Byrd joined Kodak in 2014 as Assistant General Counsel and Vice President, Legal Department and while at Kodak has focused on M&A and financing transactions, joint ventures, and other strategic initiatives. Byrd has also been active in providing credit agreement compliance, securities reporting and corporate governance support to the Company. The Board of Directors elected him to Senior Vice President and Secretary in January 2019.

Prior to joining Kodak, Byrd was a Partner at Nixon Peabody LLP. During his 23-year career at Nixon Peabody, he represented a broad range of clients in connection with a variety of M&A, financing and other corporate transactions. Byrd also served as General Counsel at Choice One Communications, Inc. from 2005 – 2006, a competitive local exchange carrier.

Byrd received a B.S. degree in accounting from Bob Jones University and a J.D. from Duke University School of Law.

**John O'Grady**

Effective January 2020, John O'Grady is Senior Vice President of Print, with senior responsibilities relating to the Traditional Printing segment. He reports to Executive Chairman Jim Continenza.

From April 24, 2018 to January 2020, O'Grady was President, Print Systems Division, which served graphic arts and commercial print customers with printing plates, computer to plate imaging solutions, electrophotographic printing solutions, OEM toner, and equipment services. From December 1, 2017 to April 24, 2018, O'Grady was President of Consumer Imaging Division. In this role, he was responsible for motion picture and commercial films, synthetic chemicals, and consumer products, including products from Kodak brand licensees. From January 2016 to December 2017, O'Grady was General Manager, Worldwide Sales, Print Systems Division, responsible for managing the sales, service and regional marketing for the Print Systems Division on a worldwide basis in addition to the go-to-market back office operations for Kodak. From January 2015 to December 2015, O'Grady was Managing Director of the Europe, United States and Canada, Australia and New Zealand (EUCAN) Region. From December 2010 to December 2014, he was Managing Director, U.S. & Canada Region. From December 2008 to December 2010, O'Grady was Regional Managing Director, Europe, Africa and Middle East Region (EAMER) and Chairman Eastman Kodak Sàrl, and from May 2007 to December 2008, he was Managing Director, EAMER, Consumer Businesses. O'Grady has served as a corporate vice president since March 2007, including as a senior vice president from August 2016 through February 2020.

O'Grady joined Kodak in 1997 and has held key business development and regional management positions in Kodak's digital imaging businesses.

Prior to joining Kodak, O'Grady had a 12-year career at Verbatim.

O'Grady graduated from the University of Limerick in Ireland with a B.S. degree in Electronics.

**Eric H. Samuels**

Eric Samuels was appointed Corporate Controller and Chief Accounting Officer in July 2009. Samuels previously served as the Company's Assistant Corporate Controller and brings to his position more than 20 years of leadership experience in corporate finance and public accounting. He joined Kodak in 2004 as Director, Accounting Research and Policy. Samuels reports to Chief Financial Officer David Bullwinkle.

Prior to joining Kodak, Samuels had a 14-year career in public accounting during which he served as a senior manager at KPMG LLP's Department of Professional Practice (National Office) in New York City. Prior to joining KPMG in 1996, he worked in Ernst & Young's New York City office.

Samuels has a B.S. degree in business economics from the State University of New York College at Oneonta. He is a Certified Public Accountant in New York and a member of the American Institute of Certified Public Accountants.

**Terry R. Taber, PhD**

Terry Taber has served as Kodak's Chief Technical Officer since January 2009. Effective January 2020, he is Senior Vice President of Advanced Materials and Chemicals, with senior responsibilities relating to that segment. He reports to Executive Chairman Jim Continenza.

From May 1, 2017 to January 2020, Taber was President of the Advanced Materials and 3D Printing Technology Division which contained the research laboratories and included licensing as well as new business development activities related to Kodak's patents and proprietary technology, and focused on opportunities in smart material applications, printed electronics markets and 3D printing materials.

From January 1, 2015 to May 1, 2017, Taber was President of the Intellectual Property Solutions Division. From January 2007 to December 2008 he was the Chief Operating Officer of Kodak's Image Sensor Solutions ("ISS") business, a leading developer of advanced CCD and CMOS sensors serving imaging and industrial markets, and prior to Terry's role with ISS, he held a series of senior positions in Kodak's research and development and product organizations. Taber has served as a corporate vice president since December 2008, including as a senior vice president from December 2010 through February 2020.

During his more than 35 years at Kodak, Taber has been involved in new materials research, product development and commercialization, manufacturing, and executive positions in R&D and business management. Taber's early responsibilities included research on new synthetic materials, an area in which he holds several patents, program manager for several film products, worldwide consumer film business product manager, Associate Director of R&D and director of Materials & Media R&D.

Taber received a B.S. degree in Chemistry from Purdue University and a Ph.D. in Organic Chemistry from the California Institute of Technology. He also received an M.S. in General Management from MIT as a Kodak Sloan Fellow. In past board service, he was a founding Board Member of the Innovation & Material Sciences Institute and served on the Executive Advisory Board of FIRST Rochester (For Inspiration and Recognition of Science and Technology). Taber currently serves on the George Eastman Museum Board, effective June 2018. He also serves on the Executive Committee of the Greater Rochester Chamber of Commerce and on the Board of Trustees for Roberts Wesleyan College and Northeastern Seminary.

**Randy D. Vandagriff**

Effective January 2020, Randy D. Vandagriff is Senior Vice President of Print, with senior responsibilities relating to the Digital Print segment. He reports to Executive Chairman Jim Continenza.

From May 1, 2017 to January 2020, Vandagriff was President, Enterprise Inkjet Systems Division, responsible for delivering commercial inkjet technology, printers and solutions to the market. Vandagriff has spent his 37-year career innovating inkjet technology for the printing market. From January 2004 to August 2012, Vandagriff was Vice President, Research and Development for Kodak Versamark, responsible for leading a worldwide R&D organization responsible for developing four generations of inkjet technologies and delivering industry-leading performance, including Kodak Stream and ULTRASTREAM inkjet technologies. From January 2015 to May 2017, Vandagriff led the Kodak Creo Server business located in Tel Aviv, Israel. He has served as a corporate vice president since May 2017.

In addition to his strong product development capabilities, Vandagriff has traveled internationally, working with key Kodak customers to successfully implement commercial inkjet into their production processes. His respected knowledge, broad background, and deep industry network has contributed to making Kodak the world's leader in high volume variable printing solutions.

Vandagriff holds an MBA degree from the University of Phoenix and a Bachelor of Science in Mechanical Engineering from Wright State University.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The Company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "KODK".

There were 2,317 shareholders of record of common stock on December 31, 2019.

Information regarding securities authorized for issuance under equity compensation plans is included in Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" under the caption "Equity Compensation Plan Information."

**DIVIDEND INFORMATION**

No dividends on common stock were declared or paid during 2019 or 2018.

Dividends for common shareholders may be restricted under Kodak's ABL Credit Agreement, the Convertible Notes and the Series A Preferred Stock. Refer to Note 9, "Debt and Finance Leases," and Note 10, "Redeemable, Convertible Series A Preferred Stock" in the Notes to Financial Statements.

**ISSUER PURCHASES OF EQUITY SECURITIES DURING THE QUARTER ENDED DECEMBER 31, 2019 (1)**

	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</b>	<b>Maximum That May Be Purchased under the Plans or Programs</b>
October 1 through 31, 2019	—	—	N/A	N/A
November 1 through 30, 2019	1,383	3.37	N/A	N/A
December 1 through 31, 2019	—	—	N/A	N/A
Total	<u>1,383</u>	<u>3.37</u>		

(1) These purchases were made to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued to employees.

(2) Kodak does not have a publicly announced repurchase plan or program.

**ITEM 6. SELECTED FINANCIAL DATA**

Kodak is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Kodak for the years ended December 31, 2019 and 2018. All references to Notes relate to Notes to the Financial Statements in Item 8. "Financial Statements and Supplementary Data."

### CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report on Form 10-K includes "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include statements concerning Kodak's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and business trends and other information that is not historical information. When used in this document, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "predicts," "forecasts," "strategy," "continues," "goals," "targets" or future or conditional verbs, such as "will," "should," "could," or "may," and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward-looking statements. All forward-looking statements, including management's examination of historical operating trends and data, are based upon Kodak's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks and uncertainties described in more detail in this report on Form 10-K under the headings "Business," "Risk Factors," "Legal Proceedings" and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," and in other filings the Company makes with the SEC from time to time, as well as the following:

- Kodak's ability to improve and sustain its operating structure, cash flow, profitability and other financial results;
- Kodak's ability to achieve cash forecasts, financial projections, and projected growth;
- Kodak's ability to achieve the financial and operational results contained in its business plans;
- Kodak's ability to comply with the covenants in its various credit facilities;
- Kodak's ability to fund continued investments, capital needs and restructuring payments and service its debt and Series A Preferred Stock;
- Changes in foreign currency exchange rates, commodity prices and interest rates;
- Kodak's ability to effectively anticipate technology trends and develop and market new products, solutions and technologies;
- Kodak's ability to effectively compete with large, well-financed industry participants;
- Continued sufficient availability of borrowings and letters of credit under the ABL Credit Agreement, Kodak's ability to obtain additional financing if and as needed and Kodak's ability to provide or facilitate financing for its customers;
- The performance by third parties of their obligations to supply products, components or services to Kodak;
- Kodak's ability to effect strategic transactions, such as divestitures, acquisitions, strategic alliances and similar transactions, or to achieve the benefits sought to be achieved from such strategic transactions; and
- The impact on Kodak of the global economic environment or medical epidemics such as the recent coronavirus outbreak.

There may be other factors that may cause Kodak's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this report on Form 10-K and are expressly qualified in their entirety by the cautionary statements included in this document. Kodak undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, except as required by law.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

#### *Revenue Recognition*

Kodak's revenue transactions include sales of products (such as components and consumables for use in Kodak, and other manufacturers' equipment, and film-based products), equipment, software, services, integrated solutions, and intellectual property and brand licensing. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including the allocation of transaction price to the various performance obligations and determination of the stand-alone selling price of each performance obligation. For equipment sales, revenue recognition may depend on completion of installation based on the type of equipment, level of customer specific customization and other contractual terms. In instances in which the agreement with the customer contains a customer acceptance clause, revenue is deferred until customer acceptance is obtained, provided the customer acceptance clause is considered to be substantive.

At the time revenue is recognized, Kodak also records reductions to revenue for customer incentive programs. Such incentive programs include cash and volume discounts and promotional allowances. For those incentives that require the estimation of sales volumes or redemption rates, such as for volume rebates, Kodak uses historical experience and both internal and customer data to estimate the sales incentive at the time revenue is recognized. In the event that the actual results of these items differ from the estimates, adjustments to the sales incentive accruals are recorded. Future market conditions and product transitions may require Kodak to take actions to increase customer incentive offers, possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

#### ***Valuation and Useful Lives of Long-Lived Assets, Including Goodwill and Intangible Assets***

Kodak performs a test for goodwill impairment annually and whenever events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Goodwill is tested for impairment at a level of reporting referred to as a reporting unit, which is an operating segment or one level below an operating segment (a component) if the component constitutes a business for which discrete financial information is available and regularly reviewed by segment management.

The Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Brand, Film and Imaging segment has three goodwill reporting units, Motion Picture and Industrial Chemicals and Films; Consumer Products; and Kodak Technology Solutions and Kodak Services for Business. The Enterprise Inkjet Systems segment, Kodak Software segment, Advanced Materials and 3D Printing Technology segment and Eastman Business Park segment all have one goodwill reporting unit. As of December 31, 2019, goodwill is recorded in the Kodak Software and Consumer Products reporting units.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Kodak estimates the fair value of its reporting units using the guideline public company method and discounted cash flow method. To estimate fair value utilizing the guideline public company method, Kodak applies valuation multiples, derived from the operating data of publicly-traded benchmark companies, to the same operating data of the reporting units. The valuation multiples are based on earnings before interest, taxes, depreciation and amortization ("EBITDA"). To estimate fair value utilizing the discounted cash flow method, Kodak establishes an estimate of future cash flows for each reporting unit and discounts those estimated future cash flows to present value.

Kodak performed a quantitative test of impairment for all reporting units for its annual goodwill impairment test as of December 31, 2019. Kodak utilized the discounted cash flow method and guideline public company method to estimate the fair value of reporting units with goodwill. For these reporting units, Kodak selected equal weighting of the guideline public company method and the discounted cash flow method as the valuation approaches produced comparable ranges of fair value. Fair values for the other reporting units were estimated using the discounted cash flow method only.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from January 1, 2020 to December 31, 2024 and discounted the estimated future cash flows to present value. The expected cash flows were derived from earnings forecasts and assumptions regarding growth and margin projections, as applicable. The discount rates are estimated based on an after-tax weighted average cost of capital ("WACC") for each reporting unit reflecting the rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium for each reporting unit reflecting the risk associated with the overall uncertainty of the financial projections. Discount rates of 13% to 55% were utilized in the valuation based on Kodak's best estimates of the after-tax weighted-average cost of capital of each reporting unit.

A terminal value was included for all reporting units, except Kodak Technology Solutions and Kodak Services for Business, at the end of the cash flow projection period to reflect the remaining value that the reporting unit is expected to generate. The terminal value was calculated using either the constant growth method ("CGM") based on the cash flows of the final year of the discrete period or the H-model, which assumes the growth during the terminal period starts at a higher rate and declines in a linear manner over a specified transition period toward a stable growth rate.

Based upon the results of Kodak's December 31, 2019 analysis, Kodak concluded that the fair value of the reporting units substantially exceeded their carrying values, therefore no impairment of goodwill was indicated. Impairment of goodwill could occur in the future if a reporting unit's fair value changes significantly, if Kodak's market capitalization significantly declines, if a reporting unit's carrying value changes materially compared with changes in its fair values, or as a result of changes in operating segments or reporting units.

The carrying value of the indefinite-lived intangible asset related to the Kodak trade name is evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired.

Kodak performed its annual test of impairment for the Kodak trade name as of December 31, 2019. The fair value of the Kodak trade name was valued using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from January 1, 2020 to December 31, 2024, including a terminal year with growth rates ranging from -3% to 2.5%; (b) an after-tax royalty rate of 0.4% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 17% to 30%, which were based on the after-tax weighted-average cost of capital.

Based on the results of Kodak's December 31, 2019 assessment, the carrying value of the Kodak trade name exceeded its fair value and Kodak recorded a pre-tax impairment charge of \$4 million. Impairment of the Kodak trade name could occur in the future if expected revenues decline or if there are significant changes in the discount rates or royalty rates. A one percent increase in the discount rate and a 10 percent miss in expected revenues would impact the fair value of the Kodak trade name by \$3 million.

Long-lived assets other than goodwill and indefinite-lived intangible assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. When evaluating long-lived assets for impairment, the carrying value of an asset group is compared to its estimated undiscounted future cash flows. An impairment is indicated if the estimated future cash flows are less than the carrying value of the asset group. The impairment is the excess of the carrying value over the fair value of the long-lived asset group. Kodak recorded a \$2 million pre-tax impairment charge related to one building no longer in use.

The value of property, plant, and equipment is depreciated over its expected useful life in such a way as to allocate it as equitably as possible to the periods during which services are obtained from their use, which aims to distribute the value over the remaining estimated useful life of the unit in a systematic and rational manner. An estimate of useful life not only considers the economic life of the asset, but also the remaining life of the asset to the entity. Impairment of long-lived assets other than goodwill and indefinite lived intangible assets could occur in the future if expected future cash flows decline or if there are significant changes in the estimated useful life of the assets.

**Series A Preferred Stock and Convertible Notes Embedded Conversion Features and Term Extension Derivatives**

On November 15, 2016, the Company issued 2,000,000 shares of Series A Preferred Stock no par value per share. On May 24, 2019, the Company issued \$100 million aggregate principal amount of Convertible Notes. The Company concluded that the Series A Preferred Stock and Convertible Notes are considered more akin to debt-type instruments and that the economic characteristics and risks of the embedded conversion features and term extension at the Company's option (in the case of the Convertible Notes), except where the conversion price is increased to the liquidation preference in the case of the Series A Preferred Stock, were not considered clearly and closely related to the Series A Preferred Stock or the Convertible Notes. Accordingly, these embedded features were bifurcated from the Series A Preferred Stock and Convertible Notes and separately accounted for on a combined basis at fair value as two single derivatives. The Company allocated \$43 million of the net Series A Preferred Stock proceeds to the Series A Preferred Stock derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which reduced the original carrying value of the Series A Preferred Stock. The Company allocated \$14 million of the net Convertible Notes proceeds to the Convertible Notes derivative liability based on the aggregate fair value of the embedded features on the date of issuance which reduced the original carrying value of the Convertible Notes. The derivatives are being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations. The fair value of the Series A Preferred Stock derivative as of December 31, 2019 was a liability of \$1 million and is included in Other long-term liabilities in the accompanying Consolidated Statement of Financial Position. The fair value of the Series A Preferred Stock derivative as of December 31, 2018 was an asset of \$4 million and is included within Other long-term assets in the accompanying Consolidated Statement of Financial Position. The fair value of the Convertible Notes derivative as of December 31, 2019 was a liability of \$51 million and is included within Other long-term liabilities in the accompanying Consolidated Statement of Financial Position.

The fair value of the embedded conversion features and term extension option derivatives are calculated using unobservable inputs (Level 3 fair measurements). The value of the Optional Conversion associated with both the Convertible Notes and Series A Preferred Stock is calculated using a binomial lattice model. The value of the term extension option reflects the probability weighted average value of the Convertible Notes using the original maturity date and a hypothetical extended maturity date, with all other contractual terms unchanged.

The following tables present the key inputs in the determination of fair value for the embedded conversion features and termination option derivatives:

Convertible Notes:

	Valuation Date	
	December 31, 2019	May 24, 2019 (Inception)
Total value of embedded derivative liability (in millions)	\$ 51	\$ 14
Kodak's closing stock price	4.65	2.31
Expected stock price volatility	104.61%	92.48%
Risk free rate	1.58%	2.13%
Yield on the convertible notes	11.52%	11.98%

	Valuation Date	
	December 31,	
	2019	2018
Total value of embedded derivative liability (asset) (in millions)	\$ 1	\$ (4)
Kodak's closing stock price	4.65	2.55
Expected stock price volatility	104.61%	95.55%
Risk free rate	1.58%	2.46%
Yield on the preferred stock	16.27%	23.77%

The Fundamental Change and Reorganization Conversion values at issuance were calculated as the difference between the total value of the Convertible Notes or Series A Preferred Stock, as applicable, and the sum of the net present value of the cash flows if the Convertible Notes are repaid at their initial maturity date or Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion values reduce the value of the embedded conversion features and term extension option derivative liability. Other than events which alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflects the value as of the issuance date, amortized for the passage of time. The Fundamental Change and Reorganization Conversion value for the Series A Preferred Stock exceeded the value of the Optional Conversion and Mandatory Conversion values at December 31, 2018 resulting in the derivative being reported as an asset.

#### Taxes

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak's assets and liabilities. Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. Kodak has considered forecasted earnings, future taxable income, the geographical mix of earnings in the jurisdictions in which Kodak operates and prudent and feasible tax planning strategies in determining the need for these valuation allowances. As of December 31, 2019, Kodak has net deferred tax assets before valuation allowances of approximately \$955 million and a valuation allowance related to those net deferred tax assets of approximately \$821 million, resulting in net deferred tax assets of approximately \$134 million. The net deferred tax assets can be used to offset taxable income in future periods and reduce Kodak's income tax payable in those future periods. At this time, it is considered more likely than not that taxable income in the future will be sufficient to allow realization of these net deferred tax assets. However, if Kodak is unable to generate sufficient taxable income, then a valuation allowance to reduce net deferred tax assets may be required, which could materially increase expenses in the period the valuation allowance is recognized. Conversely, if Kodak were to make a determination that it is more likely than not that deferred tax assets, for which there is currently a valuation allowance, would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded. Kodak considers both positive and negative evidence in determining whether a valuation allowance is needed by territory, including, but not limited to, whether particular entities are in three-year cumulative income positions. During 2019 and 2018, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced sales volumes and profits in locations outside the U.S. and accordingly recorded a provision of \$19 million and \$15 million, respectively, associated with the establishment of a valuation allowance on those deferred tax assets. Additionally, during 2018, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would be realized as a result of increased profits in a location outside the U.S. and accordingly recorded a benefit of \$4 million associated with the release of a valuation allowance on those deferred tax assets.

Kodak may be able to make the determination that the realization of deferred tax assets in certain foreign jurisdictions is more likely than not in the future. Kodak will continue to evaluate whether valuation allowances are needed, at a jurisdictional level, in future reporting periods. It is possible that sufficient positive evidence, including sustained profitability, may become available in future periods with respect to one or more jurisdictions to reach a conclusion that all or part of the valuation allowance with respect to such jurisdictions could be reversed.

Utilization of net operating losses ("NOL") and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of five percent stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period. The Company has a relatively high concentration of stockholders that hold five percent or more of the outstanding stock. Future transactions, when combined with reported transactions within the testing period, could aggregate an ownership change during the testing period in excess of 50 percentage points. A Section 382 ownership change would significantly impair Kodak's ability to utilize NOLs and tax credits in the U.S. As of December 31, 2019, Kodak had available U.S. NOL carry-forwards for income tax purposes of approximately \$753 million and unused foreign tax credits of \$355 million. Any impairment of these tax attributes would be fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which would result in no net tax provision.

Kodak has deferred tax liabilities of \$19 million and \$22 million for potential taxes on undistributed earnings, including foreign withholding taxes, as of December 31, 2019 and 2018, respectively.

In general, the amount of tax expense or benefit from continuing operations is determined without regard to the tax effects of other categories of income or loss, such as Other comprehensive (loss) income. However, an exception to this rule applies when there is a loss from continuing operations and income from items outside of continuing operations that must be considered. This exception requires that income from discontinued operations, extraordinary items, and items charged or credited directly to other comprehensive income be considered in determining the amount of tax benefit that results from a loss in continuing operations. This exception affects the allocation of the tax provision amongst categories of income.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution. Management's ongoing assessments of the outcomes of these issues and related tax positions require judgment, and although management believes that adequate provisions have been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provisions would be reduced, thus having a positive impact on earnings.

#### ***Pension and Other Postretirement Benefits***

Kodak's defined benefit pension and other postretirement benefit costs and obligations are estimated using several key assumptions. These assumptions, which are reviewed at least annually by Kodak, include the discount rate, long-term expected rate of return on plan assets ("EROA"), salary growth, healthcare cost trend rate, mortality trends and other economic and demographic factors. Actual results that differ from Kodak's assumptions are recorded as unrecognized gains and losses and are amortized to earnings over the estimated future service period of the active participants in the plan or, if the plan is almost entirely inactive, the average remaining lifetime expectancy of inactive participants, to the extent such total net unrecognized gains and losses exceed 10% of the greater of the plan's projected benefit obligation or the calculated value of plan assets. Significant differences in actual experience or significant changes in future assumptions would affect Kodak's pension and other postretirement benefit costs and obligations.

Asset and liability modeling studies are utilized by Kodak to adjust asset exposures and review a liability hedging program through the use of forward-looking correlation, risk and return estimates. Those forward-looking estimates of correlation, risk and return generated from the modeling studies are also used to estimate the EROA. The EROA is estimated utilizing a forward-looking building block model factoring in the expected risk of each asset category, return and correlation over a five to seven-year horizon, and weighting the exposures by the current asset allocation. Historical inputs are utilized in the forecasting model to frame the current market environment with adjustments made based on the forward-looking view. Kodak aggregates investments into major asset categories based on the underlying benchmark of the strategy. Kodak's asset categories include broadly diversified exposure to U.S. and non-U.S. equities, U.S. and non-U.S. government and corporate bonds, inflation-linked bonds, commodities and absolute return strategies. Each allocation to these major asset categories is determined within the overall asset allocation to accomplish unique objectives, including enhancing portfolio return, providing portfolio diversification, or hedging plan liabilities.

The EROA, once set, is applied to the calculated value of plan assets in the determination of the expected return component of Kodak's pension expense. Kodak uses a calculated value of plan assets, which recognizes gains and losses in the fair value of assets over a four-year period, to calculate expected return on assets. At December 31, 2019, the calculated value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately \$4.1 billion and the fair value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately \$4.3 billion. Asset gains and losses that are not yet reflected in the calculated value of plan assets are not included in amortization of unrecognized gains and losses.

Kodak reviews its EROA assumption annually. To facilitate this review, every three years, or when market conditions change materially, Kodak's larger plans will undertake asset allocation or asset and liability modeling studies. The weighted average EROA used to determine the 2019 net pension expense for major U.S. and non-U.S. defined benefit pension plans was 6.50% and 3.46%, respectively.

Generally, Kodak bases the discount rate assumption for its significant plans on high quality corporate bond yields in the respective countries as of the measurement date. Specifically, for its U.S., Canadian, Euro-zone and UK plans, Kodak determines a discount rate using a cash flow model to incorporate the expected timing of benefit payments and an AA-rated corporate bond yield curve. For Kodak's U.S. plans, the Citigroup Above Median Pension Discount Curve is used. For Kodak's other non-U.S. plans, discount rates are determined by comparison to published local high-quality bond yields or indices considering estimated plan duration and removing any outlying bonds, as warranted.

Kodak uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows.

The salary growth assumptions are determined based on Kodak's long-term actual experience and future and near-term outlook. The healthcare cost trend rate assumptions are based on historical cost and payment data, the near-term outlook and an assessment of the likely long-term trends.

The following table illustrates the sensitivity to a change to certain key assumptions used in the calculation of expense for the year ending December 31, 2020 and the projected benefit obligation (“PBO”) at December 31, 2019 for Kodak’s major U.S. and non-U.S. defined benefit pension plans:

(in millions)	Impact on 2020 Pre-Tax Pension Expense Increase (Decrease)		Impact on PBO December 31, 2019 Increase (Decrease)	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in assumption:				
25 basis point decrease in discount rate	\$ 4	\$ —	\$ 76	\$ 24
25 basis point increase in discount rate	(4)	—	(73)	(23)
25 basis point decrease in EROA	8	2	N/A	N/A
25 basis point increase in EROA	(8)	(2)	N/A	N/A

Total pension income from continuing operations before special termination benefits, curtailments and settlements for the major defined benefit pension plan in the U.S. was \$89 million for 2019 and is expected to be approximately \$90 million in 2020. Pension income from continuing operations before special termination benefits, curtailments and settlements for the major non-U.S. defined benefit pension plans was \$1 million for 2019 and is projected to be less than \$1 million in 2020.

#### **Inventories**

Inventories are stated at the lower of cost or market. Carrying values of excess and obsolete inventories are reduced to net realizable value. Judgment is required to assess the ultimate demand for and realizable value of inventory. The analysis of inventory carrying values considers several factors including length of time inventory is on hand, historical sales, product shelf life, product life cycle, product category, and product obsolescence.

#### **Accounts Receivable Reserves**

Accounts receivable reserves are based on historical collections experience as well as reserves for specific receivables deemed to be at risk for collection. The collectability of customer receivables is reviewed on an ongoing basis considering past due invoices and the current creditworthiness of each customer. Judgment is required in assessing the ultimate realization of accounts receivables.

#### **New Accounting Pronouncements**

A description of new accounting pronouncements is contained in Note 1, “Summary of Significant Accounting Policies”.

#### **OVERVIEW**

Revenue declined \$78 million (6%) from 2018 to 2019. Currency impacted revenue unfavorably in 2019 compared to 2018 (\$27 million).

The film industry and segments within the print industry face competition from digital substitution. Kodak’s strategy is to:

- Focus product investment in core competency areas of print and advanced materials, leveraging Kodak’s proprietary technologies to deliver technologically advanced products in the product goods packaging, graphic communications, and functional printing markets;
- Grow revenues through a focus on customers across Kodak’s print divisions, increasing overall share;
- Promote the use of film and expand the applications of Kodak’s film and chemicals to best utilize the existing infrastructure; and
- Continue to streamline processes to drive cost reductions and improve operating leverage.

A discussion of opportunities and challenges related to Kodak’s strategy follows:

- Kodak has eliminated current debt service requirements by paying down the First Lien Term Credit Agreement using proceeds from the sale of the Flexographic Packaging segment (“FPD”) and refinancing the remaining balance through the issuance of convertible debt which does not require any debt service until conversion or maturity on November 1, 2021. However, Kodak has significant cash requirements to fund ongoing operations, restructuring programs, pension and other postretirement obligations, and other obligations. Kodak’s plans to return to positive cash flow include growing revenues profitably, reducing operating expenses, simplifying the organizational structure, generating cash from selling and leasing underutilized assets and focusing investment in core competency areas.
- Print Systems’ digital plate products include traditional digital plates and KODAK SONORA Process Free Plates. SONORA process free plates allow Kodak customers to skip the plate processing step prior to mounting plates on a printing press. This improvement in the printing process saves time and costs for customers.

Also, SONORA process free plates reduce the environmental impact of the printing process because they eliminate the use of chemicals (including solvents), water and power that is otherwise required to process a traditional plate. While traditional digital plate offerings are experiencing pricing pressure, innovations in Kodak product lines which command premium prices, such as SONORA Process Free Plates, are expected to offset some of the long-term price erosion in the market and manufacturing efficiencies are expected to mitigate the impact on earnings from revenue declines. Print Systems' revenues accounted for 67% of Kodak's total revenues in 2019. Print Systems revenues declined \$60 million in 2019. Excluding licensing revenue (\$13 million) from a strategic relationship established with Lucky HuaGuang Graphics Co. Ltd ("HuaGuang") in the People's Republic of China (refer to Note 30, "Assets Held for Sale"), Print Systems revenue declined \$73 million (8%) in 2019 including the unfavorable impact of currency (\$21 million). Despite the revenue declines, segment earnings improved \$13 million from 2018 to 2019 including the favorable impact of currency (\$3 million), reflecting the HuaGuang license revenue and cost reductions partially offset by volume and pricing declines.

- In Enterprise Inkjet Systems, the legacy Versamark business is expected to continue to decline as a percentage of the segment's total revenue as the Prosper business continues to grow. The Prosper Inkjet Systems business is expected to continue to build profitability. Investment in the next generation technology, Ultrastream, is focused on the ability to place Ultrastream writing systems in original equipment manufacturers and direct sale press products that widen its reach into applications for packaging and décor and expand the substrate range to include plastics. Enterprise Inkjet Systems' revenue declined \$8 million in 2019. Segment earnings declined \$9 million from 2018 to 2019 driven by equipment inventory write-downs due to more aggressive pricing in PROSPER systems intended to drive higher consumables volumes in the future.
- The Kodak Software segment's revenue declined \$9 million (14%) in 2019 primarily reflecting volume declines.
- Brand, Film and Imaging revenue was relatively flat, declining \$1 million from 2018 to 2019. The segment loss improved \$9 million (41%) through cost improvements from 2018 to 2019. Kodak plans to continue to promote the use of film to utilize as much film manufacturing capacity as possible.
- Film and related component manufacturing operations and Kodak Research Laboratories utilize capacity at Eastman Business Park ("EBP"), which helps cost absorption at EBP.
- Kodak plans to capitalize on its intellectual property through new business or licensing opportunities, focusing on opportunities in smart material applications and printed electronics markets and also pursuing limited opportunities in 3D printing materials.

## DETAILED RESULTS OF OPERATIONS

### Net Revenues from Continuing Operations by Reportable Segment

(in millions)	Year Ended December 31,	
	2019	2018
Print Systems	\$ 836	\$ 896
Enterprise Inkjet Systems	128	136
Kodak Software	56	65
Brand, Film and Imaging	209	210
Advanced Materials and 3D Printing Technology	3	4
Eastman Business Park	10	9
Consolidated total	\$ 1,242	\$ 1,320

**Segment Operational EBITDA and Consolidated Loss from Continuing Operations Before Income Taxes**

(in millions)	Year Ended December 31,	
	2019	2018
Print Systems	\$ 41	\$ 28
Enterprise Inkjet Systems	(5)	4
Kodak Software	2	7
Brand, Film and Imaging	(13)	(22)
Advanced Materials and 3D Printing Technology	(12)	(12)
Eastman Business Park	(1)	(4)
Depreciation and amortization	(55)	(70)
Restructuring costs and other	(16)	(17)
Stock-based compensation	(7)	(6)
Consulting and other costs <sup>(1)</sup>	(7)	(14)
Idle costs <sup>(2)</sup>	(5)	(3)
Former CEO separation agreement compensation	(2)	—
Other operating expense, net, excluding income from transition services agreement <sup>(3)</sup>	(22)	(9)
Interest expense <sup>(4)</sup>	(16)	(9)
Pension income excluding service cost component <sup>(4)</sup>	104	131
Other charges, net <sup>(4)</sup>	(46)	(17)
Consolidated loss from continuing operations before income taxes	\$ (60)	\$ (13)

(1) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives, including the divestiture of FPD and debt refinancing.

(2) Consists of third-party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.

(3) \$6 million of income from the transition services agreement with the purchaser of FPD (“Purchaser”) was recognized in the year ended December 31, 2019. The income was reported in Other operating expense, net in the Consolidated Statement of Operations. Other operating expense, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.

(4) As reported in the Consolidated Statement of Operations.

Kodak increased workers’ compensation reserves by approximately \$3 million in 2019, primarily due to changes in discount rates. The increase in reserves impacted gross profit by approximately \$2 million and SG&A by approximately \$1 million. Kodak reduced workers’ compensation reserves by approximately \$5 million in 2018 due to changes in discount rates and reduction in estimated ultimate losses. The reduction in reserves impacted gross profit by approximately \$3 million and SG&A by approximately \$2 million.

**2020 Segments**
**Change in Segments**

Effective in January 2020 Kodak changed its organizational structure. Prepress Solutions, formerly part of the Print Systems segment, will operate as a separate segment named the Traditional Printing segment. Electrophotographic Printing Solutions, formerly part of the Print Systems segment, will be combined with the Enterprise Inkjet Systems segment and Kodak Software segment to form the Digital Print segment. The Brand, Imaging and Film segment, except for the licensing of the Kodak brand to third parties, will be combined with the Advanced Materials and 3D Printing segment to form the Advanced Materials and Chemicals segment. The licensing of the Kodak brand to third parties will operate as a separate segment named the Brand segment. The Eastman Business Park segment will no longer be a reportable segment.

**RESULTS OF OPERATIONS**

	Year Ended December 31, 2019	% of Sales	Year Ended December 31, 2018	% of Sales	\$ Change vs. 2018
Revenues	\$ 1,242		\$ 1,320		(78)
Cost of revenues	1,060		1,140		(80)
Gross profit	182	15%	180	14%	2
Selling, general and administrative expenses	211	17%	224	17%	(13)
Research and development costs	42	3%	48	4%	(6)
Restructuring costs and other	16	1%	17	1%	(1)
Other operating expense, net	15	1%	9	1%	6
Loss from continuing operations before interest expense, pension income excluding service cost component, other charges, net and income taxes	(102)	(8%)	(118)	(9%)	16
Interest expense	16	1%	9	1%	7
Pension income excluding service cost component	(104)	(8%)	(131)	(10%)	27
Other charges, net	46	4%	17	1%	29
Loss from continuing operations before income taxes	(60)	(5%)	(13)	(1%)	(47)
Provision (benefit) from income taxes	31	2%	(4)	(0%)	35
Loss from continuing operations	(91)	(7%)	(9)	(1%)	(82)
Earnings (loss) from discontinued operations, net of income taxes	207	17%	(7)	(1%)	214
NET EARNINGS (LOSS)	\$ 116	9%	\$ (16)	(1%)	132

**Revenues**

For the year ended December 31, 2019, revenues decreased by approximately \$78 million compared with the same period in 2018. Volume and pricing declines partially offset by favorable product mix within Print Systems (\$40 million and \$12 million, respectively), volume declines in Kodak Software (\$8 million) and Enterprise Inkjet Systems (\$7 million) and unfavorable foreign currency (\$27 million) drove the decline. Intellectual property licensing revenue of \$13 million related to the HuaGuang relationship positively impacted results. See segment discussions for additional details.

**Gross Profit**

Gross profit for 2019 increased by approximately \$2 million. The increase reflected intellectual property licensing revenue of \$13 million related to the HuaGuang relationship and cost improvements across film manufacturing (\$6 million), lower aluminum costs (\$7 million), refunds of aluminum tariffs paid by Kodak in the last half of 2018 in Print Systems (\$2 million) and lower depreciation and amortization expense (\$15 million). The improvements were offset by lower volume and unfavorable pricing and product mix in Print Systems (\$19 million), volume declines in Kodak Software (\$5 million) and Enterprise Inkjet Systems (\$3 million), unfavorable manufacturing costs and equipment inventory write-downs in Enterprise Inkjet Systems (\$6 million), declines in Consumer Inkjet Systems (\$3 million) and unfavorable foreign currency (\$2 million). See segment discussions for additional details.

**Selling, General and Administrative Expenses**

Consolidated SG&A for 2019 decreased \$13 million primarily due to lower investment in selling and marketing activities in Print Systems (\$7 million) and lower consulting and project costs (\$7 million) partially offset by \$2 million of compensation included in the former CEO separation agreement.

**Research and Development Costs**

Consolidated R&D expenses decreased \$6 million in 2019 primarily due to the reduced level of investment across the segments.

**Restructuring Costs and Other**

These costs, as well as the restructuring costs reported in Cost of revenues, are discussed under the "RESTRUCTURING COSTS AND OTHER" section in this MD&A.

**Other Operating Expense, Net**

For details, refer to Note 16, "Other Operating Expense, Net."

**Other Charges, Net**

For details, refer to Note 17, "Other Charges, Net."

**Interest Expense**

Interest expense of \$7 million and \$27 million was allocated to discontinued operations for the years ended December 31, 2019 and 2018, respectively.

**Pension Income**

For details, refer to Note 20, "Retirement Plans."

**Benefit from Income Taxes**

For details, refer to Note 18, "Income Taxes."

**Discontinued Operations**

Discontinued operations of Kodak include the Flexographic Packaging segment. Refer to Note 29, "Discontinued Operations" in the Notes to Financial Statements for additional information.

**PRINT SYSTEMS SEGMENT**

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 836	\$ 896	\$ (60)
Operational EBITDA	41	28	13
Operational EBITDA as a % of revenues	5%	3%	

**Revenues**

The decrease in Print Systems revenues of approximately \$60 million primarily reflected volume and pricing declines (\$29 million and \$12 million, respectively) in Prepress Solutions consumables, volume declines and unfavorable pricing in Electrophotographic Printing Solutions consumables and service (\$6 million and \$5 million, respectively), volume declines in Prepress Solutions equipment (\$3 million), unfavorable product mix in Electrophotographic Printing Solutions equipment (\$2 million) and unfavorable foreign currency (\$21 million) partially offset by the intellectual property licensing revenue related to the HuaGuang relationship (\$13 million) and favorable product mix in Prepress Solutions equipment (\$7 million).

**Operational EBITDA**

The increase in Print Systems Operational EBITDA of approximately \$13 million reflects the intellectual property licensing revenue related to the HuaGuang relationship (\$13 million), lower investment in sales and marketing activities (\$7 million), lower manufacturing costs (\$5 million) in Electrophotographic Printing Solutions, lower aluminum costs (\$7 million), refunds of aluminum tariffs which were paid by Kodak in the last half of 2018 (\$2 million) and the favorable impact of currency (\$3 million) partially offset by volume and pricing declines (\$3 million and \$12 million, respectively) in Prepress Solutions consumables, unfavorable manufacturing costs in Prepress Solutions driven largely by the lower volumes (\$6 million) and unfavorable pricing in Electrophotographic Printing Solutions consumables and service (\$5 million).

During 2018 U.S. tariffs imposed on aluminum purchases were included as part of the cost of printing plates sold. In January 2019, Kodak received retroactive exemptions on U.S. tariffs for aluminum. Due to the exemptions, all aluminum tariffs paid by Kodak in prior periods have been recognized as a cost reduction in the current period.

**ENTERPRISE INKJET SYSTEMS SEGMENT**

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 128	\$ 136	\$ (8)
Operational EBITDA	(5)	4	(9)
Operational EBITDA as a % of revenues	-4%	3%	

**Revenues**

The decrease in Enterprise Inkjet Systems revenues of approximately \$8 million primarily reflected lower volume of VERSAMARK service and consumables (\$8 million) due to declines in the installed base of VERSAMARK systems, lower volume of PROSPER components (\$4 million), and the unfavorable impact of currency (\$2 million) partially offset by higher volume of PROSPER service and consumables (\$4 million), PROSPER systems (\$1 million) and favorable pricing of VERSAMARK service and consumables (\$1 million).

**Operational EBITDA**

The decrease in Enterprise Inkjet Systems Operational EBITDA of \$9 million was primarily driven by equipment inventory write-downs due to pricing declines in PROSPER systems (\$4 million), lower volume of PROSPER components (\$2 million), lower volume of VERSAMARK service and consumables (\$2 million) due to declines in the installed base of VERSAMARK systems, unfavorable manufacturing costs (\$2 million) and the unfavorable impact of currency (\$1 million) partially offset by volume improvements in PROSPER service and consumables (\$2 million) and a lower level of investment in R&D activities (\$2 million).

**KODAK SOFTWARE SEGMENT**

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 56	\$ 65	\$ (9)
Operational EBITDA	2	7	(5)
Operational EBITDA as a % of revenues	4%	11%	

**Revenues**

The decrease in Kodak Software revenues of approximately \$9 million was due to lower volume (\$8 million) and the unfavorable impact of currency (\$1 million).

**Operational EBITDA**

The decrease in Kodak Software Operational EBITDA of \$5 million was due to volume declines.

**BRAND, FILM AND IMAGING SEGMENT**

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 209	\$ 210	\$ (1)
Operational EBITDA	(13)	(22)	9
Operational EBITDA as a % of revenues	-6%	-10%	

**Revenues**

The decrease in Brand, Film and Imaging revenues of approximately \$1 million reflected volume declines in Consumer Inkjet Systems (\$6 million) driven by lower sales of ink to the existing installed base of printers and unfavorable foreign currency (\$3 million) partially offset by favorable volume in Motion Picture (\$6 million). Motion Picture revenues may fluctuate due to the timing and mix of products required for major studio productions.

The unfavorable impact from exiting a significant industrial film component supply agreement (\$12 million) was offset by volume improvements in professional and consumer still photographic film (\$10 million). One Industrial Film and Chemicals customer of professional and consumer still photographic film and chemicals represented approximately 20 percent of the total Brand, Film and Imaging revenues in 2019. Price increases on professional and consumer still photographic film have been implemented in 2020.

**Operational EBITDA**

Brand, Film and Imaging Operational EBITDA improved approximately \$9 million primarily reflecting cost improvements across film manufacturing (\$6 million), improved volume in Motion Picture (\$1 million) and SG&A and R&D reductions (\$2 million) partially offset by declines in Consumer Inkjet Systems (\$3 million) driven by lower sales of ink to the existing installed base of printers.

**ADVANCED MATERIALS AND 3D PRINTING TECHNOLOGY SEGMENT**

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 3	\$ 4	\$ (1)
Operational EBITDA	(12)	(12)	—
Operational EBITDA as a % of revenues	-400%	-300%	

Advanced Materials and 3D Printing Technology Operational EBITDA remained flat primarily reflecting lower revenues offset by a reduced level of investment in R&D (\$1 million).

#### EASTMAN BUSINESS PARK SEGMENT

	Year Ended December 31,		
	2019	2018	\$ Change
Revenues	\$ 10	\$ 9	\$ 1
Operational EBITDA	(1)	(4)	3
Operational EBITDA as a % of revenues	-10%	-44%	

Eastman Business Park Operational EBITDA improved by \$3 million compared to the prior year period primarily due to improved operating costs and higher revenues (\$1 million).

#### RESTRUCTURING COSTS AND OTHER

##### 2019

Restructuring actions taken in 2019 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales, research and development, and other administrative functions.

As a result of these actions, for the year ended December 31, 2019 Kodak recorded \$16 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

Kodak made cash payments related to restructuring of approximately \$9 million for the year ended December 31, 2019.

The restructuring actions implemented in 2019 are expected to generate future annual cash savings of approximately \$22 million. These savings are expected to reduce future annual Cost of revenues, SG&A and R&D expenses by \$6 million, \$15 million and \$1 million, respectively. Kodak expects the majority of the annual savings to be in effect by the end of the third quarter of 2020 as actions are completed.

##### 2018

For the year ended December 31, 2018 Kodak recorded \$17 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

#### LIQUIDITY AND CAPITAL RESOURCES

Kodak is facing liquidity challenges due to operating losses and low or negative cash flow from operations. Cash flow from operations in the current year benefited from working capital improvements and individual transactions which occurred during the year. Kodak has eliminated current debt service requirements by paying down the loans under the Senior Secured First Lien Term Credit Agreement (the "Term Credit Agreement") using proceeds from the sale of Kodak's Flexographic Packaging business ("FPD") and refinancing the remaining balance through the issuance of convertible debt which does not require any debt service until conversion or maturity on November 1, 2021. The Series A Preferred Stock must be redeemed on November 15, 2021 if not converted prior to then. Kodak has significant cash requirements to fund ongoing operations, restructuring programs, pension and other postretirement obligations, and other obligations. Kodak's plans to return to sustainable positive cash flow include growing revenues profitably, reducing operating expenses, simplifying the organizational structure, generating cash from selling and leasing underutilized assets and paring investment in new technology by eliminating or delaying product development programs. The current cash balance outside of China, recent trend of low or negative operating cash flow, maturity and redemption dates in 2021 of the Convertible Notes and Series A Preferred Stock and lack of certainty regarding a sustainable return to positive cash flow raise substantial doubt about Kodak's ability to continue as a going concern.

Refer to the Going Concern section of Note 1, "Summary of Significant Accounting Policies", Note 9, "Debt and Finance Leases," and Note 10, "Redeemable, Convertible Series A Preferred Stock" in the Notes to Financial Statements for further discussion of long-term debt and convertible preferred shares.

Kodak has already experienced some disruptions in its manufacturing and logistics operations due to the coronavirus outbreak. The full extent to which the coronavirus outbreak impacts its results will depend on future developments, which are highly uncertain and cannot be predicted at the time of this filing, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the virus or treat its impact, among others. Complications from the coronavirus outbreak could have a material adverse effect on the continuity of our business operations and our results of operations and financial position, particularly if such complications have an extended duration.

(in millions)	As of December 31,	
	2019	2018
Cash, cash equivalents, restricted cash and cash in assets held for sale	\$ 290	\$ 267

### Cash Flow Activity

(in millions)	Year Ended December 31,		Year-Over-Year Change
	2019	2018	
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	\$ 12	\$ (62)	\$ 74
<b>Cash flows from investing activities:</b>			
Net cash provided by (used in) investing activities	311	(22)	333
<b>Cash flows from financing activities:</b>			
Net cash used in financing activities	(298)	(11)	(287)
Effect of exchange rate changes on cash and restricted cash	(2)	(7)	5
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 23	\$ (102)	\$ 125

### Operating Activities

Net cash provided by (used in) operating activities improved \$74 million for the year ended December 31, 2019 as compared with the prior year primarily due to lower cash spend on inventory, higher build of accounts payable (including the impact of a supply contract entered into as part of the agreement with HuaGuang), the allocation of \$10 million of the proceeds from the divestiture of FPD as consideration for a brand license, the allocation of \$13 million of the proceeds from entering the relationship with HuaGuang as consideration for an intellectual property license, the receipt of a \$15 million prepayment for transition services, products, and other services as a part of the divestiture of FPD partially offset by lower cash operating earnings.

### Investing Activities

Net cash provided by (used in) investing activities improved \$333 million for the year ended December 31, 2019 as compared to the prior year due to the proceeds from the sale of FPD and reduced capital spend.

### Financing Activities

Net cash used in financing activities increased \$287 million in the year ended December 31, 2019 as compared to the prior year driven by the repayment of the loans under the Term Credit Agreement partially offset by the issuance of the Convertible Notes.

### Sources of Liquidity

Available liquidity includes cash balances and the unused portion of the ABL Credit Agreement. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At December 31, 2019 and 2018, approximately \$72 million and \$117 million, respectively, of cash and cash equivalents were held within the U.S. and approximately \$161 million and \$131 million, respectively, of cash, cash equivalents and cash in assets held for sale were held outside the U.S. Cash balances held outside of the U.S. are generally required to support local country operations, may have high tax costs or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Kodak utilizes cash balances outside the U.S. to fund needs in the U.S. through the use of intercompany loans. As of December 31, 2019 and 2018 outstanding intercompany loans to the U.S. were \$408 million and \$390 million, respectively, which includes short-term intercompany loans of \$110 million and \$92 million. In China, where approximately \$89 million and \$72 million, respectively, of cash and cash equivalents were held as of December 31, 2019 and 2018, there are limitations related to net asset balances that impact the ability to make cash available to other jurisdictions in the world. Under the terms of the ABL Credit Agreement, the Company is permitted to invest up to \$100 million at any time in subsidiaries and joint ventures that are not party to the ABL Credit Agreement.

On April 16, 2019, the Purchaser paid Kodak \$15 million in the U.S. as a prepayment for transition services and products and services to be provided by Kodak to the Purchaser. Kodak provided a \$15 million guaranty, supported by cash collateral in China, to the Purchaser. The Purchaser has the option to satisfy its payment obligations to Kodak through a reduction of the prepayment balance or in cash. When the Purchaser satisfies its payment obligations to Kodak by utilizing its prepayment balance, Kodak can follow a guaranty amendment process to reduce the amount of its guaranty and cash collateral supporting the prepayment balance. As of December 31, 2019, the remaining prepayment balance was \$3 million and the cash collateral supporting Kodak's guaranty was \$4 million.

On September 1, 2019 Kodak established a strategic relationship with HuaGuang in the People's Republic of China. The relationship is comprised of an agreement under which Kodak sold its shares of the Kodak (China) Graphic Communication Co. Ltd. entity which included the offset printing plates facility in Xiamen, China, and related assets and liabilities, to HuaGuang, a supply agreement for HuaGuang to help Kodak fulfill customer demand and a license agreement under which Kodak licensed its plates technology, including its Sonora Process Free plates technology, to HuaGuang with the intent of expanding the plates market in China.

Upon the establishment of the relationship, Kodak received net cash proceeds of \$30 million, of which \$13 million was received in the United States. As part of the arrangement, Kodak established an escrow of \$14 million in China to secure minimum payments required under the supply agreement.

Under the ABL Credit Agreement, if Excess Availability (\$22 million as of December 31, 2019) falls below 12.5% of lender commitments (\$18.75 million as of December 31, 2019), Kodak may, in addition to the requirement to be in compliance with a minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Kodak intends to continue to maintain Excess Availability above the minimum threshold which may require additional funding of Eligible Cash. In addition to Eligible Cash, the borrowing base is supported by Eligible Receivables, Eligible Inventory and Eligible Equipment. To the extent the assets supporting the borrowing base decline, if the remaining assets included in the borrowing base are not sufficient to support the required Excess Availability amount, additional funding of Eligible Cash may be required. Since Excess Availability was greater than 12.5% of lender commitments Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0. As of December 31, 2019 Fixed Charges (as defined in the ABL Credit Agreement) exceeded EBITDA by approximately \$4 million, therefore the Fixed Charges Coverage Ratio was less than 1.0 to 1.0. (Refer to the Amended and Restated Credit Agreement section of Note 9, "Debt and Finance Leases", for the definition of Excess Availability).

To ensure Excess Availability was greater than 12.5%, Kodak funded \$22 million and \$3 million to the Eligible Cash account held with the ABL Credit Agreement Administrative Agent as of December 31, 2019 and 2018, which is classified as Restricted cash in the Consolidated Statement of Financial Position, supporting the Excess Availability amount.

On January 27, 2020 Kodak exercised its right under the ABL Credit Agreement to permanently reduce lender commitments, reducing the commitments from \$150 million to \$120 million. As a result, the minimum Excess Availability decreased to \$15 million from the previous minimum of \$18.75 million.

As a result of the Company's credit ratings, the Company was required to provide \$6 million in letters of credit to the issuers of certain surety bonds during the third quarter of 2018. As a result of the Company's current credit ratings or a further ratings downgrade, the Company could be required to provide up to an additional \$13 million of letters of credit to the issuers of the surety bonds in the future to fully collateralize the bonds.

Reporting requirements under the ABL Credit Agreement require the Company to provide annual audited financial statements accompanied by an opinion of an independent public accountant without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit or other material qualification or exception, except for any such qualification or exception with respect to any indebtedness maturing within 364 days after the date of such financial statements, and that the opinion be reasonably acceptable to the agent. On March 6, 2020 the Company obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant that may be deemed to have occurred in relation to the going concern explanatory paragraph in the 2019 Form 10-K audit report.

#### **Defined Benefit Pension and Postretirement Plans**

Kodak made contributions (funded plans) or paid net benefits (unfunded plans) totaling approximately \$19 million relating to its defined benefit pension and postretirement benefit plans in 2019. For 2020, the forecasted contribution (funded plans) and net benefit payment (unfunded plans) requirements for its defined benefit pension and postretirement plans are approximately \$17 million.

#### **Capital Expenditures**

Cash flows from investing activities included \$17 million for capital expenditures for the year ended December 31, 2019. Kodak expects approximately \$15 million to \$25 million of cash flows for investing activities from capital expenditures for the year ended December 31, 2020.

#### **Transaction with RED-Rochester, LLC**

In January 2019 Kodak entered into a series of agreements with RED-Rochester, LLC ("RED"), which provides utilities to the Eastman Business Park. Kodak received a payment of \$14 million from RED. Kodak is required to pay a minimum annual payment to RED of approximately \$2 million regardless of utility usage. Kodak is accounting for the \$14 million payment from RED as debt. The minimum payments required under the agreement from Kodak to RED will be reported as a reduction of the debt and interest expense using the effective interest method. The debt payments to RED continue until August 2033.

#### **Off-Balance Sheet Arrangements**

In connection with the settlement of certain of the Company's historical environmental liabilities at EBP and in accordance with the terms of the associated settlement agreement ("Amended EBP Settlement Agreement"), in the event the historical EBP liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

Kodak issues indemnifications in certain instances when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners.

Further, the Company indemnifies its directors and officers who are, or were, serving at the Company's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Additionally, the fair value of the indemnifications that Kodak issued during the year ended December 31, 2019 was not material to Kodak's financial position, results of operations or cash flows.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Kodak is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

#### *Opinion on the Financial Statements*

We have audited the accompanying consolidated statement of financial position of Eastman Kodak Company and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income (loss), equity (deficit) and cash flow for the years then ended, including the related notes and schedule of valuation and qualifying accounts for each of the two years in the period ended December 31, 2019 appearing under Item 15 (1) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Substantial Doubt About the Company's Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has limitations on its ability to repatriate cash held outside the U.S. to other jurisdictions, experienced recent operating losses and negative cash flow from operations, redemption dates in 2021 for debt and preferred stock and significant cash requirements to fund ongoing operations and other obligations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### *Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

#### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Rochester, New York  
March 17, 2020

We have served as the Company's auditor since at least 1924. We have not been able to determine the specific year we began serving as auditor of the Company.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

(in millions, except per share data)

	Year Ended December 31,	
	2019	2018
Revenues		
Sales	\$ 979	\$ 1,039
Services	263	281
Total net revenues	<u>1,242</u>	<u>1,320</u>
Cost of revenues		
Sales	877	946
Services	183	194
Total cost of revenues	<u>1,060</u>	<u>1,140</u>
Gross profit	182	180
Selling, general and administrative expenses	211	224
Research and development costs	42	48
Restructuring costs and other	16	17
Other operating expense, net	15	9
Loss from continuing operations before interest expense, pension income excluding service cost component, other charges, net and income taxes	(102)	(118)
Interest expense	16	9
Pension income excluding service cost component	(104)	(131)
Other charges, net	46	17
Loss from continuing operations before income taxes	(60)	(13)
Provision (benefit) from income taxes	31	(4)
Loss from continuing operations	(91)	(9)
Earnings (loss) from discontinued operations, net of income taxes	207	(7)
NET EARNINGS (LOSS)	<u>\$ 116</u>	<u>\$ (16)</u>
Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ (2.58)	\$ (0.68)
Discontinued operations	4.81	(0.16)
Total	<u>\$ 2.23</u>	<u>\$ (0.84)</u>
Number of common shares used in basic and diluted (loss) earnings per share	43.0	42.7

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

(in millions)

	Year Ended December 31,	
	2019	2018
NET (LOSS) EARNINGS	\$ 116	\$ (16)
Other comprehensive loss, net:		
Currency translation adjustments and other	6	(11)
Pension and other postretirement benefit plan obligation activity, net of tax	(12)	(9)
Other comprehensive income (loss), net attributable to Eastman Kodak Company	(6)	(20)
COMPREHENSIVE INCOME (LOSS), NET	\$ 110	\$ (36)

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in millions)

	As of December 31,	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 233	\$ 233
Trade receivables, net of allowances of \$8 and \$9	208	232
Inventories, net	215	231
Restricted cash - current portion	12	8
Other current assets	36	39
Current assets held for sale	2	167
Total current assets	706	910
Property, plant and equipment, net of accumulated depreciation of \$423 and \$395, respectively	181	216
Goodwill	12	12
Intangible assets, net	47	58
Operating lease right-of-use assets	49	—
Restricted cash	45	11
Deferred income taxes	147	160
Other long-term assets	228	143
<b>TOTAL ASSETS</b>	<b>\$ 1,415</b>	<b>\$ 1,510</b>
<b>LIABILITIES, REDEEMABLE, CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)</b>		
Accounts payable, trade	\$ 153	\$ 130
Short-term borrowings and current portion of long-term debt	2	396
Current portion of operating leases	12	—
Other current liabilities	201	209
Current liabilities held for sale	—	43
Total current liabilities	368	778
Long-term debt, net of current portion	109	5
Pension and other postretirement liabilities	378	379
Operating leases, net of current portion	48	—
Other long-term liabilities	231	178
<b>Total liabilities</b>	<b>1,134</b>	<b>1,340</b>
Commitments and contingencies (Note 12)		
Redeemable, convertible Series A preferred stock, no par value, \$100 per share liquidation preference	182	173
<b>Equity (Deficit)</b>		
Common stock, \$0.01 par value	—	—
Additional paid in capital	604	617
Treasury stock, at cost	(9)	(9)
Accumulated deficit	(79)	(200)
Accumulated other comprehensive loss	(417)	(411)
Total equity (deficit)	99	(3)
<b>TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (DEFICIT)</b>	<b>\$ 1,415</b>	<b>\$ 1,510</b>

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)**

(in millions, except share data)

	Common Stock (1)	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Series A Redeemable Convertible Preferred Stock
Equity (deficit) as of December 31, 2017	\$ —	\$ 631	\$ (174)	\$ (391)	\$ (9)	57	\$ 164
Net (loss) earnings	—	—	(16)	—	—	(16)	—
Adjustments due to ASU 2014-09	—	—	(10)	—	—	(10)	—
Other comprehensive loss (net of tax):							
Currency translation adjustments	—	—	—	(11)	—	(11)	—
Pension and other postretirement liability adjustments	—	—	—	(9)	—	(9)	—
Series A preferred stock cash dividends	—	(11)	—	—	—	(11)	—
Series A preferred stock deemed dividends	—	(9)	—	—	—	(9)	9
Stock-based compensation	—	6	—	—	—	6	—
Equity (deficit) as of December 31, 2018	\$ —	\$ 617	\$ (200)	\$ (411)	\$ (9)	\$ (3)	\$ 173
Net earnings	—	—	116	—	—	116	—
Adjustments due to ASU 2016-02	—	—	5	—	—	5	—
Other comprehensive loss (net of tax):							
Currency translation adjustments	—	—	—	6	—	6	—
Pension and other postretirement liability adjustments	—	—	—	(12)	—	(12)	—
Series A preferred stock cash and accrued dividends	—	(11)	—	—	—	(11)	—
Series A preferred stock deemed dividends	—	(9)	—	—	—	(9)	9
Stock-based compensation	—	7	—	—	—	7	—
Equity (deficit) as of December 31, 2019	\$ —	\$ 604	\$ (79)	\$ (417)	\$ (9)	\$ 99	\$ 182

(1) There are 60 million shares of no par value preferred stock authorized, 2 million of which have been issued.

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOW**

(in millions)	Year Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net (loss) earnings	\$ 116	\$ (16)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	55	73
Pension and other postretirement income	(91)	(106)
Change in fair value of embedded conversion features derivative liability	42	—
Asset impairments	6	13
Stock based compensation	7	6
Non-cash changes in workers' compensation and legal reserves	3	(11)
Net gains on sales of businesses/assets	(201)	(13)
Provision for deferred income taxes	21	18
Decrease in trade receivables	21	12
Decrease (increase) in inventories	11	(9)
Increase (decrease) in trade accounts payable	25	(31)
Decrease in liabilities excluding borrowings	(10)	(31)
Other items, net	7	33
Total adjustments	(104)	(46)
Net cash provided by (used in) operating activities	12	(62)
Cash flows from investing activities:		
Additions to properties	(15)	(33)
Net proceeds from sales of businesses/assets, net	326	11
Net cash provided by (used in) investing activities	311	(22)
Cash flows from financing activities:		
Repayment of emergence credit facilities	(395)	—
Proceeds from issuance of convertible notes	98	—
Proceeds from other borrowings	14	—
Payment of contingent consideration related to the sale of a business	(10)	—
Preferred stock dividend payments	(3)	(8)
Finance lease payments	(2)	(3)
Net cash used in financing activities	(298)	(11)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	(7)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash in assets held for sale	23	(102)
Cash, cash equivalents, restricted cash and cash in assets held for sale, beginning of period <sup>(1)</sup>	267	369
Cash, cash equivalents, restricted cash and cash in assets held for sale, end of period <sup>(1)</sup>	\$ 290	\$ 267

<sup>(1)</sup> Refer to Note 2, "Cash, Cash Equivalents and Restricted Cash" for a breakdown of cash, cash equivalents, restricted cash and cash in assets held for sale.

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY  
CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(in millions)

SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,	
	2019	2018
<b>Cash paid for interest and income taxes was:</b>		
Interest, net of portion capitalized of \$0 and \$1 as of December 31, 2019 and 2018, respectively	\$ 21	\$ 28
Income taxes (net of refunds)	\$ 17	\$ (9)

The accompanying notes are an integral part of these consolidated financial statements.

**NOTE 1: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ACCOUNTING PRINCIPLES**

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following is a description of the significant accounting policies of Kodak.

When used in this report, unless otherwise indicated by the context, "EKC" means the parent company, Eastman Kodak Company (the "Company") and "Kodak" refers to the consolidated group.

**BASIS OF CONSOLIDATION**

The consolidated financial statements include the accounts of EKC and all companies directly or indirectly controlled by EKC, either through majority ownership or otherwise. Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity.

**GOING CONCERN**

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes Kodak will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

As of both December 31, 2019 and 2018, Kodak had approximately \$233 million of cash and cash equivalents. \$72 million and \$117 million was held in the U.S. as of December 31, 2019 and 2018, respectively, and \$161 million and \$116 million were held outside the U.S. Cash balances held outside the U.S. are generally required to support local country operations and may have high tax costs or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Outstanding inter-company loans to the U.S. as of December 31, 2019 and 2018 were \$408 million and \$390 million, respectively, which includes short-term intercompany loans from Kodak's international finance center of \$110 million and \$92 million as of December 31, 2019 and 2018, respectively. In China, where approximately \$89 million and \$59 million of cash and cash equivalents was held as of December 31, 2019 and 2018, respectively, there are limitations related to net asset balances that may impact the ability to make cash available to other jurisdictions in the world. Kodak had a net decrease in cash, cash equivalents, restricted cash and cash in assets held for sale of \$102 million for the year ended December 31, 2018 and an increase in cash, cash equivalents, restricted cash and cash in assets held for sale of \$23 million for the year ended December 31, 2019. The current year's cash provided by operating activities of \$12 million includes the receipt of brand and functional intellectual property licensing proceeds allocated from the overall consideration received as part of the divestiture of FPD (\$10 million) and the establishment of a strategic relationship with HuaGuang (\$13 million). Cash provided by operating activities in 2019 also includes the receipt of a \$15 million prepayment for transition services and products and services to be provided by Kodak associated with the FPD divestiture, \$3 million of which has not yet been utilized.

U.S. GAAP requires an evaluation of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued. Initially, this evaluation does not consider the potential mitigating effect of management's plans that have not been fully implemented. When substantial doubt exists, management evaluates the mitigating effect of its plans if it is probable that (1) the plans will be effectively implemented within one year after the date the financial statements are issued, and (2) when implemented, the plans will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued or prior to the conditions or events that create the going concern risk.

Kodak is facing liquidity challenges due to operating losses and low or negative cash flow from operations. Cash flow from operations in the current year benefited from working capital improvements and individual transactions which occurred during the year. Kodak has eliminated current debt service requirements by paying down the loans under the Term Credit Agreement using proceeds from the sale of FPD and refinancing the remaining balance through the issuance of convertible debt which does not require any debt service until conversion or maturity on November 1, 2021. The Series A Preferred Stock must be redeemed on November 15, 2021 if not converted prior to then. Kodak has significant cash requirements to fund ongoing operations, restructuring programs, pension and other postretirement obligations, and other obligations. Kodak's plans to return to sustainable positive cash flow include growing revenues profitably, reducing operating expenses, simplifying the organizational structure, generating cash from selling and leasing underutilized assets and paring investment in new technology by eliminating or delaying product development programs. The current cash balance outside of China, recent trend of low or negative operating cash flow, maturity and redemption dates in 2021 for the Convertible Notes and Series A Preferred Stock and lack of certainty regarding a sustainable return to positive cash flow raise substantial doubt about Kodak's ability to continue as a going concern.

## RECLASSIFICATIONS

Certain amounts for prior periods have been reclassified to conform to the current period classification due to Kodak's new organization structure as of January 2019 and due to assets held for sale reporting requirements.

In addition to the changes in segment reporting under the new organization structure there is a change in the segment measure of profitability. The segment measure of profitability was changed to exclude the costs, net of any rental income received, of underutilized portions of certain properties. Additionally, the allocation of costs from Eastman Business Park ("EBP") to the Brand, Film and Imaging segment and Advanced Materials and 3D Printing Technology segment as tenants of EBP and to each of the segments as users of shared corporate space at the global headquarters changed. Refer to Note 27, "Segment Information" for additional information.

## USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at year end and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

## FOREIGN CURRENCY

For most subsidiaries and branches outside the U.S., the local currency is the functional currency. The financial statements of these subsidiaries and branches are translated into U.S. dollars as follows: assets and liabilities at year-end exchange rates; revenue, expenses and cash flows at average exchange rates; and shareholders' equity at historical exchange rates. For those subsidiaries for which the local currency is the functional currency, the resulting translation adjustment is recorded as a component of Accumulated other comprehensive loss in the accompanying Consolidated Statement of Financial Position.

For certain other subsidiaries and branches outside the U.S., operations are conducted primarily in U.S. dollars, which is therefore the functional currency. Monetary assets and liabilities of these foreign subsidiaries and branches, which are recorded in local currency, are remeasured at year-end exchange rates, while the related revenue, expense, and gain and loss accounts, which are recorded in local currency, are remeasured at average exchange rates. Non-monetary assets and liabilities, and the related revenue, expense, and gain and loss accounts, are remeasured at historical exchange rates. Adjustments that result from the remeasurement of the assets and liabilities of these subsidiaries are included in Other charges, net in the accompanying Consolidated Statement of Operations.

The effects of foreign currency transactions, including related hedging activities, are included in Other charges, net, in the accompanying Consolidated Statement of Operations.

## CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Kodak to significant concentrations of credit risk consist principally of cash and cash equivalents, receivables, restricted cash and derivative instruments. Kodak places its cash, cash equivalents and restricted cash with high-quality financial institutions and limits the amount of credit exposure to any one institution. With respect to receivables, such receivables arise from sales to numerous customers in a variety of industries, markets, and geographies around the world. Receivables arising from these sales are generally not collateralized. Kodak performs ongoing credit evaluations of its customers' financial conditions and maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management's expectations. Counterparties to the derivative instrument contracts are major financial institutions. Kodak has not experienced non-performance by any of its derivative instrument counterparties.

## CASH EQUIVALENTS

All highly liquid investments with a remaining maturity of three months or less at date of purchase are considered to be cash equivalents.

## INVENTORIES

Inventories are stated at the lower of cost or market. The cost of all of Kodak's inventories is determined by the average cost method, which approximates current cost. Kodak provides inventory reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, net of accumulated depreciation. Kodak capitalizes additions and improvements while maintenance and repairs are charged to expense as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to net (loss) earnings.

Kodak calculates depreciation expense using the straight-line method over the assets' estimated useful lives, which are as follows:

	<b>Estimated Useful Lives</b>
Buildings and building improvements	5-40
Land improvements	4-20
Leasehold improvements	3-20
Equipment	3-20
Tooling	1-3
Furniture and fixtures	5-10

Kodak depreciates leasehold improvements over the shorter of the lease term or the assets' estimated useful life.

#### **GOODWILL**

Goodwill is not amortized but is required to be assessed for impairment at least annually and whenever events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

When testing goodwill for impairment, Kodak may assess qualitative factors for some or all of its reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If Kodak determines based on this qualitative test of impairment that it is more likely than not that a reporting unit's fair value is less than its carrying amount or elects to bypass the qualitative assessment for some or all of its reporting units, then a quantitative goodwill impairment test is performed to test for a potential impairment of goodwill. The amount of goodwill impairment, if any, is calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Refer to Note 5, "Goodwill and Other Intangible Assets".

#### **WORKERS' COMPENSATION**

Kodak self-insures and participates in high-deductible insurance programs with retention and per occurrence deductible levels for claims related to workers' compensation. The estimated liability for workers' compensation is based on actuarially estimated, discounted cost of claims, including claims incurred but not reported. Historical loss development factors are utilized to project the future development of incurred losses, and the amounts are adjusted based on actual claim experience, settlements, claim development trends, changes in state regulations and judicial interpretations. Refer to Note 7, "Other Current Liabilities" and Note 8, "Other Long-Term Liabilities" for the estimated liabilities. Amounts recoverable from insurance companies or third parties are estimated using historical experience and estimates of future recoveries. Estimated recoveries are not offset against the related accrual. The amount recorded for the estimated recoveries at December 31, 2019 and 2018 was \$21 million and \$20 million, respectively, of which \$18 million and \$17 million, respectively, is reported in Other long-term assets in the Consolidated Statement of Financial Position. The remaining \$3 million at each year end is reported in Other current assets in the Consolidated Statement of Financial Position.

#### **LEASES**

##### ***Kodak as lessee***

Kodak determines if an arrangement is a lease at inception. The primary criteria used to classify transactions as operating or finance leases are: (1) whether the ownership transfers at the end of the lease, (2) whether the lease term is equal to or greater than 75% of the economic life of the asset, and (3) whether the present value of the minimum lease payments is equal to or greater than 90% of the fair value of the asset at inception of the lease. Kodak does not have leases that include assets of a specialized nature, generally does not provide residual value guarantees or have any leases for which the exercise of end-of-lease purchase options is reasonably assured at lease inception.

Right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets exclude lease incentives. Variable lease payments are also excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred.

Kodak's lease agreements are primarily for real estate space and vehicles. Arrangements for goods and services are also assessed to determine if the arrangement contains a lease at its inception. Operating leases are included within Operating lease right-of-use assets, Current portion of operating leases and Operating leases, net of current portion in the Consolidated Statement of Financial Position. Finance leases are included in Property, plant and equipment, net, Short-term borrowings and current portion of long-term debt and Long-term debt, net of current portion in the Consolidated Statement of Financial Position.

When available, the rate implicit in the lease is used to discount lease payments to present value; however, many leases do not provide a readily determinable implicit rate. Therefore, Kodak applies its incremental borrowing rate to discount the lease payments at lease commencement.

The incremental borrowing rate is the rate of interest that EKC would have to pay to borrow, on a collateralized basis, over a similar term. Lease renewal or extension options and/or termination options are factored into the determination of lease payments only if reasonably certain to be exercised.

Rental expense related to operating leases is recognized on a straight-line basis over the lease term. The lease agreements have both lease and non-lease components. Kodak does not separate lease and non-lease components of contracts for real estate leases but does separate lease and non-lease components for equipment leases.

***Kodak as Lessor***

Kodak places its own equipment at customer sites under sales-type and operating lease arrangements. Arrangements classified as sales-type leases with revenue recognition at inception generally transfer title to the equipment by the end of the lease term or have a lease term that is for a major part of the remaining economic life of the equipment; and collectability is considered probable. If the arrangement meets the criteria for a sales-type lease but collectability is not considered probable, Kodak will not derecognize the asset and will record all payments received as a liability until the earlier of collectability becoming probable or the termination of the lease. Arrangements that do not meet the sales-type lease criteria are classified as operating leases with revenue recognized over the term. Contracts with customers may include multiple performance obligations including equipment, optional software licenses and service agreements. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price.

The Eastman Business Park segment's core operations are to lease real estate. Kodak also leases underutilized portions of other real estate properties to third parties under both operating lease and sublease agreements. Payments received under operating lease agreements as part of the Eastman Business Park segment are recognized on a straight-line basis over the term and are reported in Revenues in the Consolidated Statement of Operations. Payments received under lease and sublease agreements for underutilized space are recognized on a straight-line basis and reported as cost reductions in Cost of revenues, SG&A expenses, R&D costs and Other charges, net.

Renewal options and/or termination options are factored into the determination of lease payments if considered probable. Kodak does not separate lease and non-lease components of contracts for real estate leases but does separate lease and non-lease components for equipment leases.

Equipment subject to operating leases consists of equipment rented to customers. Equipment subject to operating leases is included in Property, plant and equipment, net in the Consolidated Statement of Financial Position and is depreciated to estimated residual value over its expected useful life. Equipment operating lease terms and depreciable lives generally vary from 3 to 7 years.

**REVENUE**

Kodak's revenue transactions include sales of products (such as components and consumables for use in Kodak and other manufacturers' equipment and film-based products), equipment, software, services, integrated solutions, intellectual property and brand licensing; and real estate management activities. Revenue from services includes extended warranty, customer support and maintenance agreements, consulting, business process services, training and education.

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration Kodak expects to be entitled to in exchange for those goods or services.

For product sales (such as plates, film, inks, chemicals and other consumables) revenue is recognized when control has transferred from Kodak to the buyer, which may be upon shipment or upon delivery to the customer site, based on contract terms or legal requirements in certain jurisdictions. Service revenue is recognized using the time-based method ratably over the contractual period as it best depicts when the customer receives the benefit from the service. Service revenue for time and materials-based agreements is recognized as services are performed.

Equipment is generally dependent on, and interrelated with, the underlying operating system (firmware) and cannot function without the operating system. In these cases, the hardware and software license are accounted for as a single performance obligation. Contracts with customers may include multiple performance obligations including equipment and optional software licenses and service agreements. Service agreements may be prepaid or paid over-time and range from three months to six years. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price. Kodak applies the residual allocation method for sales of certain complex, highly customized equipment due to significant variability in pricing. Standalone selling prices are based on the prices charged to customers or using expected cost-plus margin.

For non-complex equipment installations and software sales (Prepress and Prosper Components and Kodak Software) businesses revenue is recognized when control of each distinct performance obligation has transferred from Kodak to the buyer, which is generally met when the equipment or software is delivered and installed at the customer site as delivery and installation generally occur within the same period. For complex equipment installations or integrated software solutions (Prosper Presses, Electrophotographic Printing Solutions Printers, Kodak Software) revenue is deferred until receipt of customer acceptance and control has transferred to the buyer.

Software licenses are sold both in bundled equipment arrangements as discussed above or on a stand-alone basis (Kodak Software). Software licenses are generally perpetual and are usually sold with post-contract support services ("PCS") which are considered distinct performance obligations as the customer's use of the existing software is not dependent upon future upgrades. Kodak recognizes software revenue at the time that the customer obtains control over the software which generally occurs upon installation while revenue allocated to the PCS is recognized over the service period.

In service arrangements such as consulting or business process services (Kodak Technology Solutions business) where final acceptance by the customer is required, revenue is deferred until all acceptance criteria have been met and Kodak has a legal right to payment.

Kodak's licensing revenue is comprised of software licenses as discussed above, licenses to use functional intellectual property (e.g. patents and technical know-how) and licenses to use symbolic intellectual property (e.g. brand names and trademarks) (Consumer and Film businesses). The timing and the amount of revenue recognized from the licensing of intellectual property depends upon a variety of factors, including the nature of the performance obligations (functional vs. symbolic licenses), specific terms of each agreement, and the payment terms. Aside from software licenses discussed above, Kodak's functional licenses generally provide the right to use functional intellectual property; therefore, non-sales/usage-based revenue is recognized when the customer has the right to use the intellectual property while sales and usage-based royalties are recognized in the period the related sales and usage occurs. Revenue for symbolic licenses such as brand licenses are recognized over time.

Real estate management revenue consists primarily of tenant lease income, common area maintenance charges and utilities. Usage based revenue is recognized as earned while tenant lease income is recognized on a straight-line basis over the lease term (Refer to Leases; Kodak as Lessor above).

Deferred revenue is recorded when cash payments are received in advance of satisfying performance obligations such as deposits required in advance on equipment orders, prepaid service contracts, prepaid tenant lease income or prepaid royalties on intellectual property arrangements. Interest expense is imputed for payments received greater than one year in advance of performance.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. Kodak applies the practical expedient with respect to implied financial components and only imputes interest for payment terms greater than one year.

Sales and usage-based taxes are excluded from revenues. Certain customers may receive cash-based incentives or credits, which are accounted for as variable consideration. Kodak estimates these amounts based on the expected amount to be provided to customers.

Kodak expenses sales commissions when incurred if the amortization period would be one year or less. These costs are recorded in Selling, general and administrative expenses. Kodak accrues the estimated cost of post-sale obligations, including basic product warranties, at the time of revenue recognition. Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales.

Kodak does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less or for which revenue is recognized at the amount to which Kodak has the right to invoice for services performed. Performance obligations with an original expected length of greater than one year generally consist of deferred service contracts, operating leases and licensing arrangements. As of December 31, 2019, there was approximately \$75 million of unrecognized revenue from unsatisfied performance obligations. Approximately 35% of the revenue from unsatisfied performance obligations is expected to be recognized in 2020, 25% in 2021, 15% in 2022 and 25% thereafter.

#### **RESEARCH AND DEVELOPMENT COSTS**

R&D costs, which include costs incurred in connection with new product development, fundamental and exploratory research, process improvement, product use technology and product accreditation, are expensed in the period in which they are incurred.

#### **ADVERTISING**

Advertising costs are expensed as incurred and are included in Selling, general and administrative expenses in the accompanying Consolidated Statement of Operations. Advertising expenses amounted to \$5 million and \$4 million for the years ended December 31, 2019 and 2018, respectively.

#### **SHIPPING AND HANDLING COSTS**

Amounts charged to customers and costs incurred by Kodak related to shipping and handling are included in net sales and cost of sales, respectively.

#### **IMPAIRMENT OF LONG-LIVED ASSETS**

The carrying values of long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The recoverability of the carrying values of long-lived assets is assessed by first grouping long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, by estimating the undiscounted future cash flows that are directly associated with and that are expected to arise from the use of and eventual disposition of such asset group. Kodak estimates the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, Kodak records an impairment charge to the extent the carrying value of the long-lived asset exceeds its fair value. Kodak determines fair value through quoted market prices in active markets or, if quoted market prices are unavailable, through the performance of internal analyses of discounted cash flows.

The remaining useful lives of long-lived assets are reviewed in connection with the assessment of recoverability of long-lived assets and the ongoing strategic review of the business and operations. If the review indicates that the remaining useful life of the long-lived asset has changed significantly, the depreciation on that asset is adjusted to facilitate full cost recovery over its revised estimated remaining useful life.

The carrying values of indefinite-lived intangible assets are evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Refer to Note 5, "Goodwill and Other Intangible Assets."

#### **INCOME TAXES**

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak's assets and liabilities. Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. For discussion of the amounts and components of the valuation allowances as of December 31, 2019 and 2018, refer to Note 18, "Income Taxes."

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak has recognized a deferred tax liability (net of related foreign tax credits) on the foreign subsidiaries' undistributed earnings.

#### **RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

In February 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income". The ASU addresses certain stranded income tax effects in accumulated other comprehensive income (AOCI) resulting from the Tax Cuts and Jobs Act (the "2017 Tax Act"). The ASU provides an option to reclassify stranded tax effects within AOCI to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the 2017 Tax Act (or portion thereof) is recorded and requires additional disclosures. The ASU is effective for fiscal years beginning after December 15, 2018 (January 1, 2019 for Kodak) and interim periods within those fiscal years. Kodak adopted the new standard on January 1, 2019. The adoption of this ASU did not have an impact on the Consolidated Financial Statements as a result of Kodak's U.S. valuation allowance.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Topic 842 (as amended by ASU's 2018-01, 10, 11 and 20 and ASU 2019-01) requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and eliminates certain real estate-specific provisions. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases and operating leases. The new leasing standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018 (January 1, 2019 for Kodak). The original guidance required application on a modified retrospective basis to the earliest period presented. ASU 2018-11, Targeted improvements to ASC 842, includes an option to not restate comparative periods in transition and elect to use the effective date of ASC 842 as the date of initial application of transition. Kodak adopted the new standard on the effective date applying the new transition method allowed under ASU 2018-11. Kodak elected the package of practical expedients which permitted Kodak to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any existing leases, and (3) any initial direct costs for any existing leases as of the effective date. Kodak did not elect the hindsight practical expedient which permits entities to use hindsight in determining the lease term and assessing impairment. The adoption of the amended lease guidance increased the assets and liabilities recorded in the Consolidated Statement of Financial Position due to the recognition of lessee operating right-of-use assets and lease liabilities. Kodak recognized a cumulative-effect adjustment to increase retained earnings of approximately \$5 million due to the derecognition of assets and deferred gain on previous sale-leaseback transactions. As a lessor, recognition of rental revenue remained mainly consistent with previous guidance, apart from the narrower definition of initial direct costs that can be capitalized.

The impact of adoption on the Consolidated Statement of Financial Position is presented below:

(in millions)	Balance at December 31, 2018	Adjustments Due to ASU 2016-02	Balance at January 1, 2019
Operating lease right-of-use assets	\$ —	\$ 51	\$ 51
Operating lease liabilities	—	61	61
Deferred rent payable (1)	10	(10)	—
Deferred gain on previous sale leaseback transaction (1)	6	(6)	—
Net fixed assets from previous sale leaseback transaction	1	(1)	—
Accumulated deficit	200	(5)	195

(1) Deferred amounts were previously reported in Other current liabilities (\$2 million) and Other long-term liabilities (\$14 million) in the Consolidated Statements of Financial Position.

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which removes certain exceptions related to intra-period tax allocations and deferred tax accounting on outside basis differences in foreign subsidiaries and equity method investments. Additionally, it provides other simplifying measures for the accounting for income taxes. The new standard is effective for fiscal years beginning after December 15, 2021 (January 1, 2022 for Kodak) with early adoption permitted. Kodak is currently evaluating the impact of this ASU.

In November 2018, the FASB issued ASU 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606. This guidance amended Topic 808 and Topic 606 to clarify that transactions in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a distinct good or service (i.e., unit of account). The amendments preclude an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The new standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019 (January 1, 2020 for Kodak). Early adoption is permitted. The amendments should be applied retrospectively to the date of initial application of Topic 606. Kodak adopted this ASU on January 1, 2020, and it did not have an impact on Kodak's consolidated financial statements.

In September 2018, the FASB issued ASU 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans, which amends the disclosure requirements in ASC 715-20 by adding, clarifying, or removing certain disclosures. ASU 2018-14 requires all entities to disclose (1) the weighted average interest crediting rates for cash balance plans and other plans with promised interest crediting rates, and (2) an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. The ASU also clarifies certain disclosure requirements for entities with two or more defined benefit pension plans when aggregate disclosures are presented. The ASU removes other disclosures from the existing guidance, such as the requirement to disclose the effects of a one-percentage-point change in the assumed health care cost trend rates. The ASU is effective retrospectively for fiscal years ending after December 15, 2020 (the year ended December 31, 2020 for Kodak). Early adoption is permitted. The standard addresses disclosures only and will not have an impact on Kodak's consolidated financial statements.

In September 2018 the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which amends the disclosure requirements in ASC 820 by adding, changing, or removing certain disclosures. The ASU applies to disclosures about recurring or nonrecurring fair value measurements. The additional and/or modified disclosures relate primarily to Level 3 fair value measurements while removing certain disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy. The ASU is effective retrospectively, for fiscal years beginning after December 15, 2019 (January 1, 2020 for Kodak) and interim periods within those fiscal years. Entities are permitted to early adopt any removed or modified disclosures but can delay adoption of the new disclosures until their effective date. Kodak retrospectively early adopted the provisions of the ASU that removed or modified disclosures in the fourth quarter of 2018 and prospectively adopted the provisions related to new disclosures January 1, 2020. The standard addresses disclosures only and will not have an impact on Kodak’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which addresses how a customer should account for the costs of implementing a cloud computing service arrangement (also referred to as a “hosting arrangement”). Under ASU 2018-15, entities should account for costs associated with implementing a cloud computing arrangement that is considered a service contract in the same way as implementation costs associated with a software license; implementation costs incurred in the application development stage, such as costs for the cloud computing arrangement’s integration with on-premise software, coding, and configuration or customization, should be capitalized and amortized over the term of the cloud computing arrangement, including periods covered by certain renewal options. The ASU is effective in fiscal years beginning after December 15, 2019 (January 1, 2020 for Kodak) including interim periods within those fiscal years. Early adoption is permitted. The ASU should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Kodak adopted this ASU prospectively on January 1, 2020. Application of this standard is not expected to have a material impact on Kodak’s consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 (as amended by ASU 2018-19 and ASU’s 2019-04, 05, 10 and 11) requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, the ASU requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses. The amendments in this ASU broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The new standard is effective for smaller reporting companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, (January 1, 2023 for Kodak). Early adoption is permitted. Kodak is currently evaluating the impact of this ASU.

**NOTE 2: CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Statement of Financial Position that sums to the total of such amounts shown in the Statement of Cash Flows:

(in millions)	As of December 31,	
	2019	2018
Cash and cash equivalents	\$ 233	\$ 233
Restricted cash - current portion	12	8
Restricted cash - long-term	45	11
Cash included in assets held for sale	—	15
Total cash, cash equivalents, restricted cash and cash in assets held for sale shown in the Statement of Cash Flows	\$ 290	\$ 267

Restricted cash - current portion on the Consolidated Statement of Financial Position primarily represents amounts which support hedging activities as well as collateral for a guaranty provided to MIR Bidco, SA (the “Purchaser”). On April 16, 2019 the Purchaser of FPD paid Kodak \$15 million in the U.S. as a prepayment for transition services, products and other services to be provided by Kodak to the Purchaser. Kodak provided a \$15 million guaranty, supported by cash collateral in China, to the Purchaser. The Purchaser has the option to satisfy its payment obligations to Kodak through a reduction of the prepayment balance or in cash. When the Purchaser satisfies its payment obligations to Kodak by utilizing its prepayment balance, Kodak can follow a guaranty amendment process to reduce the amount of its guaranty and cash collateral supporting the prepayment balance. As of December 31, 2019, the remaining prepayment balance is \$3 million and the cash collateral supporting Kodak’s guaranty is \$4 million.

Long-term restricted cash includes \$22 million and \$3 million as of December 31, 2019 and 2018, respectively, supporting compliance with the Excess Availability threshold under the ABL Credit Agreement, as defined in Note 9, “Debt and Finance Leases”. In addition, Kodak established an escrow of \$14 million in China to secure various ongoing obligations under the agreements for the strategic relationship with Lucky HuaGuang Graphics Co. Ltd. Refer to Note 30 “Assets Held For Sale”. Long-term restricted cash also includes \$5 million of security posted related to Brazilian legal contingencies as of both December 31, 2019 and 2018.

**NOTE 3: INVENTORIES, NET**

(in millions)	As of December 31,	
	2019	2018
Finished goods	\$ 105	\$ 119
Work in process	54	54
Raw materials	56	58
Total	\$ 215	\$ 231

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET**

(in millions)	As of December 31,	
	2019	2018
Land	\$ 67	\$ 70
Buildings and building improvements	144	145
Machinery and equipment	382	386
Construction in progress	11	10
	604	611
Accumulated depreciation	(423)	(395)
Property, plant and equipment, net	\$ 181	\$ 216

Depreciation expense was \$48 million and \$59 million for the years ended December 31, 2019 and 2018, respectively.

**NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS**

The following table presents the changes in the carrying value of goodwill by reportable segment. The Enterprise Inkjet Systems, Advanced Materials and 3D Printing Technology, and Eastman Business Park segments do not have goodwill and are therefore not presented.

(in millions)	Print Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Consolidated Total
<b>As of December 31, 2017</b>					
Goodwill	\$ 56	\$ 6	\$ 6	\$ 8	\$ 76
Accumulated impairment losses	(56)	—	—	(8)	(64)
<b>Balance as of December 31, 2017</b>	—	6	6	—	12
Impairment	—	—	—	—	—
<b>Balance as of December 31, 2018</b>	—	6	6	—	12
Impairment	—	—	—	—	—
<b>As of December 31, 2019</b>					
Goodwill	56	6	6	8	76
Accumulated impairment losses	(56)	—	—	(8)	(64)
<b>Balance as of December 31, 2019</b>	\$ —	\$ 6	\$ 6	\$ —	\$ 12

The Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Brand, Film and Imaging segment has three goodwill reporting units: Consumer Products, Motion Picture, Industrial Chemicals and Films, and Kodak Technology Solutions and Kodak Services for Business. The Enterprise Inkjet Systems segment, Kodak Software segment, Advanced Materials and 3D Printing Technology segment and the Eastman Business Park segment each have one goodwill reporting unit. As of December 31, 2019, goodwill is recorded in the Kodak Software and Consumer Products reporting units. Both reporting units have negative carrying values as of December 31, 2019.

Based upon the results of Kodak's December 31, 2019 annual impairment test, no impairment of goodwill is indicated.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2019 and 2018 were as follows:

(in millions)	As of December 31, 2019				Weighted-Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Net		
Technology-based	\$ 99	\$ 76	\$ 23		5 years
Kodak trade name	21	—	21		Indefinite life
Customer-related	11	8	3		4 years
Total	\$ 131	\$ 84	\$ 47		

(in millions)	As of December 31, 2018				Weighted-Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Net		
Technology-based	\$ 99	\$ 70	\$ 29		6 years
Kodak trade name	25	—	25		Indefinite life
Customer-related	11	7	4		5 years
Total	\$ 135	\$ 77	\$ 58		

The annual impairment test of the Kodak trade name uses the income approach, specifically the relief from royalty method. In the fourth quarters of both 2019 and 2018, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value. Pre-tax impairment charges of \$4 million and \$13 million, respectively, are included in Other operating expense, net in the Consolidated Statement of Operations.

Amortization expense related to intangible assets was \$7 million and \$11 million for the years ended December 31, 2019 and 2018, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2019 was as follows:

(in millions)	
2020	\$ 6
2021	5
2022	5
2023	4
2024	4
2025 and thereafter	2
Total	\$ 26

#### NOTE 6: OTHER LONG-TERM ASSETS

(in millions)	As of December 31,	
	2019	2018
Pension assets	\$ 173	\$ 82
Estimated workers' compensation recoveries	18	17
Long-term receivables, net of allowance of \$4 million and \$4 million	11	13
Other	26	31
Total	\$ 228	\$ 143

**NOTE 7: OTHER CURRENT LIABILITIES**

(in millions)	As of December 31,	
	2019	2018
Employment-related liabilities	\$ 38	\$ 41
Deferred revenue and customer deposits	43	42
Customer rebates	23	26
Deferred consideration on disposed businesses (1)	14	24
Series A Preferred Stock dividends payable	14	6
Restructuring liabilities	12	8
Workers' compensation	10	9
Transition services agreement prepayment	3	—
Other	44	53
Total	<u>\$ 201</u>	<u>\$ 209</u>

(1) On September 3, 2013, Kodak consummated the sale of certain assets and the assumption of certain liabilities of the Personalized Imaging and Document Imaging Businesses ("PI/DI Businesses") to the trustee of the U. K. pension plan (and/or its subsidiaries, collectively the "KPP Purchasing Parties") for net cash consideration of \$325 million. Up to \$35 million in aggregate of the purchase price is subject to repayment if the PI/DI Business does not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. The PI/DI Business did not achieve the adjusted annual EBITDA target for any year in the four-year period. The amounts owed for 2015 and 2016 were paid in 2016 and 2017, respectively. The amount owed for 2017 was paid in 2019. The maximum potential payment related to the year ending December 31, 2018 of \$14 million was accrued at the time of the divestiture of the business.

The customer rebate amounts will potentially be settled through customer deductions applied to outstanding trade receivables in lieu of cash payments.

The Other component above consists of other miscellaneous current liabilities that, individually, were less than 5% of the total current liabilities component within the Consolidated Statement of Financial Position, and therefore have been aggregated in accordance with Regulation S-X.

**NOTE 8: OTHER LONG-TERM LIABILITIES**

(in millions)	As of December 31,	
	2019	2018
Workers' compensation	\$ 84	\$ 83
Embedded conversion option derivative liabilities	52	—
Asset retirement obligations	48	48
Deferred brand licensing revenue	18	6
Deferred taxes	13	15
Environmental liabilities	10	10
Other	6	16
Total	<u>\$ 231</u>	<u>\$ 178</u>

The Other component above consists of other miscellaneous long-term liabilities that, individually, were less than 5% of the total liabilities component in the accompanying Consolidated Statement of Financial Position, and therefore have been aggregated in accordance with Regulation S-X.

**NOTE 9: DEBT AND FINANCE LEASES**

Debt and finance leases and related maturities and interest rates were as follows at December 31, 2019 and 2018:

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31,	
				2019	2018
				Carrying Value	Carrying Value
<b>Current portion:</b>					
	Term note		9.43%	\$ —	\$ 394
	RED-Rochester, LLC	2033	11.42%	1	—
	Finance leases		Various	1	2
				<u>2</u>	<u>396</u>
<b>Non-current portion:</b>					
	Convertible debt	2021	11.72%	91	—
	RED-Rochester, LLC	2033	11.42%	13	—
	Finance leases	Various	Various	4	3
	Other debt	Various	Various	1	2
				<u>109</u>	<u>5</u>
				<u>\$ 111</u>	<u>\$ 401</u>

Annual maturities of debt and finance leases outstanding at December 31, 2019 were as follows:

(in millions)	Carrying Value	Maturity Value
2020	\$ 2	\$ 2
2021	92	114
2022	2	2
2023	1	1
2024	1	1
2025 and thereafter	13	13
Total	<u>\$ 111</u>	<u>\$ 133</u>

**Convertible Notes**

On May 20, 2019, the Company and Longleaf Partners Small Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern Asset Management, Inc. (the "Notes Purchasers"), entered into a Notes Purchase Agreement pursuant to which the Company agreed to issue and sell to the Notes Purchasers, and the Notes Purchasers agreed to purchase from the Company, \$100 million aggregate principal amount of the Company's 5.00% Secured Convertible Notes due 2021 (the "Convertible Notes"). The transaction closed on May 24, 2019. The proceeds were used to repay the remaining first lien term loans outstanding (\$83 million) under the Term Credit Agreement, which was terminated with the repayment. The remaining proceeds were used for general corporate purposes. The Notes Purchasers also hold all outstanding shares of the Company's 5.50% Series A Convertible Preferred Stock (the "Series A Preferred Stock"), which vote with the shares of common stock on an as-converted basis, and are holders of shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), as described below.

The Convertible Notes bear interest at a rate of 5.00% per annum, which will be payable in cash on their maturity date and, at the option of the Company, in either cash or additional shares of Common Stock on any conversion date. The payment of interest only at the maturity date has the same effect as delivering additional debt instruments to the Holders of the Convertible Notes and therefore is considered Paid-In-Kind interest ("PIK"). Therefore, PIK will be added to the carrying value of the debt through the term and interest expense will be recorded using the effective interest method.

The maturity date of the Convertible Notes is initially November 1, 2021. The Company has the option to extend the maturity of the Convertible Notes by up to three years in the event that the Series A Preferred Stock is refinanced with debt or equity or the mandatory redemption date of the Series A Preferred Stock is extended. If the Convertible Notes maturity date is extended, the new maturity date must be no later than 30 days before the maturity date of any new debt or the extended mandatory redemption date of the Series A Preferred Stock.

The Convertible Notes are guaranteed by all of the subsidiaries of the Company that currently guarantee the ABL Credit Agreement (the “Subsidiary Guarantors”), and are secured by a second priority lien on certain receivables, inventory and other assets of the Company and the Subsidiary Guarantors in which the lenders under the ABL Credit Agreement have a first priority security interest.

#### **Conversion Features**

Holders of the Convertible Notes have the right to elect at any time to convert their Convertible Notes into shares of Common Stock at a conversion rate equal to 314.9785 shares of Common Stock per each \$1,000 principal amount of Convertible Notes (based on a conversion price equal to \$3.17482 per share of Common Stock (the “Conversion Price”), which represents a 10% premium to the volume weighted average price of the shares of Common Stock for the five day trading period ended on April 9, 2019 (the “Conversion Rate”). The Conversion Rate and Conversion Price are subject to certain customary antidilution adjustments.

If the closing price of the Common Stock equals or exceeds 150% of the then-effective Conversion Price for 45 trading days within any period of 60 consecutive trading days, with the last trading day of such 60 day period ending on the trading day immediately preceding the business day on which the Company issues a press release announcing the mandatory conversion, the Company may elect to convert all outstanding Convertible Notes into shares of Common Stock at the Conversion Rate then in effect.

In the event of certain fundamental transactions, the Notes Purchasers will have the right, within a period of 30 days following the occurrence of such transaction (“Holder Fundamental Transaction Election Period”), to elect to either convert all or a portion of the Convertible Notes into shares of Common Stock at the Conversion Rate then in effect, or to receive the shares of a successor entity, if any, or the Company, and any additional consideration receivable as a result of such fundamental transaction. In addition, the Company will have the option, for a period of 30 days after the expiration of the Holder Fundamental Transaction Election Period, to repay all of the remaining outstanding Convertible Notes at par, plus accrued and unpaid interest.

#### **Embedded Derivatives**

The Convertible Notes are considered more akin to a debt-type instrument and the economic characteristics and risks of the embedded conversion features and term extension at the Company’s option were not considered clearly and closely related to the Convertible Notes. Accordingly, these embedded features were bifurcated from the Convertible Notes and separately accounted for on a combined basis at fair value as a single derivative liability. Kodak allocated \$14 million of the net proceeds received to a derivative liability based on the aggregate fair value of the embedded features and term extension on the date of issuance which reduced the net carrying value of the Convertible Notes. The derivative is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations (refer to Note 14, “Financial Instruments”).

The carrying value of the Convertible Notes at the time of issuance, \$84 million (\$100 million aggregate gross proceeds less \$14 million allocated to the derivative liability and \$2 million in transaction costs), is being accreted to the face amount using the effective interest method from the date of issuance through the maturity date.

#### **Convertible Notes Registration Rights Agreement**

At the closing of the issuance and sale of the Convertible Notes, the Company entered into a registration rights agreement which provides the Notes Purchasers with customary registration rights in respect of the shares of the Common Stock issuable upon conversion of the Convertible Notes.

#### **Notes Purchasers’ Beneficial Ownership of Common Stock**

Prior to the issuance of the Convertible Notes, the Notes Purchasers beneficially owned 4,960,000 shares of the Company’s Common Stock, representing 11.47% of the shares of Common Stock outstanding as of December 31, 2019, and 2,000,000 shares of Series A Preferred Stock, which vote with the Common Stock on an as-converted basis representing 26.58% of the shares of Common Stock outstanding as of December 31, 2019. The Common Stock and Series A Preferred Stock held by the Notes Purchasers represented 30.06% of the voting power of the outstanding capital stock of the Company as of December 31, 2019 giving effect to the conversion of the Series A Preferred Stock. On an as-converted basis, the Convertible Notes would represent 31,497,850 shares of Common Stock, or 42.14% of the shares of Common Stock outstanding as of December 31, 2019 after giving effect to the issuance and conversion. Assuming the conversion of the Convertible Notes and based on the number of shares of Common Stock outstanding as of December 31, 2019, the Notes Purchasers would beneficially own 48.78% of the shares of Common Stock outstanding and their shares of Series A Preferred Stock will vote with the shares of Common Stock on an as-converted basis, representing an aggregate of 55.60% of the voting power of the outstanding capital stock of the Company.

#### **Credit Agreements**

On September 3, 2013, the Company entered into a Senior Secured First Lien Term Credit Agreement (the “Term Credit Agreement”). Additionally, the Company and the Subsidiary Guarantors entered into an Asset Based Revolving Credit Agreement (together with the Term Credit Agreement, the “Credit Agreements”). Pursuant to the terms of the Credit Agreements, the Company was provided with term loan facilities in an aggregate principal amount of \$420 million of first-lien term loans (the “First Lien Loans”). On April 12, 2019, the Company repaid approximately \$312 million of the First Lien Loans using proceeds from the sale of FPD and on May 24, 2019 repaid the remaining First Lien Loans of approximately \$83 million with the proceeds from the issuance of the Convertible Notes.

The First Lien Loans bore interest at the rate of LIBOR plus 6.25% per annum, with a LIBOR floor of 1% or Alternate Base Rate (as defined in the Term Credit Agreement) plus 5.25%.

**Amended and Restated Credit Agreement**

On May 26, 2016, the Company and the Subsidiary Guarantors entered into an Amended and Restated Credit Agreement (the "ABL Credit Agreement") with the lenders party thereto (the "Lenders"), Bank of America, N.A., as administrative and collateral agent, and Bank of America, N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint bookrunners, which amended and restated the Original ABL Credit Agreement. Each of the capitalized but undefined terms used in the context of describing the ABL Credit Agreement has the meaning ascribed to such term in the ABL Credit Agreement.

The Lenders will make available asset-based revolving loans (the "ABL Loans") and letters of credit in an aggregate amount of up to \$150 million, subject to the Borrowing Base. The Company has issued approximately \$80 million and \$85 million of letters of credit under the ABL Credit Agreement as of December 31, 2019 and 2018, respectively.

The Company had approximately \$22 million and \$19 million of Excess Availability under the ABL Credit Agreement as of December 31, 2019 and 2018, respectively. Excess Availability is equal to the sum of (i) 85% of the amount of the Eligible Receivables less a Dilution Reserve, (ii) the lesser of 85% of Net Orderly Liquidation Value or 75% of the Eligible Inventory, (iii) the lesser of 75% of Orderly Liquidation Value of Eligible Equipment or \$7 million, as of December 31, 2019 (which \$7 million decreases by \$1 million per quarter) and (iv) Eligible Cash less (a) Rent and Charges Reserves, (b) Principal Outstanding and (c) Outstanding Letters of Credit. Availability is subject to the borrowing base calculation, reserves and other limitations.

Under the ABL Credit Agreement, Kodak is required to maintain a minimum Fixed Charge Coverage Ratio of 1.00 to 1.00 when Excess Availability is less than 12.5% of lender commitments. As of December 31, 2019 and 2018, 12.5% of lender commitments were \$18.75 million.

If Excess Availability falls below 12.5% of lender commitments, Kodak may, in addition to the requirement to be in compliance with the minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Since Excess Availability was greater than 12.5% of lender commitments at December 31, 2019 and 2018, Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0.

To ensure Excess Availability was greater than 12.5%, Kodak funded \$22 million and \$3 million to the Eligible Cash account held with the ABL Credit Agreement Administrative Agent as of December 31, 2019 and 2018, respectively, which is classified as Restricted Cash in the Consolidated Statement of Financial Position.

On January 27, 2020 Kodak exercised its right under the ABL Credit Agreement to permanently reduce lender commitments, reducing the commitments from \$150 million to \$120 million. As a result, the minimum Excess Availability decreased to \$15 million from the previous minimum of \$18.75 million.

The ABL Loans bear interest at the rate of LIBOR plus 2.25% - 2.75% per annum or Base Rate plus 1.25% - 1.75% per annum based on Excess Availability. Each existing and future direct or indirect U.S. subsidiary of the Company (other than Immaterial Subsidiaries, Unrestricted Subsidiaries and certain other subsidiaries) agreed to provide unconditional guarantees of the obligations of the Company under the Credit Agreements.

The ABL Credit Agreement matures on May 26, 2021.

Each existing direct or indirect U.S. subsidiary of the Company (other than Immaterial Subsidiaries, Unrestricted Subsidiaries and certain other subsidiaries) has provided an unconditional guarantee (and any such future subsidiaries must provide an unconditional guarantee) of the obligations of the Company under the Credit Agreements. Obligations under the ABL Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the "ABL Collateral") and were also secured by (ii) a second lien on the Term Collateral (as defined below). Subject to certain exceptions, obligations under the Term Credit Agreement are secured by: (i) a first lien on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral, including a first lien on 100% of the stock of material domestic subsidiaries and 65% of the stock of material first-tier foreign subsidiaries (collectively the "Term Collateral") and (ii) a second lien on the ABL Collateral. With the repayment of the First Lien Loans, the obligations under the ABL Agreement are now secured by a first lien on the Term Collateral. The aggregate carrying value of the Term Collateral and ABL Collateral as of December 31, 2019 and 2018 was \$1,302 million and \$1,310 million, respectively.

Under the terms of the ABL Credit Agreement, the Company may designate Restricted Subsidiaries as Unrestricted Subsidiaries provided the aggregate sales of all Unrestricted Subsidiaries are less than 7.5% of the consolidated sales of Kodak and the aggregate assets of all Unrestricted Subsidiaries are less than 7.5% of Kodak's consolidated assets. Further, on a pro forma basis at the time of designation and immediately after giving effect thereto, Excess Availability must be at least \$30 million and the pro forma Fixed Charge Coverage Ratio must be no less than 1.0 to 1.0. Upon designation of Unrestricted Subsidiaries, the Company is required to provide to the Lenders reconciling statements to eliminate all financial information pertaining to Unrestricted Subsidiaries which is included in its annual and quarterly financial statements.

In March 2018, the Company designated five subsidiaries as Unrestricted Subsidiaries: Kodak PE Tech, LLC, Kodak LB Tech, LLC, Kodak Realty, Inc., Kodakit Singapore Pte. Limited and KP Services (Jersey) Ltd. This action allowed the Company to better position assets which may be monetized in the future and address costs related to underutilized properties. Collectively, these subsidiaries have sales of approximately \$12 million for both the years ended December 31, 2019 and 2018, which represents 1% of Kodak's consolidated sales for both periods. These subsidiaries had assets of \$20 million and \$21 million as of December 31, 2019 and 2018, respectively, which represented 1% of Kodak's consolidated assets as of such dates. Each of the capitalized but undefined terms has the meaning ascribed to such term in the Credit Agreements. EBITDA of the Unrestricted Subsidiaries, as calculated under the Term Credit Agreement and the ABL Credit Agreement, is a loss and is excluded from the calculation of the Secured Leverage Ratio. Therefore, designating these Subsidiaries as Unrestricted had the impact of improving the Secured Leverage Ratio.

#### ***Debt Reporting and Other Requirements***

Reporting requirements under the ABL Credit Agreement require the Company to provide annual audited financial statements accompanied by an opinion of an independent public accountant without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit or other material qualification or exception, except for any such qualification or exception with respect to any indebtedness maturing within 364 days after the date of such financial statements, and that the opinion be reasonably acceptable to the agent. On March 6, 2020 the Company obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant that may be deemed to have occurred in relation to the going concern explanatory paragraph in the 2019 Form 10-K audit report. On March 31, 2019 the Company obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant that may be deemed to have occurred in relation to the going concern explanatory paragraph in the 2018 Form 10-K audit report.

The Convertible Notes and ABL Credit Agreement limit, among other things, the Company's and the Subsidiary Guarantors' ability to (i) incur indebtedness, (ii) incur or create liens, (iii) dispose of assets, (iv) make restricted payments (including dividend payments, et al.) and (v) make investments (ABL Credit Agreement only). In addition to other customary affirmative covenants, the Convertible Notes and ABL Credit Agreement provide for a periodic delivery by the Company of its various financial statements as set forth in the Convertible Notes and ABL Credit Agreement. Events of default under the Convertible Notes and/or ABL Credit Agreement include, among others, failure to pay any principal, interest or other amount due under the applicable agreement, failure to deliver conversion shares (Convertible Notes only), breach of specific covenants and a change of control of the Company (ABL Credit Agreement only). Upon an event of default, the applicable lenders may declare the outstanding obligations under the applicable agreement to be immediately due and payable and exercise other rights and remedies provided for in such agreement.

#### ***RED-Rochester, LLC***

In January 2019 Kodak entered into a series of agreements with RED-Rochester, LLC ("RED"), which provides utilities to the Eastman Business Park. Kodak received a payment of \$14 million from RED. Kodak is required to pay a minimum annual payment to RED of approximately \$2 million regardless of utility usage. Kodak is accounting for the \$14 million payment from RED as debt. The minimum payments required under the agreement from Kodak to RED will be reported as a reduction of the debt and interest expense using the effective interest method. The debt payments to RED continue until August 2033.

#### **NOTE 10: REDEEMABLE, CONVERTIBLE SERIES A PREFERRED STOCK**

On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Preferred Stock, no par value per share, for an aggregate purchase price of \$200 million, or \$100 per share pursuant to a Series A Preferred Stock Purchase Agreement (the "Purchase Agreement") with Southeastern Asset Management, Inc. ("Southeastern") and Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern (such investment funds, collectively, the "Purchasers"), dated November 7, 2016. The Company received net proceeds of \$198 million after issuance costs.

The Company has classified the Series A Preferred Stock as temporary equity in the Consolidated Statement of Financial Position.

#### ***Dividend and Other Rights***

On November 14, 2016, the Company filed with the Department of Treasury of the State of New Jersey a Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Designations") which established the designation, number of shares, rights, preferences and limitations of the Series A Preferred Stock which became effective upon filing. The Series A Preferred Stock ranks senior to the Company's common stock ("Common Stock") with respect to dividend rights and rights on liquidation, winding-up and dissolution. The Series A Preferred Stock has a liquidation preference of \$100 per share, and the holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. Until the third quarter of 2018 all dividends owed on the Series A Preferred Stock were declared and paid when due. No quarterly dividend was declared in the third or fourth quarters of 2018 or the first and second quarters of 2019. The Company declared a quarterly cash dividend in the third quarter of 2019 which was paid in October 2019 and in the fourth quarter of 2019 that was paid in January 2020.

Holders of Series A Preferred Stock are entitled to vote together with the holders of the Common Stock as a single class, in each case, on an as-converted basis, except where a separate class vote is required by law. Holders of Series A Preferred Stock have certain limited special approval rights, including with respect to the issuance of pari passu or senior equity securities of the Company.

The Purchasers have the right to nominate members to the Company's board of directors proportional to their ownership on an as converted basis, which initially allows the Purchasers to nominate two members to the board. If dividends on any Series A Preferred Stock are in arrears for six or more consecutive or non-consecutive dividend periods, the holders of Series A Preferred Stock, voting with holders of all other preferred stock of the Company whose voting rights are then exercisable, will be entitled to vote for the election of two additional directors in the next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside. The nomination right of the Purchasers will be reduced by two nominees at any time the holders of Series A Preferred Stock have the right to elect, or participate in the election of, two additional directors. Two of the directors on the Company's current board of directors were nominated by the Purchasers.

#### **Conversion Features**

Each share of Series A Preferred Stock is convertible, at the option of each holder at any time, into shares of Common Stock at the initial conversion rate of 5.7471 (equivalent to an initial conversion price of \$17.40 per share of Common Stock). If a holder elects to convert any shares of Series A Preferred Stock during a specified period in connection with a fundamental change (as defined in the Certificate of Designations), the conversion rate will be adjusted under certain circumstances and such holder will also be entitled to a payment in respect of accumulated dividends. If a holder elects to convert any shares of Series A Preferred Stock during a specified period following a reorganization event (as defined in the Certificate of Designations), such holder can elect to have the conversion rate adjusted. In addition, the Company will have the right to require holders to convert any shares of Series A Preferred Stock in connection with certain reorganization events, in which case the conversion rate will be adjusted under certain circumstances. If shares of Series A Preferred Stock are not converted in connection with a reorganization event, such shares will become convertible into the exchanged property from the reorganization event.

The Company will have the right to convert Series A Preferred Stock into Common Stock at any time after the second anniversary of the initial issuance if the closing price of the Common Stock has equaled or exceeded 125 percent of the then-effective conversion price for 45 trading days within a period of 60 consecutive trading days, with the last trading day of such 60 day period ending on the trading day immediately preceding the business day on which the Company issues a press release announcing the mandatory conversion.

The initial conversion rate and the corresponding conversion price are subject to customary anti-dilution adjustments as well as an adjustment if the Company is obligated to make a cash payment under the settlement agreement relating to the remediation of historical environmental liabilities at EBP, as discussed in Note 13, "Guarantees".

The Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price is increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis at fair value as a single derivative. The Company allocated \$43 million of the net proceeds received to the derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which reduced the original carrying value of the Series A Preferred Stock. The derivative is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations. The fair value of the Series A Preferred Stock derivative as of December 31, 2019 was a liability of \$1 million and is included in Other long-term liabilities in the accompanying Consolidated Statement of Financial Position. The fair value of the derivative as of December 31, 2018 was an asset of \$4 million and is included within Other long-term assets in the accompanying Consolidated Statement of Financial Position. Refer to Note 14, "Financial Instruments" for information on the valuation of the derivative.

The carrying value of the Series A Preferred Stock at the time of issuance, \$155 million (\$200 million aggregate gross proceeds less \$43 million allocated to the derivative liability and \$2 million in transaction costs) is being accreted to the mandatory redemption amount using the effective interest method to Additional paid in capital in the Consolidated Statement of Financial Position as a deemed dividend from the date of issuance through the mandatory redemption date, November 15, 2021.

#### **Redemption Features**

If any shares of Series A Preferred Stock have not been converted prior to the fifth anniversary of the initial issuance of the Series A Preferred Stock, the Company is required to redeem such shares at \$100 per share plus the amount of accrued and unpaid dividends. As the Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument, the redemption feature is considered to be clearly and closely related to the host contract and therefore was not required to be separated from the Series A Preferred Stock.

**Series A Registration Rights Agreement**

On November 15, 2016, the Company, Southeastern and the Purchasers entered into a Registration Rights Agreement (the "Series A Registration Rights Agreement"), pursuant to which the Company agreed to register under the Securities Act and take certain actions with respect to the offer and sale by the Purchasers of shares of Series A Preferred Stock purchased by the Purchasers and shares of Common Stock issuable upon conversion of the Series A Preferred Stock and issuable pursuant to the terms of the Series A Preferred Stock (the "Series A registrable securities").

Pursuant to the Registration Rights Agreement, the Company has filed with the SEC a shelf registration statement on Form S-3 that relates to the resale of the Series A registrable securities and such registration statement has been declared effective by the SEC. Upon the written demand of the relevant Purchaser(s), the Company will facilitate a "takedown" of Series A registrable securities off of the registration statement but the Purchaser(s) may not, individually or collectively, make more than four demands in the aggregate. Any demand for an underwritten offering of Series A Preferred Stock must have an aggregate market value (based on the most recent closing price of the Common Stock into which the Series A Preferred Stock is convertible at the time of the demand) of at least \$75 million.

The Series A Registration Rights Agreement does not entitle the Purchasers to piggyback registration rights. The Series A Registration Rights Agreement is binding upon the parties thereto and their successors and will inure to the benefit of each Purchaser and its successors and permitted assigns. Neither party may assign the Series A Registration Rights Agreement without the prior written consent of the other party.

**NOTE 11: LEASES****Kodak as lessee**

The table below presents the lease-related assets and liabilities on the balance sheet:

(in millions)	Classification in the Consolidated Statement of Financial Position	December 31, 2019
<b>Assets</b>		
Operating lease assets	Operating lease right-of-use assets	\$ 49
Finance lease assets	Property, plant and equipment, net	5
Total lease assets		<u>\$ 54</u>
<b>Liabilities</b>		
<b>Current</b>		
Operating	Current portion of operating leases	\$ 12
Finance	Short-term borrowings and current portion of long-term debt	1
<b>Noncurrent</b>		
Operating	Operating leases, net of current portion	48
Finance	Long-term debt, net of current portion	4
Total lease liabilities		<u>\$ 65</u>
<b>Weighted-average remaining lease term</b>		
Operating		7 years
Finance (1)		338 years
<b>Weighted-average discount rate</b>		
Operating (2)		14.12%
Finance		6.79%

(1) One finance lease has a remaining term of 968 years. The weighted-average lease term excluding the lease with a remaining term of 968 years is 4 years.

(2) Upon adoption of ASC 842, Kodak's incremental borrowing rate of 16.50% as of January 1, 2019 was used for existing operating leases.

**Lease Costs**

The table below presents certain information related to the lease expense for finance and operating leases. Lease expense is presented gross of sublease income. See "Kodak as Lessor" section below for income from subleases.

(in millions)	Year Ended December 31, 2019	
Finance lease expense		
Amortization of leased assets	\$	3
Interest on lease liabilities		—
Operating lease expense		25
Variable lease expense (1)		10
Total lease expense	\$	<u>38</u>

(1) Variable lease expense is related to real estate leases and primarily includes taxes, insurance and operating costs.

#### Other Information

The table below presents supplemental cash flow information related to leases.

(in millions)	Year Ended December 31, 2019	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$	25
Operating cash flow for finance leases		—
Financing cash flow for finance leases		2
	\$	<u>27</u>

#### Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for the next five years and thereafter to the finance lease liabilities and operating lease liabilities recorded on the balance sheet.

(in millions)	Operating Leases		Finance Leases	
2020	\$	21	\$	1
2021		15		1
2022		17		1
2023		9		—
2024		8		—
Thereafter		28		117
Total minimum lease payments		<u>98</u>		<u>120</u>
Less: amount of lease payments representing interest		(38)		(115)
Present value of future minimum lease payments		60		5
Less: current obligations under leases		12		1
Long-term lease obligations	\$	<u>48</u>	\$	<u>4</u>

#### Prior Period Disclosures under ASC 840

For the year ended December 31, 2018, operating lease expense was \$21 million, net of sublease income of \$7 million.

Future minimum contractual lease payments for operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2018 were as follows:

(in millions)	At December 31, 2018	
2019	\$	20
2020		21
2021		13
2022		3
2023		3
Thereafter		7
	\$	<u>67</u>

**Kodak as Lessor**

Kodak's net investment in sales-type leases as of December 31, 2019 was \$4 million. The current portion of the net investment in sales-type leases is included in Trade receivables in the Consolidated Statement of Financial Position. The portion of the net investment in sales-type leases due after one year is included in Other long-term assets.

The table below reconciles the undiscounted cash flows to be received for the next five years and thereafter to the net investment in sales-type leases recorded in the Consolidated Statement of Financial Position:

(in millions)		
2020	\$	2
2021		1
2022		1
2023 and thereafter		—
Total minimum lease payments		4
Less: unearned interest		—
Less: allowance for doubtful accounts		—
Net investment in sales-type leases	\$	4

Undiscounted cash flows to be received for the next five years and thereafter for operating leases and subleases are:

(in millions)		
2020	\$	10
2021		8
2022		6
2023		5
2024		4
Thereafter		14
Total minimum lease payments	\$	47

Income recognized on operating lease arrangements for the year ended December 31, 2019 is presented below (income recognized for sales-type lease arrangements is \$0 million):

(in millions)		<b>Year Ended December 31, 2019</b>
Lease income - operating leases:		
Lease income	\$	9
Sublease income		6
Variable lease income (1)		6
Total lease income	\$	21

(1) Variable lease income primarily represents operating costs under real estate leases and incremental variable income based on usage under equipment leases.

Equipment subject to operating leases and the related accumulated depreciation were as follows:

(in millions)	<b>As of December 31,</b>	
	<b>2019</b>	<b>2018</b>
Equipment subject to operating leases	\$ 29	\$ 34
Accumulated depreciation	(20)	(19)
Equipment subject to operating leases, net	\$ 9	\$ 15

Equipment subject to operating leases, net is included in Property, plant and equipment, net in the Consolidated Statement of Financial Position.

**NOTE 12: COMMITMENTS AND CONTINGENCIES****Asset Retirement Obligations**

Kodak's asset retirement obligations primarily relate to asbestos contained in buildings that Kodak owns. In many of the countries in which Kodak operates, environmental regulations exist that require Kodak to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. Otherwise, Kodak is not required to remove the asbestos from its buildings. Kodak records a liability equal to the estimated fair value of its obligation to perform asset retirement activities related to the asbestos, computed using an expected present value technique, when sufficient information exists to calculate the fair value. Kodak does not have a liability recorded related to every building that contains asbestos because Kodak cannot estimate the fair value of its obligation for certain buildings due to a lack of sufficient information about the range of time over which the obligation may be settled through demolition, renovation or sale of the building.

The following table provides asset retirement obligation activity (in millions):

	For the Year Ended December 31,			
	2019		2018	
Asset Retirement Obligations at start of period	\$	48	\$	43
Liabilities incurred in the current period		3		3
Liabilities settled in the current period		(6)		(3)
Accretion expense		2		2
Revision in estimated cash flows		1		3
Asset Retirement Obligations at end of period	\$	48	\$	48

**Other Commitments and Contingencies**

As of December 31, 2019, the Company had outstanding letters of credit of \$80 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$7 million, surety bonds in the amount of \$38 million, and restricted cash of \$57 million, primarily to support compliance with the Excess Availability threshold under the ABL Credit Agreement, to ensure the payment of possible casualty and workers compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, hedging, tax and trade activities. The restricted cash and deposits are recorded in Restricted cash, Other current assets and Other long-term assets in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its position. Kodak routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2019, the unreserved portion of these contingencies, inclusive of any related interest and penalties, for which there was at least a reasonable possibility that a loss may be incurred, amounted to approximately \$8 million.

In connection with assessments in Brazil, local regulations may require Kodak to post security for a portion of the amounts in dispute. As of December 31, 2019, Kodak has posted security composed of \$5 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately \$56 million. Generally, any encumbrances on the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products and claims arising out of Kodak's licensing its brand. These matters are in various stages of investigation and litigation and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations. Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

**NOTE 13: GUARANTEES**

In accordance with the terms of a settlement agreement concerning certain of the Company's historical environmental liabilities at EBP, in the event the historical liabilities exceed \$99 million, the Company will become liable for 50% of the portion above \$99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

### Indemnifications

Kodak may, in certain instances, indemnify third parties when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Additionally, Kodak indemnifies officers and directors who are, or were, serving at Kodak's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Further, the fair value of any right to indemnification granted during the year ended December 31, 2019 was not material to Kodak's financial position, results of operations or cash flows.

### Extended Warranty Arrangements

Kodak offers its customers extended warranty arrangements that are generally one year, but may range from three months to six years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty costs from the routine maintenance service costs, as it is not practicable to do so. Therefore, these costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)	
Deferred revenue on extended warranties as of December 31, 2017	\$ 22
New extended warranty and maintenance arrangements	105
Recognition of extended warranty and maintenance arrangement revenue	(105)
Deferred revenue on extended warranties as of December 31, 2018	22
New extended warranty and maintenance arrangements	98
Recognition of extended warranty and maintenance arrangement revenue	(99)
Deferred revenue on extended warranties as of December 31, 2019	\$ 21

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2019 and 2018 amounted to \$105 million and \$113 million, respectively.

### NOTE 14: FINANCIAL INSTRUMENTS

Kodak, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Kodak manages such exposures, in part, with derivative financial instruments. Foreign currency forward contracts are used to mitigate currency risk related to foreign currency denominated assets and liabilities, as well as forecasted foreign currency denominated intercompany assets. Kodak's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Kodak does not utilize financial instruments for trading or other speculative purposes.

Kodak's foreign currency forward contracts are not designated as hedges and are marked to market through net earnings (loss) at the same time that the exposed assets and liabilities are re-measured through net earnings (loss) (both in Other charges, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2019 and 2018 was approximately \$332 million and \$415 million, respectively. The majority of the contracts of this type held by Kodak at December 31, 2019 and 2018 were denominated in euros, Japanese yen, Chinese renminbi and Swiss francs. The net effect of foreign currency forward contracts in the results of operations is shown in the following table:

(in millions)	Year Ended December 31,	
	2019	2018
Net loss from derivatives not designated as hedging instruments	\$ 4	\$ 10

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2019 and 2018.

Kodak's derivative counterparties are high-quality investment or commercial banks with significant experience with such instruments. Kodak manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. Kodak has procedures to monitor the credit exposure amounts. The maximum credit exposure at December 31, 2019 was not significant to Kodak.

In the event of a default under the Company's ABL Credit Agreement, or a default under any derivative contract or similar obligation of Kodak, subject to certain minimum thresholds, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty.

As discussed in Note 9, "Debt and Finance Leases", the Company concluded that the Convertible Notes are considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features and term extension option were not considered clearly and closely related to the Convertible Notes. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder ("Optional Conversion") and the conversion in the event of a fundamental change or reorganization ("Fundamental Change or Reorganization Conversion"). Accordingly, these embedded conversion features and term extension option were bifurcated from the Convertible Notes and separately accounted for on a combined basis as a single derivative asset or liability. The derivative is in a liability position at December 31, 2019 and is reported in Other long-term liabilities in the Consolidated Statement of Financial Position. The derivative is being accounted for at fair value with changes in fair value being reported in Other charges, net in the Consolidated Statement of Operations.

As discussed in Note 10, "Redeemable, Convertible, Series A Preferred Stock", Kodak concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price was increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder; the ability of Kodak to automatically convert the stock after the second anniversary of issuance and the conversion in the event of a fundamental change or reorganization. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis as a single derivative asset or liability which is reported in Other long-term liabilities in the Consolidated Statement of Financial Position as of December 31, 2019 and Other long-term assets in the Consolidated Statement of Financial Position as of December 31, 2018. The derivative is being accounted for at fair value with changes in fair value being reported in Other charges, net in the Consolidated Statement of Operations.

#### Fair Value

Fair values of Kodak's foreign currency forward contracts are determined using observable inputs (Level 2 fair value measurements) and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. The gross fair value of foreign currency forward contracts in an asset position are reported in Other current assets in the Consolidated Statement of Financial Position and the gross fair value of foreign currency contracts in a liability position are reported in Other current liabilities. The gross fair value of foreign currency forward contracts in an asset position as of December 31, 2019 and 2018 was \$1 million and \$3 million, respectively. The gross fair value of the foreign currency forward contracts in a liability position as of December 31, 2019 and 2018 were \$0 million and \$1 million, respectively.

The fair value of the embedded conversion features and term extension option derivatives are calculated using unobservable inputs (Level 3 fair measurements). The value of the Optional Conversion feature associated with both the Convertible Notes and Series A Preferred Stock is calculated using a binomial lattice model. The value of the term extension option reflects the probability weighted average value of the Convertible Notes using the original maturity date and a hypothetical extended maturity date, with all other contractual terms unchanged. The following tables present the key inputs in the determination of fair value for the embedded conversion features and termination option derivatives.

#### Convertible Notes:

	Valuation Date	
	December 31, 2019	May 24, 2019 (Inception)
Total value of embedded derivative liability (in millions)	\$ 51	\$ 14
Kodak's closing stock price	4.65	2.31
Expected stock price volatility	104.61%	92.48%
Risk free rate	1.58%	2.13%
Yield on the convertible notes	11.52%	11.98%

#### Series A Preferred Stock:

	Valuation Date	
	December 31, 2019	December 31, 2018
Total value of embedded derivative liability (asset) (in millions)	\$ 1	\$ (4)
Kodak's closing stock price	4.65	2.55
Expected stock price volatility	104.61%	95.55%
Risk free rate	1.58%	2.46%
Yield on the preferred stock	16.27%	23.77%

The Fundamental Change and Reorganization Conversion values at issuance were calculated as the difference between the total value of the Convertible Notes or Series A Preferred Stock, as applicable, and the sum of the net present value of the cash flows if the Convertible Notes are repaid at their maturity or the Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion value reduces the value of the embedded conversion features and term extension option derivative liability. Other than events which alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflect the value as of the issuance date, amortized for the passage of time. The Fundamental Change and Reorganization Conversion value for the Series A Preferred Stock exceeded the value of the embedded conversion features derivative liability at December 31, 2018 resulting in the derivative being reported as an asset.

The fair values of long-term borrowings were \$111 million and \$5 million at December 31, 2019 and 2018, respectively.

Fair values of long-term borrowings (Level 2 fair value measurements) are determined by reference to quoted market prices, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates. At December 31, 2018, the fair value of current portion of long-term borrowings was also determined by reference to quoted market prices of similar instruments, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates. The fair value of the current portion of long-term borrowings was \$378 million at December 31, 2018.

Transfers between levels of the fair value hierarchy are recognized based on the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2019.

The carrying values of cash and cash equivalents and restricted cash approximate their fair values. In addition, the fair value of the current portion of long-term borrowings approximated its fair value at December 31, 2019.

**NOTE 15: REVENUE**

**Disaggregation of Revenue**

The following tables present revenue disaggregated by major product, portfolio summary and geography.

**Major product:**

	Year Ended December 31, 2019							Total
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park		
Plates, inks and other consumables	\$ 620	\$ 34	\$ —	\$ 11	\$ —	\$ —	\$ 665	
Ongoing service arrangements (1)	126	72	44	3	—	—	245	
Total Annuities	746	106	44	14	—	—	910	
Equipment & Software	77	22	12	—	—	—	111	
Film and chemicals	—	—	—	166	—	—	166	
Other (2)	13	—	—	29	3	10	55	
Total	\$ 836	\$ 128	\$ 56	\$ 209	\$ 3	\$ 10	\$ 1,242	

	Year Ended December 31, 2018							Total
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park		
Plates, inks and other consumables	\$ 685	\$ 32	\$ —	\$ 16	\$ —	\$ —	\$ 733	
Ongoing service arrangements (1)	133	79	48	3	—	—	263	
Total Annuities	818	111	48	19	—	—	996	
Equipment & Software	78	25	17	—	—	—	120	
Film and chemicals	—	—	—	161	—	—	161	
Other (2)	—	—	—	30	4	9	43	
Total	\$ 896	\$ 136	\$ 65	\$ 210	\$ 4	\$ 9	\$ 1,320	

(1) Service revenue in the Consolidated Statement of Operations includes the ongoing service revenue shown above as well as revenue from project-based document management and managed print services businesses, which is included in Other above.

(2) Other includes revenue from professional services, non-recurring engineering services, print and managed media services, tenant rent and related property management services and licensing.

**Product Portfolio Summary:**

	Year Ended December 31, 2019						
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park	Total
Growth engines (1)	\$ 180	\$ 84	\$ 56	\$ 29	\$ 3	\$ —	\$ 352
Strategic other businesses (2)	625	—	—	169	—	10	804
Planned declining businesses (3)	31	44	—	11	—	—	86
	<u>\$ 836</u>	<u>\$ 128</u>	<u>\$ 56</u>	<u>\$ 209</u>	<u>\$ 3</u>	<u>\$ 10</u>	<u>\$ 1,242</u>

	Year Ended December 31, 2018						
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park	Total
Growth engines (1)	\$ 159	\$ 84	\$ 65	\$ 30	\$ 3	\$ —	\$ 341
Strategic other businesses (2)	701	—	—	164	1	9	875
Planned declining businesses (3)	36	52	—	16	—	—	104
	<u>\$ 896</u>	<u>\$ 136</u>	<u>\$ 65</u>	<u>\$ 210</u>	<u>\$ 4</u>	<u>\$ 9</u>	<u>\$ 1,320</u>

(1) Growth engines consist of Sonora; PROSPER; Kodak Software; AM3D, excluding intellectual property (IP) licensing; and brand licensing.

(2) Strategic Other Businesses include plates, Computer to Plate (“CTP”) and related service, and Nexpress and related toner business in the Print Systems segment, Motion Picture and Industrial Film and Chemicals in the Brand, Film and Imaging segment, the Eastman Business Park segment and IP licensing.

(3) Planned Declining Businesses are product lines where the decision has been made to stop new product development and manage an orderly expected decline in the installed product and annuity base. These product families consist of Consumer Inkjet in the Brand, Film and Imaging segment, Versamark in the Enterprise Inkjet Systems segment and Digimaster in the Print Systems segment.

**Geography (1):**

	Year Ended December 31, 2019							
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park	Total	
United States	\$ 231	\$ 52	\$ 25	\$ 131	\$ 3	\$ 10	\$ 452	
Canada	17	2	3	2	—	—	24	
North America	248	54	28	133	3	10	476	
Europe, Middle East and Africa	327	42	18	21	—	—	408	
Asia Pacific	214	30	8	54	—	—	306	
Latin America	47	2	2	1	—	—	52	
Total Sales	\$ 836	\$ 128	\$ 56	\$ 209	\$ 3	\$ 10	\$ 1,242	

	Year Ended December 31, 2018							
	Print Systems	Enterprise Inkjet Systems	Kodak Software	Brand, Film and Imaging	Advanced Materials and 3D Printing Technology	Eastman Business Park	Total	
United States	\$ 234	\$ 45	\$ 29	\$ 127	\$ 4	\$ 9	\$ 448	
Canada	13	1	4	2	—	—	20	
North America	247	46	33	129	4	9	468	
Europe, Middle East and Africa	367	56	22	20	—	—	465	
Asia Pacific	226	31	8	59	—	—	324	
Latin America	56	3	2	2	—	—	63	
Total Sales	\$ 896	\$ 136	\$ 65	\$ 210	\$ 4	\$ 9	\$ 1,320	

(1) Sales are reported in the geographic area in which they originate. No non-U.S. country generated more than 10% of net sales in the year ended December 31, 2019.

**Contract Balances**

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the Consolidated Statement of Financial Position. The contract assets are transferred to trade receivables when the rights to consideration become unconditional. The amounts recorded for contract assets at December 31, 2019 and 2018 were \$4 million and \$3 million, respectively, and are reported in Other current assets in the Consolidated Statement of Financial Position. The contract liabilities primarily relate to prepaid service contracts, upfront payments for certain equipment purchases or prepaid royalties on intellectual property arrangements. The amounts recorded for contract liabilities at December 31, 2019 and 2018 were \$61 million and \$48 million, respectively, of which \$43 million and \$42 million, respectively, are reported in Other current liabilities and \$18 million and \$6 million, respectively, are reported in Other long-term liabilities in the Consolidated Statement of Financial Position.

Revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the year was \$34 million in both years and primarily represented revenue from prepaid service contracts and equipment revenue recognition. Contract liabilities as of December 31, 2019 and 2018 included \$47 million and \$36 million, respectively of cash payments received during the years ended December 31, 2019 and 2018, respectively.

**NOTE 16: OTHER OPERATING EXPENSE, NET**

(in millions)	Year Ended December 31,	
	2019	2018
Expense (income):		
Loss (gain) related to the sales of assets (1)	\$ 14	\$ (13)
Transition services agreement income	(6)	—
Asset impairments (2), (3)	6	13
Korea withholding tax refund (4)	—	16
Legal reserve changes	—	(6)
Other	1	(1)
Total	<u>\$ 15</u>	<u>\$ 9</u>

- (1) In the third quarter of 2019, Kodak sold its shares of Kodak (China) Graphic Communication Co., Ltd. and recognized a loss of \$12 million. Refer to Note 30 "Assets Held for Sale".
- (2) In the fourth quarter of 2019, Kodak determined the carrying value of one building no longer in use exceeded its fair value and recorded an impairment charge of \$2 million. "
- (3) In the fourth quarters of 2019 and 2018, Kodak recorded impairment charges of \$4 million and \$13 million, respectively, related to the Kodak trade name. Refer to Note 5, "Goodwill and Other Intangible Assets".
- (4) Refer to Note 18, "Income Taxes", section, "IRS and Korean National Tax Service Agreement".

**NOTE 17: OTHER CHARGES, NET**

(in millions)	Year Ended December 31,	
	2019	2018
Change in fair value of embedded conversion features derivative (1)	\$ 42	\$ —
Loss on foreign exchange transactions	3	16
Other	1	1
Total	<u>\$ 46</u>	<u>\$ 17</u>

- (1) Refer to Note 14, "Financial Instruments".

**NOTE 18: INCOME TAXES**

The components of Loss from continuing operations before income taxes and the related provision (benefit) for U.S. and other income taxes were as follows (in millions):

	Year Ended December 31,	
	2019	2018
<b>(Loss) earnings from continuing operations before income taxes:</b>		
U.S.	\$ (68)	\$ (46)
Outside the U.S.	8	33
Total	<u>\$ (60)</u>	<u>\$ (13)</u>
<b>U.S. income taxes:</b>		
Current benefit	\$ —	\$ (30)
Deferred provision	—	1
<b>Income taxes outside the U.S.:</b>		
Current provision	7	4
Deferred provision	24	21
Total provision	<u>\$ 31</u>	<u>\$ (4)</u>

The differences between income taxes computed using the U.S. federal income tax rate and the provision (benefit) for income taxes for continuing operations were as follows (in millions):

	Year Ended December 31,	
	2019	2018
Amount computed using the statutory rate	\$ (13)	\$ (3)
<b>Increase (reduction) in taxes resulting from:</b>		
Unremitted foreign earnings	(1)	2
Operations outside the U.S.	22	28
Legislative tax law and rate changes	1	7
Valuation allowance	11	(18)
Tax settlements and adjustments, including interest	2	(33)
Discharge of debt and other reorganization related items	—	13
Embedded derivative liability	9	—
Provision (benefit) from income taxes	<u>\$ 31</u>	<u>\$ (4)</u>

**IRS and Korean National Tax Service Agreement**

In June 2012, Kodak filed a Request for Competent Authority Assistance with the United States Internal Revenue Service (IRS). The request related to a potential double taxation issue with respect to patent licensing royalty payments received by Kodak in 2010. In October 2018, an agreement was reached by the IRS and Korean National Tax Service, resulting in a partial refund of Korean withholding taxes in the amount of \$32 million. Kodak had previously agreed with the licensee that made the royalty payments that any refunds of the related Korean withholding taxes would be shared equally between Kodak and the licensee. Kodak received the \$16 million net payment in the fourth quarter of 2018. The full \$32 million refund was reflected as an income tax benefit in the fourth quarter of 2018. The \$16 million payment to the licensee was reported in other operating expenses, resulting in a net benefit to net income of \$16 million.

The significant components of deferred tax assets and liabilities were as follows (in millions):

	As of December 31,	
	2019	2018
<b>Deferred tax assets</b>		
Pension and postretirement obligations	\$ 39	\$ 62
Restructuring programs	2	1
Leasing	1	—
Foreign tax credit	355	357
Inventories	8	10
Investment tax credit	46	48
Employee deferred compensation	24	23
Depreciation	41	64
Research and development costs	56	67
Tax loss carryforwards	325	338
Other deferred revenue	2	1
Other	86	67
Total deferred tax assets	<u>\$ 985</u>	<u>\$ 1,038</u>
<b>Deferred tax liabilities</b>		
Leasing	\$ —	\$ 2
Goodwill/intangibles	11	16
Unremitted foreign earnings	19	22
Total deferred tax liabilities	<u>30</u>	<u>40</u>
Net deferred tax assets before valuation allowance	<u>955</u>	<u>998</u>
Valuation allowance	821	853
Net deferred tax assets	<u>\$ 134</u>	<u>\$ 145</u>

Deferred tax assets (liabilities) are reported in the following components within the Consolidated Statement of Financial Position (in millions):

	As of December 31,	
	2019	2018
Deferred income taxes	\$ 147	\$ 160
Other long-term liabilities	(13)	(15)
Net deferred tax assets	\$ 134	\$ 145

As of December 31, 2019, Kodak had available domestic and foreign NOL carry-forwards for income tax purposes of approximately \$1,452 million, of which approximately \$639 million have an indefinite carry-forward period. The remaining \$813 million expire between the years 2020 and 2038. As of December 31, 2019, Kodak had unused foreign tax credits and investment tax credits of \$355 million and \$46 million, respectively, with various expiration dates through 2035.

Utilization of NOL carry-forwards and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period.

Kodak had deferred tax liabilities of \$19 million and \$22 million for potential taxes on the undistributed earnings, including foreign withholding taxes, as of December 31, 2019 and 2018, respectively.

Kodak's valuation allowance as of December 31, 2019 was \$821 million. Of this amount, \$168 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$322 million, and \$653 million related to Kodak's net deferred tax assets in the U.S. of \$633 million, for which Kodak believes it is not more likely than not that the assets will be realized.

Kodak's valuation allowance as of December 31, 2018 was \$853 million. Of this amount, \$155 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$322 million, and \$698 million related to Kodak's net deferred tax assets in the U.S. of \$676 million, for which Kodak believes it is not more likely than not that the assets will be realized.

During 2019 and 2018, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced sales volumes and profits in locations outside the U.S. and accordingly recorded a provision of \$19 million and \$15 million, respectively, associated with the establishment of a valuation allowance on those deferred tax assets. Additionally, during 2018, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would be realized as a result of increased profits in a location outside the U.S. and accordingly recorded a benefit \$4 million associated with the release of a valuation allowance on those deferred tax assets.

The net deferred tax assets in excess of the valuation allowance of approximately \$134 million and \$145 million as of December 31, 2019 and 2018, respectively, relate primarily to NOL carry-forwards, certain tax credits, and pension related tax benefits for which Kodak believes it is more likely than not that the assets will be realized.

#### Accounting for Uncertainty in Income Taxes

A reconciliation of the beginning and ending amount of Kodak's liability for income taxes associated with unrecognized tax benefits is as follows (in millions):

	Year Ended December 31,	
	2019	2018
Balance as of January 1	\$ 57	\$ 61
Tax positions related to the current year:		
Additions	—	—
Tax positions related to prior years:		
Additions	1	1
Reductions	(1)	(5)
Settlements with taxing jurisdictions	(3)	—
Balance as of December 31	\$ 54	\$ 57

Kodak's policy regarding interest and/or penalties related to income tax matters is to recognize such items as a component of income tax (benefit) expense. Kodak had approximately \$14 million and \$16 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2019 and 2018, respectively.

Kodak had uncertain tax benefits of approximately \$20 million and \$26 million as of December 31, 2019 and 2018, respectively, that, if recognized, would affect the effective income tax rate. Kodak has classified certain income tax liabilities as current or noncurrent based on management's estimate of when these liabilities will be settled. The current liabilities are recorded in Other current liabilities in the Consolidated Statement of Financial Position. Noncurrent income tax liabilities are recorded in Other long-term liabilities in the Consolidated Statement of Financial Position.

It is reasonably possible that the liability associated with Kodak's unrecognized tax benefits will increase or decrease within the next twelve months. These changes may be the result of settling ongoing audits or the expiration of statutes of limitations. Such changes to the unrecognized tax benefits could range from \$40 million to \$50 million based on current estimates, which includes a U.S. federal audit issue related to years 2013 and 2014. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although management believes that adequate provision has been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, thus having a positive impact on earnings.

During 2019, Kodak reached a settlement outside of the U.S. and settled an audit for calendar years 2005-2008. Kodak originally recorded liabilities for uncertain tax positions ("UTPs") totaling \$3 million (plus interest of approximately \$3 million). Kodak paid \$2 million in 2019 as result of this settlement and will pay the remaining \$4 million by April 2020.

During 2018, Kodak agreed to terms with a tax authority outside of the U.S. and settled audit issues related to calendar years 2006-2007. Kodak originally recorded liabilities for UTPs totaling \$1 million (plus interest of approximately \$1 million). The settlement resulted in a reduction in Other current liabilities in the Consolidated Statement of Financial Position and other taxes and the recognition of a \$2 million tax benefit.

Kodak is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Kodak has substantially concluded all U.S. federal and state income tax matters for years through 2012 with respective tax authorities. Kodak is currently under examination by the Internal Revenue Service ("IRS") for years 2013 and 2014. With respect to countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2012 with respective foreign tax jurisdiction authorities.

On February 21, 2020, Kodak agreed to terms with the IRS and settled the federal audit for calendar years 2013 and 2014. For these years, Kodak originally recorded a federal UTP totaling \$41 million, which was fully offset by tax attributes. This settlement will result in an increase in net deferred tax assets and will be fully offset by a corresponding increase in Kodak's U.S. valuation allowance, resulting in no net tax benefit.

#### NOTE 19: RESTRUCTURING COSTS AND OTHER

Kodak recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. Charges for restructuring initiatives are recorded in the period in which Kodak commits to a formalized restructuring plan, or executes the specific actions contemplated by the plan and all criteria for liability recognition under the applicable accounting guidance have been met.

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring programs during the two years ended December 31, 2019 were as follows (in millions):

	Severance Reserve (1)	Exit Costs Reserve (1)	Long-lived Asset Impairments and Inventory Write-downs (1)	Total
<b>Balance as of December 31, 2017</b>	\$ 6	\$ 4	\$ —	\$ 10
Charges	17	—	—	17
Utilization/cash payments	(12)	(2)	—	(14)
Other adjustments & reclasses (2)	(5)	—	—	(5)
<b>Balance as of December 31, 2018</b>	<u>6</u>	<u>2</u>	<u>—</u>	<u>8</u>
Charges	16	—	—	16
Utilization/cash payments	(8)	(1)	—	(9)
Other adjustments & reclasses (2)	(3)	—	—	(3)
<b>Balance as of December 31, 2019</b>	<u>\$ 11</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 12</u>

(1) The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

(2) The \$3 million and \$5 million represent severance charges funded from pension plan assets, which were reclassified to Pension and other postretirement liabilities.

### 2018 Activity

Restructuring actions taken in 2018 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included cost rationalization in France, consolidation of R&D sites in Israel, EPS manufacturing cost reductions in Germany, and various targeted reductions in manufacturing, service, sales, research and development, and other administrative functions.

As a result of these actions, for the year ended December 31, 2018 Kodak recorded \$17 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2018 severance costs related to the elimination of approximately 285 positions, including approximately 115 administrative, 100 manufacturing/service, and 70 research and development positions. The geographic composition of these positions included approximately 130 in the U.S. and Canada, and 155 throughout the rest of the world.

### 2019 Activity

Restructuring actions taken in 2019 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales, research and development, and other administrative functions.

As a result of these actions, for the year ended December 31, 2019 Kodak recorded \$16 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2019 severance costs related to the elimination of approximately 220 positions, including approximately 150 administrative, 65 manufacturing/service, and 5 research and development positions. The geographic composition of these positions included approximately 90 in the U.S. and Canada, and 130 throughout the rest of the world.

As a result of these initiatives, the majority of the severance will be paid during periods through the end of the third quarter of 2020. The exit cost reserves primarily relate to a liability whose payment timing is uncertain.

### NOTE 20: RETIREMENT PLANS

Substantially all U.S. employees are covered by a noncontributory defined benefit plan, the Kodak Retirement Income Plan ("KRIP"), which is funded by Company contributions to an irrevocable trust fund. The funding policy for KRIP is to contribute amounts sufficient to meet minimum funding requirements as determined by employee benefit and tax laws plus any additional amounts the Company determines to be appropriate. Assets in the trust fund are held for the sole benefit of participating employees and retirees. They are composed of corporate equity and debt securities, U.S. government securities, partnership investments, interests in pooled funds, commodities, real estate, and various types of interest rate, foreign currency, debt, and equity market financial instruments.

For U.S. employees hired prior to March 1999, KRIP's benefits were generally based on a formula recognizing length of service and final average earnings. KRIP included a separate cash balance formula for all U.S. employees hired after February 1999, as well as employees hired prior to that date who opted into the cash balance formula during a special election period. Effective January 1, 2015 the KRIP was amended to provide that all participants accrue benefits under a single, revised cash balance formula (the "Cash Balance Plan"). The Cash Balance Plan credits employees' hypothetical accounts with an amount equal to either 7% or 8% of their pay, plus interest based on the 30-year Treasury bond rate. Effective January 1, 2020, the credits will increase to either 9% or 10% of pay.

Many subsidiaries and branches operating outside the U.S. have defined benefit retirement plans covering substantially all employees. Contributions by Kodak for these plans are typically deposited under government or other fiduciary-type arrangements. Retirement benefits are generally based on contractual agreements that provide for benefit formulas using years of service and/or compensation prior to retirement. The actuarial assumptions used for these plans reflect the diverse economic environments within the various countries in which Kodak operates.

Information on the major funded and unfunded U.S. and Non-U.S. defined benefit pension plans is presented below. The composition of the major plans may vary from year to year. If the major plan composition changes, prior year data is conformed to ensure comparability.

The measurement date used to determine the pension obligation for all funded and unfunded U.S. and Non-U.S. defined benefit plans is December 31.

(in millions)	Year Ended December 31, 2019		Year Ended December 31, 2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
<b>Change in Benefit Obligation</b>				
Projected benefit obligation at beginning of period	\$ 3,405	\$ 834	\$ 3,866	\$ 885
Service cost	10	3	13	3
Interest cost	122	13	109	12
Benefit payments	(349)	(48)	(414)	(50)
Actuarial loss (gain)	284	36	(174)	—
Special termination benefits	3	—	5	—
Currency adjustments	—	(4)	—	(16)
Projected benefit obligation at end of period	<u>\$ 3,475</u>	<u>\$ 834</u>	<u>\$ 3,405</u>	<u>\$ 834</u>
<b>Change in Plan Assets</b>				
Fair value of plan assets at beginning of period	\$ 3,445	\$ 671	\$ 3,804	\$ 722
Gain on plan assets	514	28	55	5
Employer contributions	—	10	—	4
Benefit payments	(349)	(48)	(414)	(50)
Currency adjustments	—	—	—	(10)
Fair value of plan assets at end of period	<u>\$ 3,610</u>	<u>\$ 661</u>	<u>\$ 3,445</u>	<u>\$ 671</u>
Over (under) funded status at end of period	<u>\$ 135</u>	<u>\$ (173)</u>	<u>\$ 40</u>	<u>\$ (163)</u>
Accumulated benefit obligation at end of period	<u>\$ 3,474</u>	<u>\$ 825</u>	<u>\$ 3,403</u>	<u>\$ 824</u>

Amounts recognized in the Consolidated Statement of Financial Position for all major funded and unfunded U.S. and Non-U.S. defined benefit plans are as follows (in millions):

	As of December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$ 135	\$ 26	\$ 40	\$ 32
Pension and other postretirement liabilities	—	(199)	—	(195)
Net amount recognized	<u>\$ 135</u>	<u>\$ (173)</u>	<u>\$ 40</u>	<u>\$ (163)</u>

Information with respect to the major funded and unfunded U.S. and Non-U.S. defined benefit plans with a projected benefit obligation in excess of plan assets is as follows (in millions):

	As of December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$ —	\$ 568	\$ —	\$ 578
Fair value of plan assets	—	368	—	382

Information with respect to the major funded and unfunded U.S. and Non-U.S. defined benefit plans with an accumulated benefit obligation in excess of plan assets is as follows (in millions):

	As of December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Accumulated benefit obligation	\$ —	\$ 559	\$ —	\$ 568
Fair value of plan assets	—	368	—	382

Amounts recognized in accumulated other comprehensive (loss) income for all major funded and unfunded U.S. and Non-U.S. defined benefit plans consist of (in millions):

	As of December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	\$ 20	\$ 3	\$ 27	\$ 3
Net actuarial loss	(244)	(151)	(258)	(126)
Total	<u>\$ (224)</u>	<u>\$ (148)</u>	<u>\$ (231)</u>	<u>\$ (123)</u>

Other changes in major plan assets and benefit obligations recognized in Other comprehensive income (expense) are as follows (in millions):

	Year Ended December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established gain (loss)	\$ 16	\$ (30)	\$ 6	\$ (21)
Amortization of:				
Prior service credit	(7)	—	(7)	—
Net actuarial loss	—	5	5	5
Curtailed gain recognized in expense	(2)	—	—	—
Total income (loss) recognized in Other comprehensive income	<u>\$ 7</u>	<u>\$ (25)</u>	<u>\$ 4</u>	<u>\$ (16)</u>

The Company expects to recognize \$7 million of prior service credits and \$21 million of net actuarial losses as components of net periodic benefit cost over the next year.

Pension income for all defined benefit plans included (in millions):

	Year Ended December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:				
Service cost	\$ 10	\$ 3	\$ 13	\$ 3
Interest cost	122	13	109	12
Expected return on plan assets	(214)	(22)	(223)	(26)
Amortization of:				
Prior service credit	(7)	—	(7)	—
Actuarial loss	—	5	5	5
Pension income before special termination benefits	(89)	(1)	(103)	(6)
Special termination benefits	3	—	5	—
Curtailed gains	(2)	—	—	—
Net pension income for major defined benefit plans	(88)	(1)	(98)	(6)
Other plans including unfunded plans	—	(3)	—	(4)
Net pension income	<u>\$ (88)</u>	<u>\$ (4)</u>	<u>\$ (98)</u>	<u>\$ (10)</u>

The pension income before special termination benefits reported above for the year ended December 31, 2018 included \$1 million which is reported as Earnings (loss) from discontinued operations.

The \$2 million curtailment gain for the year ended December 31, 2019 was incurred as a result of the sale of FPD. In addition, the amounts shown in Other Plans for the year ended December 31, 2019 include \$5 million of settlement gains due to the transfer of non-major, non-U.S. pension liabilities as a result of the sale of FPD. These amounts are included in Earnings (loss) from discontinued operations in the Consolidated Statement of Operations.

The special termination benefits of \$3 million and \$5 million for the years ended December 31, 2019 and 2018, respectively, were incurred as a result of Kodak's restructuring actions and, therefore, has been included in Restructuring costs and other in the Consolidated Statement of Operations for those periods.

The weighted-average assumptions used to determine the benefit obligation amounts for all major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	Year Ended December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	2.97%	1.44%	4.04%	2.05%
Salary increase rate	3.50%	1.72%	3.50%	2.06%

The weighted-average assumptions used to determine net pension (income) expense for all the major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	Year Ended December 31,			
	2019		2018	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Effective rate for service cost	4.03%	2.47%	3.33%	2.32%
Effective rate for interest cost	3.75%	1.89%	2.96%	1.70%
Salary increase rate	3.50%	2.06%	3.50%	2.17%
Expected long-term rate of return on plan assets	6.50%	3.46%	6.40%	3.98%

#### Plan Asset Investment Strategy

The investment strategy underlying the asset allocation for the pension assets is to achieve an optimal return on assets with an acceptable level of risk while providing for the long-term liabilities and maintaining sufficient liquidity to pay current benefits and other cash obligations of the plans. This is primarily achieved by investing in a broad portfolio constructed of various asset classes including equity and equity-like investments, debt and debt-like investments, real estate, private equity and other assets and instruments. Long duration bonds and Treasury bond futures are used to partially match the long-term nature of plan liabilities. Other investment objectives include maintaining broad diversification between and within asset classes and fund managers and managing asset volatility relative to plan liabilities.

Every three years, or when market conditions have changed materially, each of Kodak's major pension plans will undertake an asset allocation or asset and liability modeling study. The asset allocation and expected return on the plans' assets are individually set to provide for benefits and other cash obligations within each country's legal investment constraints.

Actual allocations may vary from the target asset allocations due to market value fluctuations, the length of time it takes to implement changes in strategy, and the timing of cash contributions and cash requirements of the plans. The asset allocations are monitored and are rebalanced in accordance with the policy set forth for each plan.

The total plan assets attributable to the major U.S. defined benefit plans as of December 31, 2019 relate to KRIP. The expected long-term rate of return on plan assets assumption ("EROA") is based on a combination of formal asset and liability studies that include forward-looking return expectations given the current asset allocation. A review of the EROA as of December 31, 2019, based upon the current asset allocation and forward-looking expected returns for the various asset classes in which KRIP invests, resulted in an EROA of 6.0%.

As with KRIP, the EROA assumptions for certain of Kodak's other pension plans were reassessed as of December 31, 2019. The weighted average annual expected return on plan assets for the major non-U.S. pension plans was 3.3% based on the plans' respective asset allocations as of December 31, 2019.

#### Plan Asset Risk Management

Kodak evaluates its defined benefit plans' asset portfolios for the existence of significant concentrations of risk. Types of concentrations that are evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. Foreign currency contracts and swaps are used to partially hedge foreign currency risk. Additionally, Kodak's major defined benefit pension plans invest in government bond futures and long duration investment grade bonds to partially hedge the liability risk of the plans. As of December 31, 2019 and 2018, there were no significant concentrations (defined as greater than 10% of plan assets) of risk in Kodak's defined benefit plan assets.

The Company's weighted-average asset allocations for its major U.S. defined benefit pension plans by asset category, are as follows:

Asset Category	As of December 31,		2019 Target
	2019	2018	
Equity securities	10%	11%	7-13%
Debt securities	44%	40%	35-45%
Real estate	1%	2%	0-6%
Cash and cash equivalents	1%	1%	0-6%
Global balanced asset allocation funds	15%	13%	12-18%
Other	29%	33%	27-39%
Total	100%	100%	

Kodak's weighted-average asset allocations for its major Non-U.S. defined benefit pension plans by asset category, are as follows:

Asset Category	As of December 31,		2019 Target
	2019	2018	
Equity securities	5%	3%	0-10%
Debt securities	31%	33%	30-40%
Real estate	2%	1%	0-6%
Cash and cash equivalents	2%	2%	0-6%
Global balanced asset allocation funds	5%	4%	0-10%
Other	55%	57%	55-65%
Total	100%	100%	

#### Fair Value Measurements

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2019 and 2018 are presented in the tables below for Kodak's major defined benefit plans. Kodak's plan assets are accounted for at fair value and are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, with the exception of investments for which fair value is measured using the net asset value per share expedient. Kodak's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value of assets and their placement within the fair value hierarchy levels.

Assets not utilizing the net asset value per share expedient are valued as follows: Equity and debt securities traded on an active market are valued using a market approach based on the closing price on the last business day of the year. Real estate investments are valued primarily based on independent appraisals and discounted cash flow models, taking into consideration discount rates and local market conditions. Cash and cash equivalents are valued utilizing cost approach valuation techniques. Other investments are valued using a combination of market, income, and cost approaches, based on the nature of the investment. Private equity investments are valued primarily based on independent appraisals, discounted cash flow models, cost, and comparable market transactions, which include inputs such as discount rates and pricing data from the most recent equity financing. Insurance contracts are primarily valued based on contract values, which approximate fair value. For investments with lagged pricing, Kodak uses the available net asset values, and also considers expected return, subsequent cash flows and relevant material events.

Major U.S. Plans  
December 31, 2019

(in millions)	U.S.					Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV		
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 38	\$	\$ 38
Equity Securities	4	—	—	374		378
Debt Securities:						
Government Bonds	—	—	—	1,110		1,110
Investment Grade Bonds	—	457	—	—		457
Real Estate	—	—	—	42		42
Global Balanced Asset Allocation Funds	—	—	—	544		544
Other:						
Absolute Return	—	—	—	370		370
Private Equity	—	—	7	680		687
Derivatives with unrealized gains	2	—	—	—		2
Derivatives with unrealized losses	(18)	—	—	—		(18)
	<u>\$ (12)</u>	<u>\$ 457</u>	<u>\$ 7</u>	<u>\$ 3,158</u>	<u>\$</u>	<u>\$ 3,610</u>

Major U.S. Plans  
December 31, 2018

	U.S.				
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 50	\$ 50
Equity Securities	4	—	—	364	368
Debt Securities:					
Government Bonds	—	—	—	1,005	1,005
Investment Grade Bonds	—	391	—	—	391
Real Estate	—	—	—	57	57
Global Balanced Asset Allocation Funds	—	—	—	438	438
Other:					
Absolute Return	—	—	—	431	431
Private Equity	—	—	6	659	665
Derivatives with unrealized gains	46	—	—	—	46
Derivatives with unrealized losses	(6)	—	—	—	(6)
	<u>\$ 44</u>	<u>\$ 391</u>	<u>\$ 6</u>	<u>\$ 3,004</u>	<u>\$ 3,445</u>

For Kodak's major U.S. defined benefit pension plans, equity investments are invested broadly in U.S. equity, developed international equity, and emerging markets. Fixed income investments are comprised primarily of long duration U.S. Treasuries and investment-grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, retail and apartment properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. Absolute return investments are comprised of a diversified portfolio of hedge funds using equity, debt, commodity and currency strategies held separate from the derivative-linked hedge funds described later in this footnote. Private equity investments are primarily comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital, leveraged buyouts and special situations. Natural resource investments in oil and gas partnerships and timber funds are also included in this category.

Major Non-U.S. Plans  
December 31, 2019

(in millions)	Non - U.S.				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	
Cash and cash equivalents	\$ 5	\$ —	\$ —	\$ 8	\$ 13
Equity Securities	—	—	—	33	33
Debt Securities:					
Government Bonds	—	—	—	51	51
Inflation-Linked Bonds	—	—	—	4	4
Investment Grade Bonds	—	61	—	65	126
Global High Yield & Emerging Market Debt	—	—	—	26	26
Real Estate	—	—	—	11	11
Global Balanced Asset Allocation Funds	—	—	—	34	34
Other:					
Absolute Return	—	—	—	7	7
Private Equity	—	—	—	38	38
Insurance Contracts	—	317	—	—	317
Derivatives with unrealized gains	1	—	—	—	1
Derivatives with unrealized losses	—	—	—	—	—
	<u>\$ 6</u>	<u>\$ 378</u>	<u>\$ —</u>	<u>\$ 277</u>	<u>\$ 661</u>

Major Non-U.S. Plans  
December 31, 2018

(in millions)	Non - U.S.				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	
Cash and cash equivalents	\$ 8	\$ —	\$ —	\$ 5	\$ 13
Equity Securities	—	—	—	21	21
Debt Securities:					
Government Bonds	—	—	—	53	53
Inflation-Linked Bonds	—	—	—	4	4
Investment Grade Bonds	—	66	—	68	134
Global High Yield & Emerging Market Debt	—	—	—	28	28
Real Estate	—	—	—	9	9
Global Balanced Asset Allocation Funds	—	—	—	27	27
Other:					
Absolute Return	—	—	—	7	7
Private Equity	—	—	—	42	42
Insurance Contracts	—	333	—	—	333
Derivatives with unrealized gains	1	—	—	—	1
Derivatives with unrealized losses	(1)	—	—	—	(1)
	<u>\$ 8</u>	<u>\$ 399</u>	<u>\$ —</u>	<u>\$ 264</u>	<u>\$ 671</u>

For Kodak's major non-U.S. defined benefit pension plans, equity investments are invested broadly in local equity, developed international and emerging markets. Fixed income investments are comprised primarily of government and investment grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, and retail properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. Absolute return investments are comprised of a diversified portfolio of hedge funds using equity, debt, commodity, and currency strategies held separate from the derivative-linked hedge funds described later in this footnote. Private equity investments are comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital and leveraged buyouts. Insurance contracts are typically annuities from life insurance companies covering specific pension obligations.

For Kodak's major defined benefit pension plans, certain investment managers are authorized to invest in derivatives such as futures, swaps, and currency forward contracts. Investments in derivatives are used to obtain desired exposure to a particular asset, index or bond duration and require only a portion of the total exposure to be invested as cash collateral. In instances where exposures are obtained via derivatives, the majority of the exposure value is available to be invested, and is typically invested, in a diversified portfolio of hedge fund strategies that generate returns in addition to the return generated by the derivatives. Of the December 31, 2019 investments shown in the major U.S. plans table above, 4% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 30% of the total pension assets represented U.S. government bond exposure with 12 years duration, obtained via derivatives and are reported in government bonds. Of the December 31, 2018 investments shown in the major U.S. plans table above, 5% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 30% of the total pension assets represented U.S. government bond exposure with 12 years duration, obtained via derivatives and are reported in government bonds.

Of the December 31, 2019 investments shown in the major Non-U.S. plans table above, 0% and 7% of the total pension assets represented derivative exposures to equity securities and government bonds with 2 years duration and are reported in those respective classes. Of the December 31, 2018 investments shown in the major Non-U.S. plans table above, 0% and 7% of the total pension assets represented derivative exposures to equity securities and government bonds with 5 years duration and are reported in those respective classes.

The following is a reconciliation of the beginning and ending balances of level 3 assets of Kodak's major U.S. defined benefit pension plans:

(in millions)	U.S.				Balance at December 31, 2019
	Balance at January 1, 2019	Net Realized and Unrealized Gains		Net Purchases, Sales and Settlements	
		Relating to Assets Still Held	Relating to Assets Sold During the Period		
Private Equity	6	2	—	(1)	7
Total	\$ 6	\$ 2	\$ —	\$ (1)	\$ 7

(in millions)	U.S.				Balance at December 31, 2018
	Balance at January 1, 2018	Net Realized and Unrealized Gains		Net Purchases, Sales and Settlements	
		Relating to Assets Still Held	Relating to Assets Sold During the Period		
Real Estate	\$ 26	\$ —	\$ 14	\$ (40)	\$ —
Private Equity	14	1	—	(9)	6
Total	\$ 40	\$ 1	\$ 14	\$ (49)	\$ 6

The following pension benefit payments, which reflect expected future service, are expected to be paid (in millions):

	U.S.	Non-U.S.
2020	\$ 308	\$ 48
2021	295	47
2022	283	46
2023	272	46
2024	261	45
2025 - 2029	1,134	205

#### NOTE 21: OTHER POSTRETIREMENT BENEFITS

In Canada, Kodak provides medical, dental, life insurance, and survivor income benefits to eligible retirees. In the U.K., Kodak provides medical benefits to eligible retirees. The other postretirement benefit plans in Canada and the U.K. are closed to new participants. Information on the Canada and U.K. other postretirement benefit plans is presented below.

The measurement date used to determine the net benefit obligation for Kodak's other postretirement benefit plans is December 31.

Changes in Kodak's benefit obligation and funded status were as follows (in millions):

	Year Ended December 31,	
	2019	2018
Net benefit obligation at beginning of period	\$ 64	\$ 71
Interest cost	2	2
Plan participants' contributions	1	1
Actuarial gain	—	(6)
Benefit payments	(4)	(4)
Currency adjustments	—	—
Net benefit obligation at end of period	\$ 63	\$ 64
Underfunded status at end of period	\$ (63)	\$ (64)

Amounts recognized in the Consolidated Statement of Financial Position consist of (in millions):

	As of December 31,	
	2019	2018
Other current liabilities	\$ (3)	\$ (3)
Pension and other postretirement liabilities	(60)	(61)
	\$ (63)	\$ (64)

Amounts recognized in Accumulated other comprehensive loss consist of (in millions):

	As of December 31,	
	2019	2018
Net actuarial gain	\$ (5)	\$ (6)

Changes in benefit obligations recognized in Other comprehensive loss (income) consist of (in millions):

	Year Ended December 31,	
	2019	2018
Newly established loss (gain)	\$ —	\$ (6)
Amortization of:		
Net actuarial gain	1	—
Total gain recognized in Other comprehensive (loss) income	\$ 1	\$ (6)

Other postretirement benefit cost included:

	Year Ended December 31,	
	2019	2018
Components of net postretirement benefit cost:		
Service cost	\$ —	\$ —
Interest cost	2	2
Amortization of:		
Actuarial gain	(1)	—
Other postretirement benefit cost from continuing operations	\$ 1	\$ 2

The weighted-average assumptions used to determine the net benefit obligations were as follows:

	Year Ended December 31,	
	2019	2018
Discount rate	2.93%	3.59%
Salary increase rate	1.80%	2.35%

The weighted-average assumptions used to determine the net postretirement benefit cost were as follows:

	Year Ended December 31,	
	2019	2018
Effective rate for interest cost	3.26%	2.88%
Salary increase rate	2.35%	2.35%

The weighted-average assumed healthcare cost trend rates used to compute the other postretirement amounts were as follows:

	2019	2018
	Healthcare cost trend	5.37%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.14%	3.38%
Year that the rate reaches the ultimate trend rate	2038	2038

Assumed healthcare cost trend rates effect the amounts reported for the healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	1% increase	1% decrease
	Effect on total service and interest cost	\$ —
Effect on postretirement benefit obligation	3	(3)

The following other postretirement benefits, which reflect expected future service, are expected to be paid (in millions):

2020	\$ 4
2021	3
2022	3
2023	3
2024	3
2024-2028	16

**NOTE 22: EARNINGS PER SHARE**

Basic earnings per share are calculated using the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share calculations include any dilutive effect of potential common shares. In periods with a net loss from continuing operations, diluted earnings per share are calculated using weighted-average basic shares for that period, as utilizing diluted shares would be anti-dilutive to loss per share.

A reconciliation of the amounts used to calculate basic and diluted earnings per share for the years ended December 31, 2019 and 2018 follows (in millions):

	Year Ended December 31,	
	2019	2018
Loss from continuing operations attributable to Eastman Kodak Company	\$ (91)	\$ (9)
Less: Series A Preferred Stock cash and accrued dividends	(11)	(11)
Less: Series A Preferred Stock deemed dividends	(9)	(9)
Loss from continuing operations available to common shareholders - basic and diluted	<u>\$ (111)</u>	<u>\$ (29)</u>
Net income (loss) attributable to Eastman Kodak Company	\$ 116	\$ (16)
Less: Series A Preferred Stock cash and accrued dividends	(11)	(11)
Less: Series A Preferred Stock deemed dividends	(9)	(9)
Net income (loss) available to common shareholders - basic and diluted	<u>\$ 96</u>	<u>\$ (36)</u>

As a result of the net loss from continuing operations available to common shareholders for the years ended December 31, 2019 and 2018, Kodak calculated diluted earnings per share using weighted-average basic shares outstanding. If Kodak reported earnings from continuing operations available to common shareholders for the years ended December 31, 2019 and 2018, the calculation of diluted earnings per share would have included the assumed conversion of 0.6 million and 0.3 million unvested restricted stock units.

The computation of diluted earnings per share for the years ended December 31, 2019 and 2018 excluded the impact of (1) the assumed conversion of 2.0 million shares of Series A Preferred Stock, and (2) the assumed conversion of 6.8 million and 5.2 million outstanding employee stock options, respectively, because they would have been anti-dilutive. The computation of diluted earnings per share for the year ended December 31, 2019 also excluded the assumed conversion of \$100 million of Convertible Notes because the effects would have been anti-dilutive.

**NOTE 23: STOCK-BASED COMPENSATION**

Kodak's stock incentive plan is the 2013 Omnibus Incentive Plan (the "2013 Plan"). The 2013 Plan is administered by the Executive Compensation Committee of the Board of Directors.

Officers, directors and employees of the Company and its consolidated subsidiaries are eligible to receive awards. Stock options are generally non-qualified, are at exercise prices equal to or greater than the closing price of Kodak's stock on the date of grant and expire seven years after the grant date. Stock-based compensation awards granted under Kodak's stock incentive plan are generally subject to a three-year vesting period from the date of grant, or a later date as determined by the Executive Compensation Committee. Awards are subject to settlement in newly-issued shares of common stock. Unless sooner terminated by the Executive Compensation Committee, no awards may be granted under the 2013 Plan after May 22, 2028.

The maximum number of shares of common stock that may be issued under the 2013 Plan is approximately 5.8 million. In addition, under the 2013 Plan, the maximum number of shares available for the grant of incentive stock options is 2.0 million shares. The maximum number of shares as to which stock options or stock appreciation rights may be granted to any one person under the 2013 Plan in any calendar year is 2.5 million shares. The maximum number of performance-based compensation awards that may be granted to any one employee under the 2013 Plan in any calendar year is 1.0 million shares or, in the event such award is paid in cash, \$2.5 million. The maximum number of awards that may be granted to any non-employee director under the 2013 Plan in any calendar year may not exceed a number of awards with a grant date fair value of \$900,000, computed as of the grant date.

Compensation expense is recognized on a straight-line basis over the service or performance period for each separately vesting tranche of the award and is adjusted for actual forfeitures before vesting. Kodak assesses the likelihood that performance-based shares will be earned based on the probability of meeting the performance criteria. For those performance-based awards that are deemed probable of achievement, expense is recorded, and for those awards that are deemed not probable of achievement, no expense is recorded. Kodak assesses the probability of achievement each quarter.

#### Restricted Stock Units

Restricted stock units are payable in shares of the Company common stock upon vesting. The fair value is based on the closing market price of the Company's stock on the grant date. Compensation cost related to restricted stock units was \$2 million for both the years ended December 31, 2019 and 2018.

The weighted average grant date fair value of restricted stock unit awards granted for the years ended December 31, 2019 and 2018 was \$2.93 and \$3.66, respectively. The total fair value of restricted stock units that vested was \$2 million and \$3 million for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, there was \$0.3 million of unrecognized compensation cost related to restricted stock units. The cost is expected to be recognized over a weighted average period of 1.3 years.

The following table summarizes information about restricted stock unit activity for the year ended December 31, 2019:

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding on December 31, 2018	703,748	\$ 4.72
Granted	521,698	\$ 2.93
Vested	475,295	\$ 4.92
Forfeited	28,350	\$ 5.88
Outstanding on December 31, 2019	<u>721,801</u>	<u>\$ 3.25</u>

#### Stock Options

The following table summarizes information about stock option activity for the year ended December 31, 2019:

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (\$ millions)
Outstanding on December 31, 2018	5,195,937	\$ 13.85		
Granted	2,220,959	\$ 4.60		
Forfeited	573,817	\$ 12.50		
Outstanding on December 31, 2019	6,843,079	\$ 10.96	4.07	\$ 2
Exercisable on December 31, 2019	6,050,372	\$ 11.18	3.95	\$ 2
Expected to vest December 31, 2019	792,707	\$ 9.27	5.86	\$ —

The aggregate intrinsic value represents the total pretax intrinsic value that option holders would have received had all option holders exercised their options on the last trading day of the year. The aggregate intrinsic value is the difference between the Kodak closing stock price on the last trading day of the year and the exercise price, multiplied by the number of in-the-money options.

There were no options exercised in 2019 or 2018.

The weighted average grant date fair value of options granted for the years ended December 31, 2019 and 2018 was \$1.73 and \$2.47, respectively. The total fair value of options that vested during the years ended December 31, 2019 and 2018 was \$7 million and \$5 million, respectively. Compensation cost related to stock options for the years ended December 31, 2019 and 2018 was \$5 million and \$4 million, respectively.

As of December 31, 2019, there was \$0.5 million of unrecognized compensation cost related to stock options. The cost is expected to be recognized over a weighted average period of 1.0 years.

Kodak utilizes the Black-Scholes option valuation model to estimate the fair value of stock options. Public trading of the Company's common stock began on September 23, 2013, providing limited historical data upon which to base assumptions.

The expected term of options granted is the period of time the options are expected to be outstanding and is calculated using a simplified method based on the option's vesting period and original contractual term. The Company uses only the historical volatility of the Company's stock to estimate expected volatility. The risk-free rate was based on the yield on U.S. Treasury notes with a term equal to the option's expected term.

The following inputs were used for the valuation of option grants issued in each year:

	Year Ended December 31,	
	2019	2018
Weighted-average fair value of options granted	\$ 1.73	\$ 2.45
Weighted-average risk-free interest rate	2.47%	2.70%
Range of risk-free interest rates	2.28% - 2.54%	2.59% - 2.95%
Weighted-average expected option lives	4.5 years	4.5 years
Expected option lives	4.5 years	4.4 - 4.5 years
Weighted-average volatility	90%	81%
Range of expected volatilities	81% - 90%	80% - 83%
Weighted-average expected dividend yield	0.00%	0.00%

#### NOTE 24: SHAREHOLDERS' EQUITY

The Company has 560 million shares of authorized stock, consisting of: (i) 500 million shares of common stock, par value \$0.01 per share and (ii) 60 million shares of preferred stock, no par value, issuable in one or more series. As of December 31, 2019 there were 43.2 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding. As of December 31, 2018 there were 42.8 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding.

##### *Treasury Stock*

Treasury stock consisted of approximately 0.7 and 0.6 million shares at December 31, 2019 and 2018, respectively.

##### *Backstop Registration Rights Agreement*

Upon emergence from bankruptcy on September 3, 2013 ("Effective Date"), the Company and GSO Capital Partners LP, on behalf of various managed funds, BlueMountain Capital Management, LLC, on behalf of various managed funds, George Karfunkel, United Equities Commodities Company, Momar Corporation and Contrarian Capital Management, LLC, on behalf of Contrarian Funds, LLC (collectively, the "Backstop Parties") executed a registration rights agreement (the "Backstop Registration Rights Agreement"). The Backstop Registration Rights Agreement, among other rights, provides the Backstop Parties with certain registration rights with respect to common stock offered to the Backstop Parties (and other eligible creditors) as part of a rights offering (the "Backstop registrable securities"). A portion of the shares issued in the rights offerings are restricted securities for purposes of Rule 144 under the Securities Act of 1933 and may not be offered, sold or otherwise transferred absent registration under the Securities Act of 1933 or an applicable exemption from registration requirements.

Stockholders holding Backstop registrable securities representing 10% of the outstanding common stock at emergence may require the Company to facilitate a registered offering of Backstop registrable securities (such offering, the "Initial Registration"). The Backstop registrable securities requested to be sold in the Initial Registration must have an aggregate market value of at least \$75 million. On October 20, 2016, the Initial Registration, in the form of a shelf registration statement registering all Backstop registrable securities, was declared effective by the SEC.

Following the Initial Registration, stockholders holding 10% or more of the outstanding Backstop registrable securities may demand that the Company file a shelf registration statement and effectuate one or more takedowns off of such shelf, or, if a shelf is not available, effectuate one or more stand-alone registered offerings, provided that such non-shelf registered offerings or shelf takedowns may not be requested more than four times and, in each case, shall include shares having an aggregate market value of at least \$75 million. Beginning on the second anniversary of the Effective Date, upon request of a stockholder, the Company shall amend its existing shelf registration statement to register additional Backstop registrable securities as set forth in the Registration Rights Agreement. Stockholders also have the right to include their Backstop registrable securities in the Initial Registration or any other non-shelf registered offering or shelf takedown of the common stock by the Company for its own account or for the account of any holders of common stock.

**NOTE 25: OTHER COMPREHENSIVE LOSS**

The changes in Other comprehensive loss by component, were as follows:

(in millions)	Year Ended December 31,	
	2019	2018
<b>Currency translation adjustments</b>		
Currency translation adjustments	\$ 3	\$ (11)
Amount transferred to net income due to the sale of an investment in a foreign entity	3	—
Currency translation adjustments and other	<u>6</u>	<u>(11)</u>
<b>Pension and other postretirement benefit plan changes</b>		
Newly established net actuarial loss	(14)	(5)
Tax benefit	9	1
Newly established net actuarial loss, net of tax	<u>(5)</u>	<u>(4)</u>
Reclassification adjustments:		
Amortization of prior service credit	(a) (8)	(8)
Amortization of actuarial losses	(a) 4	4
Recognition of gains due to settlements and curtailments	(a) (2)	(1)
Total reclassification adjustments	(6)	(5)
Tax provision	(1)	—
Reclassification adjustments, net of tax	<u>(7)</u>	<u>(5)</u>
Pension and other postretirement benefit plan changes, net of tax	<u>(12)</u>	<u>(9)</u>
Other comprehensive loss	<u>\$ (6)</u>	<u>\$ (20)</u>

(a) Reclassified to Pension income - refer to Note 20, "Retirement Plans" and Note 21, "Other Postretirement Benefits" for additional information.

**NOTE 26: ACCUMULATED OTHER COMPREHENSIVE LOSS**

Accumulated other comprehensive loss is composed of the following:

(in millions)	As of December 31,	
	2019	2018
Currency translation adjustments	\$ (90)	\$ (96)
Pension and other postretirement benefit plan changes	(327)	(315)
Ending balance	\$ (417)	\$ (411)

**NOTE 27: SEGMENT INFORMATION****Change in Segments**

Effective in January 2019 Kodak changed its organizational structure. Kodak Technology Solutions, formerly part of the Software and Solutions segment, was moved into the Consumer and Film segment. The Consumer and Film segment was renamed the Brand, Film & Imaging segment. The Unified Workflow Solutions business, formerly part of the Software and Solutions segment, operates as a dedicated segment named Kodak Software segment.

Financial information is reported for six reportable segments: Print Systems, Enterprise Inkjet Systems, Kodak Software, Brand, Film and Imaging, Advanced Materials and 3D Printing Technology and Eastman Business Park. A description of the reportable segments follows.

**Print Systems:** The Print Systems segment is comprised of two lines of business: Prepress Solutions and Electrophotographic Printing Solutions.

**Enterprise Inkjet Systems:** The Enterprise Inkjet Systems segment is comprised of two lines of business: the Prosper business and the Versamark business.

**Kodak Software:** The Software a segment is comprised of the Software business. two lines of business: Unified Workflow Solutions and Kodak Technology Solutions.

**Brand, Film and Imaging:** The Brand, Film and Imaging, segment is comprised of five lines of business: Consumer Products, Industrial Film and Chemicals, Motion Picture, Kodak Services for Business ("KSB) and Kodakit.

**Advanced Materials and 3D Printing Technology:** The Advanced Materials and 3D Printing Technology segment includes the Kodak Research Laboratories and associated new business opportunities and intellectual property licensing not directly related to other business segments.

**Eastman Business Park:** The Eastman Business Park segment includes the operations of the Eastman Business Park, a more than 1,200 acre technology center and industrial complex.

Segment financial information is shown below. Asset information by segment is not disclosed as this information is not separately identified and reported to the Chief Operating Decision Maker.

**Net Revenues from Continuing Operations by Reportable Segment**

(in millions)	Year Ended December 31,	
	2019	2018
Print Systems	\$ 836	\$ 896
Enterprise Inkjet Systems	128	136
Kodak Software	56	65
Brand, Film and Imaging	209	210
Advanced Materials and 3D Printing Technology	3	4
Eastman Business Park	10	9
Consolidated total	\$ 1,242	\$ 1,320

**Segment Measure of Profit and Loss**

Kodak's segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization ("Operational EBITDA"). As demonstrated in the table below, Operational EBITDA represents the earnings (loss) from continuing operations excluding the provision (benefit) for income taxes; non-service cost components of pension and OPEB income; depreciation and amortization expense; restructuring costs; stock-based compensation expense; consulting and other costs; idle costs; the former CEO separation agreement compensation; other operating (expense) income, net (unless otherwise indicated); interest expense and other charges, net.

Kodak's segments are measured using Operational EBITDA both before and after allocation of corporate selling, general and administrative expenses ("SG&A"). The segment earnings measure reported is after allocation of corporate SG&A as this most closely aligns with U.S. GAAP. Research and development activities not directly related to the other segments are reported within the Advanced Materials and 3D Printing Technology segment.

***Change in Segment Measure of Profitability***

During the first quarter of 2019 the segment measure was changed to exclude the costs, net of any rental income received, of underutilized portions of certain properties. Additionally, the allocation of costs from Eastman Business Park ("EBP") to the Brand, Film and Imaging segment and the Advanced Materials and 3D Printing Technology segment as tenants of EBP and to each of the segments as users of shared corporate space at the global headquarters changed.

**2020 Segments**

***Change in Segments***

Effective in January 2020 Kodak changed its organizational structure. Prepress Solutions, formerly part of the Print Systems segment, will operate as a separate segment named the Traditional Printing segment. Electrophotographic Printing Solutions, formerly part of the Print Systems segment, will be combined with the Enterprise Inkjet Systems segment and Kodak Software segment to form the Digital Print segment. The Brand, Imaging and Film segment, except for the licensing of the Kodak brand to third parties, will be combined with the Advanced Materials and 3D Printing segment to form the Advanced Materials and Chemicals segment. The licensing of the Kodak brand to third parties will operate as a separate segment named the Brand segment. The Eastman Business Park segment will no longer be a reportable segment.

**Segment Operational EBITDA and Consolidated Loss from Continuing Operations Before Income Taxes**

(in millions)	Year Ended December 31,	
	2019	2018
Print Systems	\$ 41	\$ 28
Enterprise Inkjet Systems	(5)	4
Kodak Software	2	7
Brand, Film and Imaging	(13)	(22)
Advanced Materials and 3D Printing Technology	(12)	(12)
Eastman Business Park	(1)	(4)
Total of reportable segments	12	1
Depreciation and amortization	(55)	(70)
Restructuring costs and other	(16)	(17)
Stock-based compensation	(7)	(6)
Consulting and other costs <sup>(1)</sup>	(7)	(14)
Idle costs <sup>(2)</sup>	(5)	(3)
Former CEO separation agreement compensation	(2)	—
Other operating expense, net, excluding income from transition services agreement <sup>(3)</sup>	(22)	(9)
Interest expense <sup>(4)</sup>	(16)	(9)
Pension income excluding service cost component <sup>(4)</sup>	104	131
Other charges, net <sup>(4)</sup>	(46)	(17)
Consolidated loss from continuing operations before income taxes	\$ (60)	\$ (13)

- (1) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives, including the divestiture of FPD and debt refinancing.
- (2) Consists of third-party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.
- (3) \$6 million of income from the transition services agreement with the Purchaser was recognized in the year ended December 31, 2019. The income was reported in Other operating expense, net in the Consolidated Statement of Operations. Other operating expense, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.
- (4) As reported in the Consolidated Statement of Operations.

Kodak increased workers' compensation reserves by approximately \$3 million in 2019, primarily due to changes in discount rates. The increase in reserves impacted gross profit by approximately \$2 million and SG&A by approximately \$1 million. Kodak reduced workers' compensation reserves by approximately \$5 million in 2018 due to changes in discount rates and reduction in estimated losses. The reduction in reserves impacted gross profit by approximately \$3 million and SG&A by approximately \$2 million.

Amortization and depreciation expense by segment are not included in the segment measure of profit and loss but are regularly provided to the Chief Operating Decision Maker.

(in millions)	Year Ended December 31,	
	2019	2018
<b>Intangible asset amortization expense from continuing operations:</b>		
Print Systems	\$ 2	\$ 6
Enterprise Inkjet Systems	4	4
Brand, Film and Imaging	1	1
Consolidated total	\$ 7	\$ 11

(in millions)	Year Ended December 31,	
	2019	2018
<b>Depreciation expense from continuing operations:</b>		
Print Systems	\$ 31	\$ 38
Enterprise Inkjet Systems	5	8
Kodak Software	2	2
Brand, Film and Imaging	4	4
Advanced Materials and 3D Printing	2	2
Eastman Business Park	4	5
Consolidated total	\$ 48	\$ 59

(in millions)	Year Ended December 31,	
	2019	2018
<b>Long-lived assets (1) located in:</b>		
The United States	\$ 85	\$ 104
Europe, Middle East and Africa	28	35
Asia Pacific	8	10
Canada and Latin America	60	67
Non-U.S. countries total (2)	96	112
Consolidated total	\$ 181	\$ 216

(1) Long-lived assets are comprised of property, plant and equipment, net.

(2) Of the total non-U.S. property, plant and equipment in 2019, \$56 million are located in Brazil. Of the total non-U.S. property, plant and equipment in 2018, \$60 million was located in Brazil.

#### Major Customers

No single customer represented 10% or more of Kodak's total net revenue in any year presented.

#### NOTE 28: RELATED PARTY

Kodak's Executive Chairman is the Chairman of the Board for a company that purchased \$3 million of products in both 2019 and 2018. At both December 31, 2019 and 2018, the company owed Kodak \$1 million.

#### NOTE 29: DISCONTINUED OPERATIONS

##### Flexographic Packaging segment

Discontinued operations of Kodak include the former Flexographic Packaging segment comprised of Kodak's Flexographic Packaging Business ("FPD").

Kodak consummated the sale of certain assets of FPD to MIR Bidco, SA (the "Purchaser") on April 8, 2019 for net cash consideration at closing, in addition to the assumption by Purchaser of certain liabilities of FPD, of \$320 million, pursuant to the Stock and Asset Purchase Agreement ("SAPA") signed in November 2018 and amended in March 2019. Assets and liabilities of FPD in China were transferred at a deferred closing on July 1, 2019 for net cash consideration of \$5.9 million at closing and a promissory note for \$1.4 million in addition to the assumption by Purchaser of certain liabilities of FPD, in accordance with the SAPA. Kodak operated FPD in China, subject to certain covenants, until the deferred closing occurred. The promissory note was reduced by a true-up payment of \$0.2 million owed by Kodak to the Purchaser which reflected the actual economic benefit attributable to the operation of FPD in China from the time of the initial closing through the time of the deferred closing.

The divested business has the right to use Kodak's corporate brand for a 10-year period related to Covered Products (as defined in the SAPA) for no additional consideration. Therefore, \$10 million of consideration received for the sale of FPD was recognized as deferred revenue related to the brand license. The deferred revenue is reported in Long-term liabilities in the Consolidated Statement of Financial Condition and will be recognized as revenue over the term of the license. Proceeds were allocated between the sale of FPD and the brand license based on their relative fair values.

Kodak recognized an after-tax gain on the sale of FPD of \$212 million in the year ended December 31, 2019.

Simultaneously with entering into the SAPA, the Company and the Purchaser entered into an Earn-out Agreement, pursuant to which the Company will be entitled to an aggregate of up to \$35 million in additional cash consideration if FPD achieves agreed EBITDA targets for 2018 (\$10 million earn-out), 2019 (\$10 million earn-out) and 2020 (\$15 million earn-out). The EBITDA target for 2018 was not achieved. The FPD 2019 results are not yet available.

On April 16, 2019 the Purchaser paid Kodak \$15 million as a prepayment for services and products to be provided by Kodak to the Purchaser. The Purchaser has the option to satisfy its payment obligations to Kodak through a reduction of the prepayment balance or in cash. As of December 31, 2019, the remaining prepayment balance was \$3 million.

The results of operations of FPD are classified as discontinued operations in the Consolidated Statement of Operations for all periods presented. Direct operating expenses of the discontinued operations are included in the results of discontinued operations. Indirect expenses that were historically allocated to the discontinued operations have been included in the results of continuing operations. Prior period results have been reclassified to conform to the current period presentation.

The results of operations of the Business are presented below:

(in millions)	Year Ended December 31,	
	2019	2018
Revenues	\$ 44	\$ 148
Cost of sales	28	90
Selling, general and administrative expenses	10	21
Research and development expenses	2	8
Interest expense	7	27
Gain on divestiture	(214)	—
Earnings from continuing operations before income taxes	211	2
Provision for income taxes	4	9
Earnings (loss) from discontinued operations	\$ 207	\$ (7)

Interest was allocated to discontinued operations based on an estimated debt paydown of the Term Credit Agreement.

The following table presents cash flow information associated with the Business:

(in millions)	Year Ended December 31,	
	2019	2018
Depreciation	\$ —	\$ 2
Amortization	—	1
Capital expenditures	—	7

Depreciation and amortization of long-lived assets of the Business included in discontinued operations ceased on December 1, 2018.

**NOTE 30: ASSETS HELD FOR SALE**

Assets held for sale at December 31, 2018 include the assets and liabilities of the FPD business and the assets and liabilities of Kodak (China) Graphics Communication Co. Ltd., including the offset printing plates facility in Xiamen, China.

The following table presents the aggregate carrying amount of major assets and liabilities of FPD:

(in millions)	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ —	\$ 2
Trade receivables, net	—	28
Inventories, net	—	33
Property, plant and equipment, net	—	28
Goodwill	—	20
Intangible assets	—	1
Other assets	—	1
<b>Assets of business held for sale</b>	<b>\$ —</b>	<b>\$ 113</b>
<b>LIABILITIES</b>		
Accounts payable, trade	\$ —	\$ 9
Other current liabilities	—	7
Pension and other postretirement liabilities	—	4
<b>Liabilities of business held for sale</b>	<b>\$ —</b>	<b>\$ 20</b>

A dedicated entity of FPD had intercompany receivables with Kodak of approximately \$5 million as of December 31, 2018 that were part of the transaction but are not reflected in the table above as these amounts have been eliminated in deriving the consolidated financial statements

On August 3, 2019 Kodak reached an agreement with Lucky HuaGuang Graphics Co. Ltd (“HuaGuang”) to establish a strategic relationship in the People’s Republic of China. The relationship is comprised of an agreement for Kodak to sell its shares of the Kodak (China) Graphic Communication Co. Ltd. entity which includes the offset printing plates facility in Xiamen, China, and related assets and liabilities, to HuaGuang, a supply agreement from HuaGuang to Kodak and a license agreement under which Kodak licenses its plates technology to HuaGuang to sell into the plates market in China. The relationship was established at a closing on September 1, 2019 for net cash consideration at closing, in addition to the assumption by HuaGuang of certain liabilities, of \$30 million and promissory notes of \$8 million representing the outstanding amount of net intercompany receivables owed by Kodak to the Kodak (China) Graphic Communication Co. Ltd at the time of closing. The promissory notes were repaid in full in November 2019.

The relationship with HuaGuang includes a license agreement under which Kodak licenses its plates technology to HuaGuang. Therefore, \$13 million of the \$30 million of consideration received was recognized as licensing revenue in the Print Systems segment in the three months ended September 30, 2019. Proceeds were allocated between the sale of the business and the intellectual property license based on their relative fair values.

The following table presents the aggregate carrying amount of major assets and liabilities of Kodak (China) Graphic Communication Co. Ltd:

(in millions)	<b>As of December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ —	\$ 13
Inventories, net	—	5
Property, plant and equipment, net	—	30
Intangible assets	—	2
Other assets	—	4
<b>Assets of business held for sale</b>	<b>\$ —</b>	<b>\$ 54</b>
<b>LIABILITIES</b>		
Accounts payable, trade	\$ —	\$ 19
Other current liabilities	—	4
<b>Liabilities of business held for sale</b>	<b>\$ —</b>	<b>\$ 23</b>

Current assets held for sale as of December 31, 2019 in the Consolidated Statement of Financial Position included \$2 million of assets under contract for sale not associated with either the FPD or HuaGuang transactions.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

***Evaluation of Disclosure Controls and Procedures***

Kodak maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Kodak's reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including Kodak's Executive Chairman and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Kodak's management, with participation of Kodak's Executive Chairman and Chief Financial Officer, has evaluated the effectiveness of Kodak's disclosure controls and procedures as of the end of the fiscal year covered by this Annual Report on Form 10-K. Kodak's Executive Chairman and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, Kodak's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

***Management's Report on Internal Control Over Financial Reporting***

The management of Kodak is responsible for establishing and maintaining adequate internal control over financial reporting. Kodak's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Kodak's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Kodak; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of Kodak are being made only in accordance with authorizations of management and directors of Kodak; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Kodak's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment or breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Kodak's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework" (2013). Based on management's assessment using the COSO criteria, management has concluded that Kodak's internal control over financial reporting was effective as of December 31, 2019.

***Changes in Internal Control over Financial Reporting***

There was no change identified in Kodak's internal control over financial reporting that occurred during Kodak's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kodak's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

Not applicable.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by Item 10 regarding directors is incorporated by reference from the information under the caption "Board of Directors and Corporate Governance - Director Nominees" in the Company's Notice of 2020 Annual Meeting and Proxy Statement (the "Proxy Statement"), which will be filed within 120 days after December 31, 2019. The information required by Item 10 regarding audit committee composition and audit committee financial expert disclosure is incorporated by reference from the information under the caption "Board of Directors and Corporate Governance - Committees of the Board - Audit and Finance Committee" in the Proxy Statement. The information required by Item 10 regarding executive officers is contained in Part I under the caption "Information About Its Executive Officers". The information required by Item 10 regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference, if necessary, from the information under the caption "Security Ownership of Certain Beneficial Owners and Management – Delinquent Section 16(a) Reports" in the Proxy Statement.

We have adopted a Business Conduct Guide that applies to all of our officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions, as well as a Directors' Code of Conduct that applies to our directors. Our Business Conduct Guide and Directors' Code of Conduct are posted on our website located at <http://investor.kodak.com/corporate-governance/supporting-documents>. We intend to disclose future amendments to certain provisions of the Business Conduct Guide and waivers of the Business Conduct Guide granted to executive officers, on the website within four business days following the date of the amendment or waiver.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by Item 11 is incorporated herein by reference from the information under the following captions in the Proxy Statement: "Executive Compensation", "Director Compensation" and "Board of Directors and Corporate Governance – Executive Compensation Committee Interlocks and Insider Participation."

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by Item 12 is incorporated by reference from the information under the captions "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement. "Securities Authorized for Issuance Under Equity Compensation Plans" is shown below:

**EQUITY COMPENSATION PLAN INFORMATION**

As of December 31, 2019, information about the Company's equity compensation plans is as follows:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units (a)	Weighted- Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans not approved by security holders (1)	7,564,880	\$ 10.96	—

(1) The Company's equity compensation plan not approved by security holders is the 2013 Omnibus Incentive Plan which was approved by the Bankruptcy Court pursuant to the Plan of Reorganization, the material terms of which were summarized in the Company's Current Report on Form 8-K filed on September 10, 2013, and a copy of which was filed with the Quarterly Report on Form 10-Q for the period ending September 30, 2013 and is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by Item 13 is incorporated by reference from the information under the captions "Certain Relationships and Related Transactions" and "Board of Directors and Corporate Governance - Director and Nominee Independence" in the Proxy Statement.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by Item 14 is incorporated by reference from the information under the caption "Principal Accounting Fees and Services" in the Proxy Statement.

## PART IV

## ITEM 15. FINANCIAL STATEMENT SCHEDULES, EXHIBITS

## 1. Valuation and qualifying accounts

## Schedule II

Eastman Kodak Company  
Valuation and Qualifying Accounts

(in millions)	Beginning Balance	Additions	Net Deductions and Other	Ending Balance
<b>Year ended December 31, 2019</b>				
Reserve for doubtful accounts	\$ 9	3	4	\$ 8
Deferred tax valuation allowance	\$ 853	64	96	\$ 821
<b>Year ended December 31, 2018</b>				
Reserve for doubtful accounts	\$ 9	4	4	\$ 9
Deferred tax valuation allowance	\$ 856	74	77	\$ 853

All other schedules have been omitted because they are not applicable, or the information required is shown in the financial statements or notes thereto.

**Eastman Kodak Company**  
**Index to Exhibits**

**Exhibit  
Number**

- (2.1) [Stock and Asset Purchase Agreement, dated as of November 11, 2018, by and between Eastman Kodak Company and MIR Bidco SA. \(Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K as filed November 13, 2018\).](#)
- (2.2) [First Amendment to Stock and Asset Purchase Agreement, dated as of March 29, 2019, by and between Eastman Kodak Company and MIR Bidco SA \(Incorporated by reference to Exhibit \(2.3\) of the Company's Current Report on Form 8-K as filed April 9, 2019\).](#)
- (2.3) [Earn-Out Agreement, dated as of November 11, 2018, by and between Eastman Kodak Company and MIR Bidco SA. \(Incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K as filed November 13, 2018\).](#)
- (3.1) [Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company \(Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013\).](#)
- (3.2) [Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company. \(Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed November 16, 2016\).](#)
- (3.3) [Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company \(Incorporated by reference to Exhibit \(3.1\) of the Company's Current Report on Form 8-K as filed September 12, 2019\).](#)
- (3.4) [Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company \(Incorporated by reference to Exhibit \(3.2\) of the Company's Current Report on Form 8-K as filed September 12, 2019\).](#)
- (3.5) [Fourth Amended and Restated By-Laws of Eastman Kodak Company. \(Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed on May 25, 2017\).](#)
- (4.1) [Registration Rights Agreement between Eastman Kodak Company and certain stockholders listed on Schedule 1 thereto, dated September 3, 2013. \(Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A as filed on September 3, 2013\).](#)
- (4.2) [Registration Rights Agreement by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, dated November 15, 2016. \(Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K as filed November 16, 2016\).](#)
- (4.3) [Shareholder Agreement, dated as of April 17, 2017, by and among Eastman Kodak Company, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited, Deseret Mutual Pension Trust and Southeastern Asset Management, Inc. \(Incorporated by reference to Exhibit 4.6 of the Company's Amendment No. 2 to Registration Statement on Form S-3 as filed on May 5, 2017\).](#)
- (4.4) [Amendment No. 1 to Shareholder Agreement, dated as of May 20, 2019 by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust \(Incorporated by reference to Exhibit \(10.2\) of the Company's Current Report on Form 8-K as filed May 21, 2019\).](#)
- (4.5) [Form of Secured Convertible Note \(Incorporated by reference to Exhibit \(4.1\) of the Company's Current Report on Form 8-K as filed May 24, 2019\).](#)
- (4.6) [Form Amendment, dated September 12, 2019, to Form of Secured Convertible Note \(Incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 as filed on November 7, 2019\).](#)

- (4.7) [Guarantee and Collateral Agreement, dated as of May 24, 2019, from grantors as referred to therein as Grantors to Wilmington Trust, National Association, as collateral agent, and Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust \(Incorporated by reference to Exhibit \(4.2\) of the Company's Current Report on Form 8-K as filed May 24, 2019\).](#)
- (4.8) [Registration Rights Agreement, dated as of May 24, 2019, by and among Eastman Kodak Company, Longleaf Partners SmallCap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust \(Incorporated by reference to Exhibit \(4.3\) of the Company's Current Report on Form 8-K as filed May 24, 2019\).](#)
- (4.9) [Tax Asset Protection Plan, dated as of September 12, 2019, between Eastman Kodak Company and Computershare Trust Company, N.A., as Rights Agent, which includes as Exhibit A the forms of Rights Certificate and Election to Exercise and as Exhibit B the form of Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company with respect to the Participating Preferred Stock of the Company \(Incorporated by reference to Exhibit \(4.1\) of the Company's Current Report on Form 8-K as filed September 12, 2019\).](#)
- (4.10) [Description of Securities, filed herewith.](#)
- \*(10.1) [Eastman Kodak Company 2013 Omnibus Incentive Plan. \(Incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013\).](#)
- \*(10.2) [First Amendment to the Eastman Kodak Company 2013 Omnibus Incentive Plan. \(Incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K as filed May 24, 2018\).](#)
- \*(10.3) [Second Amendment to the Eastman Kodak Company 2013 Omnibus Incentive Plan. \(Incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed on April 1, 2019\).](#)
- \*(10.4) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement. \(Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- \*(10.5) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Nonqualified Stock Option Agreement. \(Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 as filed on May 7, 2015\).](#)
- \*(10.6) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement \(with Modified Accelerated Vesting\). \(Incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017\).](#)
- \*(10.7) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement \(with Continued Vesting\). \(Incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017\).](#)
- \*(10.8) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement \(with Forfeiture upon Termination\). \(Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017\).](#)
- \*(10.9) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Award Agreement for 2018 Performance Incentive Program. \(Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 as filed on August 9, 2018\).](#)
- \*(10.10) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement. \(Incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014\).](#)

- \* (10.11) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement \(One Year Vesting\)](#). (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).
- \* (10.12) [Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Quarterly Director Restricted Stock Unit Award Agreement \(Immediate Vesting\)](#), filed herewith (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 as filed on November 7, 2019).
- \* (10.13) [Eastman Kodak Company Deferred Compensation Plan for Directors dated December 26, 2013](#). (Incorporated by reference to Exhibit 10.23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).
- \* (10.14) [Eastman Kodak Company Officer Severance Policy](#), effective as of November 10, 2015. (Incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed on March 15, 2016).
- \* (10.15) [Eastman Kodak Company Executive Compensation for Excellence and Leadership \(as amended and restated January 1, 2014\)](#). (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- \* (10.16) [Eastman Kodak Company Administrative Guide for the 2018 Performance Period under the Executive Compensation for Excellence and Leadership Plan](#). (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 as filed on May 10, 2018).
- \* (10.17) [Eastman Kodak Company Administrative Guide for Supplemental Awards for the 2018 Performance Period under the Executive Compensation for Excellence and Leadership Plan](#). (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 as filed on August 9, 2018).
- \* (10.18) [Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 10, 2014](#). (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
- \* (10.19) [Amendment to Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, dated March 14, 2016](#). (Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 as filed on May 5, 2016).
- \* (10.20) [Amended and Restated Employment Agreement between Eastman Kodak Company and Jeffrey J. Clarke, effective as of March 12, 2017](#). (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 as filed on May 9, 2017).
- \* (10.21) [Eastman Kodak Company 2013 Omnibus Incentive Plan Award Agreement for Jeffrey J. Clarke, dated March 12, 2014](#). (Incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
- \* (10.22) [Separation Agreement and Release between Eastman Kodak Company and Jeffrey J. Clarke dated February 20, 2019](#) (Incorporated by reference to Exhibit (10.22) of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed on April 1, 2019).
- \* (10.23) [Executive Chairman Agreement between Eastman Kodak Company and James V. Continenza, dated February 20, 2019](#) (Incorporated by reference to Exhibit (10.23) of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed on April 1, 2019).
- \* (10.24) [James V. Continenza Consolidated Award Agreements, Tranches 1-4, dated February 20, 2019](#) (Incorporated by reference to Exhibit (10.24) of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed on April 1, 2019).
- \* (10.25) [Employment Agreement between Eastman Kodak Company and Eric Mahe, dated April 23, 2014](#). (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 as filed on August 9, 2018).

- \* (10.26) [Description of Eric Mahe Travel Stipend. \(Incorporated by reference to the description in Item 5.02 in the Company's Current Report on Form 8-K as filed on October 3, 2018\).](#)
- \* (10.27) [Employment Agreement between Eastman Kodak Company and David E. Bullwinkle, dated June 20, 2016. \(Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016\).](#)
- \* (10.28) [Description of David E. Bullwinkle Compensation Increase. \(Incorporated by reference to the description in Item 5.02 in the Company's Current Report on Form 8-K as filed on November 30, 2018\).](#)
- \* (10.29) [Description of John O'Grady Compensation Increase. \(Incorporated by reference to the description in Item 5.02 in the Company's Current Report on Form 8-K as filed on April 9, 2018\).](#)
- \* (10.30) [Employment Agreement between Eastman Kodak Company and Sharon Underberg, dated December 17, 2014. \(Incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 as filed on March 15, 2018\).](#)
- \* (10.31) [Letter Agreement Regarding Special Severance Plan dated May 31, 2018 between Eastman Kodak Company and Roger W. Byrd, filed herewith.](#)
- (10.32) [Intercreditor Agreement dated September 3, 2013 among Bank of America, N.A. as Representative with respect to the ABL Credit Agreement, JPMorgan Chase Bank, N.A. as Representative with respect to the Senior Term Loan Agreement, Barclays Bank PLC, as Representative with respect to the Junior Term Loan Agreement, Eastman Kodak Company and the other grantors party thereto. \(Incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- # (10.33) [Senior Secured First Lien Term Credit Agreement dated September 3, 2013 among Eastman Kodak Company, as the Borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners. \(Incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- # (10.34) [Guarantee and Collateral Agreement dated September 3, 2013 from the grantors referred to therein as Grantors to JPMorgan Chase Bank, N.A. as Administrative Agent. \(Incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- (10.35) [Amendment No. 2 to Amended and Restated Credit Agreement \(including attached Second Amended and Restated Credit Agreement\), dated as of May 24, 2019 by and among Company, the subsidiary Guarantors, the lenders party thereto and Bank of America, N.A., as administrative and collateral agent\) \(Incorporated by reference to Exhibit \(10.1\) of the Company's Current Report on Form 8-K as filed May 24, 2019\).](#)
- # (10.36) [Amended and Restated Security Agreement, dated May 26, 2016, from the Grantors referred to therein, as Grantors, to Bank of America, N.A., as Agent. \(Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016\).](#)
- (10.37) [Series A Preferred Stock Purchase Agreement, dated as of November 7, 2016, by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust. \(Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K as filed on November 7, 2016\).](#)
- (10.38) [Notes Purchase Agreement, dated as of May 20, 2019, by and among Eastman Kodak Company, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust \(Incorporated by reference to Exhibit \(10.1\) of the Company's Current Report on Form 8-K as filed May 21, 2019\).](#)
- (10.39) [Form of Voting and Support Agreement \(Incorporated by reference to Exhibit \(10.2\) of the Company's Current Report on Form 8-K as filed May 24, 2019\).](#)

- (10.40) [Settlement Agreement between Eastman Kodak Company, Kodak Limited, Kodak International Finance Limited, Kodak Polychrome Graphics Finance UK Limited, and the KPP Trustees Limited, as trustee for the Kodak Pension Plan of the United Kingdom, dated April 26, 2013. \(Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 as filed on August 7, 2013\).](#)
- (10.41) [Amended and Restated Stock and Asset Purchase Agreement between Eastman Kodak Company, Qualex, Inc., Kodak \(Near East\), Inc., KPP Trustees Limited, as Trustee for the Kodak Pension Plan of the United Kingdom, and, solely for purposes of Section 11.4, KPP Holdco Limited, dated August 30, 2013. \(Incorporated by reference to Exhibit 2.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- (10.42) [Amended and Restated Settlement Agreement \(Eastman Business Park\) between Eastman Kodak Company, the New York State Department of Environmental Conservation, and the New York State Urban Development Corporation d/b/a Empire State Development, dated August 6, 2013. \(Incorporated by reference to Exhibit 10.10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013\).](#)
- (21) [Subsidiaries of Eastman Kodak Company, filed herewith.](#)
- (23) [Consent of Independent Registered Public Accounting Firm, filed herewith.](#)
- (31.1) [Certification signed by James V. Continenza, filed herewith.](#)
- (31.2) [Certification signed by David E. Bullwinkle, filed herewith.](#)
- (32.1) [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by James V. Continenza, filed herewith.](#)
- (32.2) [Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by David E. Bullwinkle, filed herewith.](#)
- (101.CAL) XBRL Taxonomy Extension Calculation Linkbase.
- (101.INS) XBRL Instance Document.
- (101.LAB) XBRL Taxonomy Extension Label Linkbase.
- (101.PRE) XBRL Taxonomy Extension Presentation Linkbase.
- (101.SCH) XBRL Taxonomy Extension Scheme Linkbase.
- (101.DEF) XBRL Taxonomy Extension Definition Linkbase.

\* Management contract or compensatory plan or arrangement.

# Eastman Kodak Company was granted confidential treatment for certain information contained in this exhibit. Such information was filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment under 17 C.F.R. §§ 200.80(b)(4) and 240.24b-2

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**EASTMAN KODAK COMPANY**

(Registrant)

By: /s/ James V. Continenza  
James V. Continenza  
Executive Chairman  
March 17, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

	<b>Signature</b>	<b>Title</b>
By:	<u>/s/ James V. Continenza</u> James V. Continenza	Executive Chairman (Principal Executive Officer)
By:	<u>/s/ David E. Bullwinkle</u> David E. Bullwinkle	Chief Financial Officer (Principal Financial Officer)
By:	<u>/s/ Eric H. Samuels</u> Eric H. Samuels	Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
By:	<u>/s/ Richard Todd Bradley</u> Richard Todd Bradley	Director
By:	<u>/s/ Jeffrey D. Engelberg</u> Jeffrey D. Engelberg	Director
By:	<u>/s/ George Karfunkel</u> George Karfunkel	Director
By:	<u>/s/ Philippe D. Katz</u> Philippe D. Katz	Director
By:	<u>/s/ Jason New</u> Jason New	Director
By:	<u>/s/ William G. Parrett</u> William G. Parrett	Director

Date: March 17, 2020

**EASTMAN KODAK COMPANY**  
**DESCRIPTION OF COMMON STOCK**

Eastman Kodak Company, a New Jersey corporation (the "Company"), has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): its common stock, par value \$0.01 per share ("Common Stock").

**General**

The Company is authorized to issue up to 500,000,000 shares of Common Stock and 60,000,000 shares of preferred stock, no par value per share. The rights of holders of the Common Stock are subject to the rights of holders of any series of preferred stock that may be issued from time to time (including the 2,000,000 shares of the Company's currently outstanding 5.50% Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock")), including liquidation rights, special voting rights and preferences with respect to payment of dividends. For a more detailed description of the terms of our capital stock, please refer to the Company's Second Amended and Restated Certificate of Incorporation and amendments thereto (collectively, the "Certificate") and the Fourth Amended and Restated By-Laws (the "By-Laws") filed as exhibits to the report to which this description is filed as an exhibit.

**Dividends**

Subject to applicable law and to the designated preferential rights of any outstanding series of preferred stock that the Board of Directors of the Company (the "Board") may cause to be issued, from time to time, the holders of Common Stock will be entitled to dividends as may be declared from time to time by the Board.

Holders of Series A Preferred Stock are entitled to receive cash dividends in an amount equal to the dividend rate of 5.50% of the liquidation preference of \$100.00 per share of Series A Preferred Stock (the "liquidation preference"). Dividends on the Series A Preferred Stock will be paid in cash if the Company has funds legally available for payment and the Board, or an authorized committee thereof, declares a cash dividend payable.

Prior to the mandatory redemption date of the Series A Preferred Stock, unless all accumulated and unpaid dividends on the Series A Preferred Stock have been paid in full or a sum for such amounts has been set aside for payment, the Company may not declare dividends on shares of Common Stock or any other shares of the Company's stock ranking junior or equal to the Series A Preferred Stock and may not purchase, redeem or otherwise acquire such shares, subject to certain customary exceptions.

**Ranking**

The Common Stock ranks junior to the Series A Preferred Stock as to payment of dividends and distributions of assets upon the liquidation, dissolution or winding up of Company.

**Voting Rights**

Each share of Common Stock entitles the holder thereof to one vote on all matters, including the election of directors, and, except as otherwise required by law or provided in any resolution adopted by our Board with respect to any series of preferred stock, the holders of the shares of Common Stock will possess all voting power. Generally, all matters to be voted on by the shareholders must be approved by a majority of the votes cast at a meeting at which a quorum is present, subject to state law and any voting rights granted to any of the holders of preferred stock. Holders of Series A Preferred Stock are entitled to vote upon all matters upon which holders of Common Stock have the right to vote, and will be entitled to the number of votes equal to the number of full shares of Common Stock into which such shares of Series A Preferred Stock could be converted at the then applicable conversion rate, at the record date, such votes to be counted together with shares of Common Stock and not separately as a class. The Certificate provides for certain limitations on the voting rights of holders of Common Stock with respect to amendments to the Certificate that affect the terms of outstanding preferred stock, including the Series A Preferred Stock.

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#### **Directors**

The number of directors shall be no fewer than seven and not more than 13, or as otherwise fixed pursuant to the Fourth Amended and Restated By-laws of the Company. Holders of Common Stock do not have cumulative voting rights with respect to the election of directors. A nominee for director shall be elected to the Board if the nominee receives a majority of the votes cast at a meeting at which a quorum is present. A nominee receives a majority of the votes cast if the votes "for" such nominee's election exceed the votes "against" such nominee's election. However, directors shall be elected by a plurality of the votes cast in any contested election for directors. A "contested election" is any election in which the number of nominees seeking election is more than the number of directors to be elected. Shareholders will be permitted only to vote "for" or "withhold" authority in a contested election.

The holders of the Series A Preferred Stock currently have the contractual right to nominate two individuals for election as members of the Board. If and when dividends on the Series A Preferred Stock are in arrears for six or more dividend periods, the holders of Series A Preferred Stock (voting with holders of all other classes of preferred stock of the Company whose voting rights are then exercisable) are entitled to vote for the election of two additional directors in the next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside, during which period the number of individuals the holders of the Series A Preferred Stock are contractually entitled to nominate will be reduced by two. If and when all accumulated dividends have been paid on the Series A Preferred Stock and other voting preferred stock, such rights of such holders of Series A Preferred Stock and other voting preferred stock will immediately cease and the contractual nomination right of the holders of the Series A Preferred Stock will be reinstated.

Except as may otherwise be required by law or by the Certificate, the By-Laws may be amended, altered, or repealed, in whole or in part, by the affirmative vote of a majority of the Board. The stockholders, by a majority of the votes cast at a meeting of the stockholders called for such purpose, may adopt, alter, amend or repeal the By-Laws whether made by the Board or otherwise; such amendments adopted by the stockholders may not be amended or repealed by action of the Board without (i) the affirmative vote of a majority of the votes cast at a meeting of the stockholders called for such purpose or (ii) approval by written consent of the stockholders.

#### **Other**

The holders of Common Stock do not have preemptive rights. There are no subscription, redemption, conversion or sinking fund provisions with respect to the Common Stock.

Pursuant to section 1123(a)(6) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), the Company is prohibited from issuing any non-voting equity securities for so long as section 1123 of the Bankruptcy Code is in effect and applicable to the Company. This restriction on the issuance of non-voting equity securities is included in the Certificate.

The transfer agent and registrar for the Common Stock, which is listed on the New York Stock Exchange under the symbol KODK, is Computershare Shareowner Services.

#### **Anti-Takeover Provisions**

Various provisions contained in the Certificate, the By-Laws, and New Jersey law could delay or discourage some transactions involving an actual or potential change in control of the Company or its management. Provisions in the Certificate and the By-Laws:

- provide that only a majority of the Board, the Chairman or the President may call a special meeting of the stockholders, except that a special meeting must be called upon the request from at least 20% of the total number of votes represented by the entire amount of capital stock of the Company issued and outstanding and entitled to vote at the meeting;
  - provide an advanced written notice procedure with respect to stockholder proposals and stockholder nomination of candidates for election as directors; and
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- provide that directors may fill any vacancies on the Board, including vacancies resulting from an increase the number of directors.

In addition, the Company is subject to Section 14A-10A of the New Jersey Shareholders Protection Act, a type of anti-takeover statute designed to protect stockholders against coercive, unfair or inadequate tender offers and other abusive tactics and to encourage any person contemplating a business combination with the Company to negotiate with the Board for the fair and equitable treatment of all stockholders. Subject to certain qualifications and exceptions, the statute prohibits an interested stockholder of a corporation from effecting a business combination with the corporation for a period of five years unless the corporation's board of directors approved the combination prior to the stockholder becoming an interested stockholder or after the stockholder becoming an interested stockholder if the corporation's board of directors approved both the transaction causing a person to become an interested stockholder and the subsequent business combination. In addition, but not in limitation of the five-year restriction, if applicable, corporations covered by the New Jersey statute may not engage at any time in a business combination with any interested stockholder of that corporation unless the combination is approved by the board of directors prior to the interested stockholder's stock acquisition date, the combination receives the approval of two-thirds of the voting stock of the corporation not beneficially owned by the interested stockholder or the combination meets minimum financial terms specified by the statute.

An "interested stockholder" is defined to include any beneficial owner of 10% or more of the voting power of the outstanding voting stock of the corporation and any affiliate or associate of the corporation who within the prior five year period has at any time owned 10% or more of the voting power of the then outstanding stock of the corporation.

The term "business combination" is defined to include a broad range of transactions including, among other things:

- the merger or consolidation of the corporation with the interested stockholder or any corporation that is or after the merger or consolidation would be an affiliate or associate of the interested stockholder,
- the sale, lease, exchange, mortgage, pledge, transfer or other disposition to an interested stockholder or any affiliate or associate of the interested stockholder of 10% or more of the corporation's assets, or
- the issuance or transfer to an interested stockholder or any affiliate or associate of the interested stockholder of 5% or more of the aggregate market value of the stock of the corporation.

The effect of the statute is to protect non-tendering, post-acquisition minority stockholders from mergers in which they will be "squeezed out" after the merger, by prohibiting transactions in which an acquirer could favor itself at the expense of minority stockholders. The statute generally applies to corporations that are organized under New Jersey law.

Total Rewards and Operational resident, Human Resources  
Personal and Confidential

May 31, 2018

TO: Roger Byrd  
FROM: Karen Kelly, Director, Total Rewards and Oper Excellence and VP, Human Resources  
SUBJECT: Special Severance Plan

Dear Roger:

In recognition of your critical contributions to the Legal organization, I am pleased to inform you of the Company's agreement to provide you with special severance protection, effective upon your agreement with the terms of this letter ("Agreement"). We hope that by providing you with this enhanced severance protection, you can maintain focus on the critical deliverables laid out for you in 2018 and beyond.

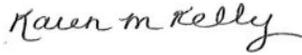
Under the terms of this letter, if your employment terminates without cause (as defined in the attached Appendix), we will provide for severance protection at 1X your base salary ("Separation Pay").

If the Company is required to pay severance or termination benefits to you under any other plan, agreement or arrangement, or by law, the Separation Pay payable to you under this Agreement will be reduced by the amount of the required severance or termination benefits required to be paid to you under such other plan, agreement or arrangement, or by law. This provision is intended to prevent duplication of benefits, and is not intended to permit an alteration in the time or form of the Separation Pay payable under this Agreement.

This Agreement is confidential and should not be discussed with anyone (including co-workers) other than your family members and your financial and legal advisors. These individuals must also keep the terms of the Agreement confidential. We are relying on your sensitivity and professionalism in observing this request.

On behalf of Kodak and the Legal organization, I want to thank you for your service and look forward to your continued contributions.

Sincerely,



/s/ Karen M. Kelly  
Director, Total Rewards and Operational Excellence and Vice President, HR

CC: Mary Anne Detmer Rich Michaels  
Sharon Underberg

## Appendix Special Severance Plan

### Qualifying Terminations:

- A.** Eligible Qualifying Terminations. In the event of the termination by the Company of your employment with the Company without Cause, if you satisfy the requirement set forth in Paragraph B Waiver and Release, you shall be eligible to receive the compensation specified in this Agreement. You will not be eligible for compensation or benefits under this Agreement in the event of the termination of your employment with the Company for Cause or by reason of your death or Disability.
- B.** Waiver and Release. To be eligible for the severance compensation and benefits specified by this Agreement, you must sign and not revoke a waiver and release of all claims arising out of (A) your employment with the Company, and (B) your termination of employment from the Company, on a form reasonably satisfactory to the Company and provided to the Participant, before the deadline specified by the release.
- C.** Non-Disparagement. By accepting any severance compensation or benefits under this Agreement, you agree and covenant not to disparage the Company, its directors, its officers or its employees; provided, however, this covenant shall not prohibit you from reporting possible violations of federal laws or regulations to any governmental agency or entity, including, but not limited to, the Securities and Exchange Commission.
- D.** Cause. For purposes of this Agreement, "Cause" means any of the following:
- (i) your continued failure, for a period of at least 30 calendar days following a written warning, to perform your duties in a manner deemed satisfactory by your supervisor, in the exercise of his or her sole discretion;
  - (ii) your failure to follow a lawful written directive of Kodak's Chief Executive Officer, your supervisor or Kodak's Board of Directors;
  - (iii) your willful violation of any material rule, regulation, or policy that may be established from time to time for the conduct of the Company's business;
  - (iv) your unlawful possession, use or sale of narcotics or other controlled substances, or performing job duties while illegally used controlled substances are present in the your system;
  - (v) any act or omission or commission by you in the scope of your employment (A) which results in the assessment of a civil or criminal penalty against you or the Company, or (B) which in the reasonable judgment of your supervisor could result in a material violation of any foreign or U.S. federal, state or local law or regulation having the force of law;
  - (vi) your conviction or plea of guilty or no contest to any crime involving moral turpitude;
  - (vii) any misrepresentation of a material fact to, or concealment of a material fact from, your supervisor or any other person in the Company to whom you have a reporting relationship in any capacity; or
  - (viii) your breach of the Company's Business Conduct Guide or the Eastman Kodak Company Employee's Agreement.

**Payment of Separation Pay; Tax Withholding:**

The Separation Pay payable to you in the event of your Qualifying Termination shall be paid over the 12-month period following the Qualifying Termination in accordance with the Company's usual payroll practices, less the amount of applicable federal, state and local income and employment tax withholdings. The payment of Separation Pay shall commence with the first full payroll period following the expiration of the period during which you may revoke the waiver and release required above, and the first installment of Separation Pay shall include any installments that would otherwise have been paid following the date of your Qualifying Termination and before the payment date of such first installment of Separation Pay.

**Section 409A:**

The Separation Pay is intended to qualify for an exemption from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated and other official guidance issued thereunder (collectively, "Section 409A"), and this Agreement shall be administered and interpreted consistent with such intent. Notwithstanding the foregoing, the Company makes no representations that the Separation Pay is exempt from Section 409A, and in no event will the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A. Each payment under this Policy shall be deemed to be a separate payment for purposes of Section 409A. References to "termination of employment" and similar terms used in this Agreement mean a "separation from service" within the meaning of Section 409A. In the event that you are a "specified employee" (within the meaning of Section 409A and as determined by the Company) at the time of separation from service, any compensation payable hereunder by reason of such separation of service that would otherwise be paid during the six-month period immediately following such separation from service shall instead be paid on the first day of the seventh month following the separation from service if and to the extent required to comply with Section 409A.

**Miscellaneous:**

- A. Employee's Agreement. Your Eastman Kodak Company Employee's Agreement will remain in full force and effect following the your termination of employment with the Company, including, without limitation, the provisions regarding nondisclosure of confidential information, non-competition with the Company, and non-solicitation of Company employees, customers and suppliers. Before you accept employment with any other person or entity while your Employee's Agreement is in effect, you must provide the prospective employer with written notice of the provisions of the Employee's Agreement and will deliver a copy of the notice to the Company.
- B. No Guarantee of Employment. Nothing in this Agreement will be construed as granting you a right to continued employment or other service with the Company, or to interfere with the right of the Company to discipline or discharge you at any time.
- C. Benefits Bearing. In no event shall any of the Separation Pay provided under this Agreement be "benefits bearing."
- D. Clawback. In the event that you breach any of the terms of the Eastman Kodak Company Employee's Agreement, in addition to and not in lieu of any other remedies that the Company may pursue against you, no further payments of Separation Pay will be made to

you pursuant to this Agreement and you shall immediately repay to the Company all moneys previously paid to you pursuant to this Agreement.

E. No Waiver. The failure by the Company or its agent to enforce any provision of this Agreement at any time or from time to time, and with respect to any person or persons, shall not be construed to be a waiver of such provision, nor in any way limit the Company's or its agent's ability to enforce such provision in any situation.

F. Severability. If part or all of any of the provisions of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular situation, such circumstances shall not have the effect of rendering any other parts of the provision at issue or other Agreement provisions invalid, inoperative or unenforceable to any extent whatsoever.

G. Governing Law. This Agreement shall be construed in accordance with the laws of New York State without regard to the conflicts of law principles thereof.

H. Headings. The headings used in this Agreement are for convenience of reference only and will not control or affect the meaning or construction of any of its provisions.

\* \* \* \* \*

Signature of agreement:

**EASTMAN KODAK COMPANY**

By: /s/ Roger W. Byrd  
Roger W. Byrd

Date: May 31, 2018

Eastman Kodak Company and Subsidiary Companies	
Subsidiaries of the Registrant as of December 31, 2019 are listed below:	
1680382 Ontario Limited	Ontario, Canada
Eastman Kodak Holdings B.V.	Netherlands
Da Hai (Shanghai) Trading Co Ltd	China
Eastman Kodak International Capital Company, Inc.	Delaware
Eastman Kodak Sarl	Switzerland
Far East Development Ltd	Delaware
FPC Inc.	California
Horsell Graphic Industries Ltd.	United Kingdom
Kodak	France
Kodak (Australasia) Pty. Ltd.	Australia
Kodak (China) Company Limited	China
Kodak (China) Graphic Communications Company Ltd.	China
Kodak (China) Investment Company Limited	China
Kodak (China) Limited	Hong Kong
Kodak (Malaysia) Sdn. Bhd.	Malaysia
Kodak (Near East), Inc.	New York
Kodak (Shanghai) International Trading Co. Ltd.	China
Kodak (Singapore) Pte. Limited	Singapore
Kodak (Thailand) Limited	Thailand
Kodak (Xiamen) Digital Imaging Products Company	China
Kodak A/S	Denmark
Kodak Americas, Ltd.	New York
Kodak Argentina S.A.I.C.	Argentina
Kodak Brasileira Comércio de Produtos para Imagem e Serviços Ltda.	Brazil
Kodak Canada ULC	British Columbia, Canada
Kodak Chilena S.A.F.	Chile
Kodak de Colombia, SAS	Columbia
Kodak de Mexico S.A. de C.V.	Mexico
Kodak Electronic Products (Shanghai) Company Limited	China
Kodak Film Lab Atlanta, Inc.	Delaware
Kodak GmbH	Austria
Kodak GmbH	Germany
Kodak Graphic Communications EAD	Germany
Kodak Graphic Communications GmbH	Germany
Kodak Graphic Communications Limited	United Kingdom
Kodak Holding GmbH	Germany
Kodak IL Ltd.	Israel
Kodak India Private Limited	India

Kodak International Finance Limited	United Kingdom
Kodak Japan Ltd.	Japan
Kodak Korea Limited	South Korea
Kodak LB Tech, LLC	Delaware
Kodak Limited	United Kingdom
Kodak Mexicana S.A.de C.V.	Mexico
Kodak Nederland B.V.	Netherlands
Kodak New Zealand Limited	New Zealand
Kodak Nordic AB	Sweden
Kodak OOO	Russia
Kodak Oy	Finland
Kodak PE Tech, LLC	Delaware
Kodak Philippines, Ltd.	New York
Kodak Polska Sp.zo.o	Poland
Kodak Polychrome Graphics (Maderia) Servicios Ltd.	Barbados
Kodak Polychrome Graphics Company Ltd.	Barbados
Kodak Polychrome Graphics Cono Sur SA	Uruguay
Kodak Polychrome Graphics Export SAFI	Uruguay
Kodak Realty, Inc.	New York
Kodak SA/NV	Belgium
Kodak Societa per Azioni	Italy
Kodak Societe Anonyme	Switzerland
Kodak Unterstützungsgesellschaft GmbH	Germany
Kodak, Sociedad Anonima	Spain
Kodakit (Singapore) Pte. Ltd.	Singapore
Kodakit Inc.	Delaware
Kodakit SAS	France
Kodakit UK Limited	United Kingdom
KP Services (Jersey) Limited	Jersey, Channel Islands
KPG Finance (Barbados) SRL	Barbados
KPSH P Co1 Limited	Jersey, Channel Islands
KPSH P Co2 Limited	Jersey, Channel Islands
Laboratories Kodak S.A.S.	France
Laser-Pacific Media Corporation	Delaware
NPEC Inc.	California

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-190957 and 333-225437) and Form S-3 (Nos. 333-213029 and 333-216006) of Eastman Kodak Company of our report dated March 17, 2020 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Rochester, New York  
March 17, 2020

## CERTIFICATION

I, James V. Continenza, certify that:

- 1) I have reviewed this Form 10-K;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James V. Continenza  
James V. Continenza  
Executive Chairman

Date: March 17, 2020

## CERTIFICATION

I, David E. Bullwinkle, certify that:

- 1) I have reviewed this Form 10-K;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/David E. Bullwinkle  
David E. Bullwinkle  
Chief Financial Officer

Date: March 17, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Eastman Kodak Company (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James V. Continenza, Executive Chairman of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James V. Continenza  
James V. Continenza  
Executive Chairman

Date: March 17, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Eastman Kodak Company (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David E. Bullwinkle, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/David E. Bullwinkle  
David E. Bullwinkle  
Chief Financial Officer

Date: March 17, 2020