

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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: **Chapter 11**  
: **Case No. 12-10202**  
: **(Jointly Administered)**  
: -----X

**In re:**  
**EASTMAN KODAK COMPANY, et al.,<sup>1</sup>**  
**Debtors.**

**SECOND SUPPLEMENTAL DECLARATION IN SUPPORT OF DEBTORS’  
RETENTION AND EMPLOYMENT OF ERNST & YOUNG LLP AS CARVE-OUT  
FINANCIAL STATEMENT, VALUATION AND TAX SERVICES PROVIDER**

I, Eugene P. Gramza, Jr., under penalty of perjury, declare as follows:

1. I am a partner of Ernst & Young LLP (“EY LLP”). I provide this second supplemental declaration (the “**Second Supplemental Declaration**”) on behalf of EY LLP in further support of its retention by Eastman Kodak Company and certain of its affiliates as debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases, to provide carve-out financial statement preparation assistance, valuation and tax services pursuant to the terms and conditions set forth in the master services agreement between the Debtors and EY LLP (the “**MSA**”) and the following incorporated statements of work issued under the MSA: Statement of Work #1 for bankruptcy tax services; Statement of Work #2 (the “**Carve-Out Assistance SOW**”) for carve-out assistance; Statement of Work #3 for valuation services; and Statement of Work #4 for property tax compliance and advisory services, all of

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Eastman Kodak Company (7150); Creo Manufacturing America LLC (4412); Eastman Kodak International Capital Company, Inc. (2341); Far East Development Ltd. (2300); FPC Inc. (9183); Kodak (Near East), Inc. (7936); Kodak Americas, Ltd. (6256); Kodak Aviation Leasing LLC (5224); Kodak Imaging Network, Inc. (4107); Kodak Philippines, Ltd. (7862); Kodak Portuguesa Limited (9171); Kodak Realty, Inc. (2045); Laser-Pacific Media Corporation (4617); NPEC Inc. (5677); Pakon, Inc. (3462); and Qualex Inc. (6019). The location of the Debtors’ corporate headquarters is: 343 State Street, Rochester, NY 14650.



which were attached to the Original Declaration (defined below) (the “SOWs,” and collectively, with the MSA, the “**Engagement Letter**”).

2. In accordance with the order approving EY LLP’s retention, this Second Supplemental Declaration supplements my original declaration, dated February 23, 2012 and filed in support of the original application to (the “**Original Declaration**”), and my first supplemental declaration dated May 17, 2012 and filed in further support of the Application (the “**First Supplemental Declaration**”).

3. The facts set forth in this Second Supplemental Declaration are based upon my personal knowledge, information and belief, and upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of EY LLP under my supervision and direction.

4. Pursuant to the Engagement Letter, as discussed in the Application, the Debtors retained EY LLP to provide, among other services, assistance with the operational carve-out and financial statement preparation for certain businesses for purposes of supporting obligations under the Debtors’ debtor in possession financing and transactions relating to the business.

5. Therefore, in accordance with the Debtors’ needs, the Engagement Letter submitted with the Application provided for subcontracting to other foreign member firms of the Ernst & Young global network (“**EYGL Entities**”) and the Application and my Original Declaration stated that the Debtors may require services in foreign jurisdictions around the world and that if EY LLP subcontracts to other EYGL Entities, EY LLP would file a supplemental declaration setting forth the nature of the services to be provided under the subcontracting arrangement. The Application and Original Declaration also provided that EY LLP will act as

the clearinghouse for invoices submitted by any subcontracted EYG Entities, and EY LLP will pay any such subcontracted EYG Entities directly for their services and will apply to the Court for reimbursement of any such payments. On March 22, 2012, the Court entered an order (the “**EY Retention Order**”) approving the Application and the terms of the Engagement Letter (except as otherwise stated therein). Therefore, EY LLP submits this Second Supplemental Declaration to disclose such subcontracting in accordance with the Application and Original Declaration as approved by the EY Retention Order.

6. The Debtors, as part of their restructuring, require tactical financial and tax carve out services in select markets globally in conjunction with the preparation of separate carve out financial statements for certain of their business divisions, for audit by the Debtors’ external auditors, PriceWaterhouseCoopers LLP (“**PwC**”). Therefore, pursuant to the Carve-Out Assistance SOW, Kodak has requested that EY LLP review and analyze the financial and tax records for certain of the Debtors’ business units, identify those assets of the Debtors’ estates belonging to each business unit, and prepare the information for audit by PwC. This work is a necessary step in the Debtors’ efforts to preserve and maximize value through these chapter 11 cases.

7. Because the relevant Kodak business units operate both in the United States and around the globe, Kodak has requested that EY LLP subcontract with EYGL Entities located in the following countries in connection with this work: Mexico, Brazil, Argentina, Switzerland, the United Kingdom, Italy, France, Hong Kong, China, India, Japan, Singapore, and Canada. Each subcontracted EYGL Entity will analyze the assets and financial information of the Debtors’ estates located in their respective countries for the carve-out work.

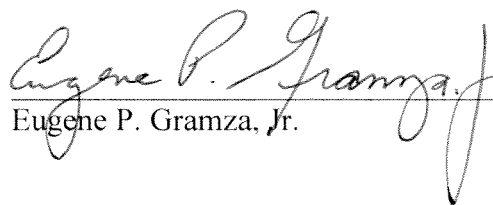
8. In accordance with the Application and the Engagement Letter, EY LLP shall be and shall remain fully and solely responsible for all of the liabilities and obligations of EY LLP under the Engagement Letter, whether or not performed, in whole or part, by EY LLP or any other EYGL Entity. EY LLP will act as the clearinghouse for invoices submitted by any subcontracted EYGL Entity. EY LLP will pass through the cost of any such subcontracted EYGL Entity to the Debtors at the same rate EY LLP pays such EYGL Entity and seek reimbursement for actual costs only.

9. To the best of my knowledge, information and belief formed after reasonable inquiry, EY LLP continues not to hold or represent any interest materially adverse to the Debtors in the matters for which EY LLP is retained, and EY LLP continues to be eligible for retention under the Bankruptcy Code.

*[signature page follows]*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 12, 2012

  
Eugene P. Gramza, Jr.