

Hearing Date: November 14, 2012 at 11:00 a.m. (ET)
Objection Deadline: November 7, 2012 at 4:00 p.m. (ET)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---|---|-------------------------|
| In re: |) | Chapter 11 |
| EASTMAN KODAK COMPANY, <i>et al.</i> , ¹ |) | Case No. 12-10202 (ALG) |
| Debtors. |) | (Jointly Administered) |

**DEBTORS’ MOTION FOR ENTRY OF AN ORDER PURSUANT
TO SECTION 363 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019 APPROVING THE SETTLEMENT
AGREEMENT BETWEEN THE DEBTORS AND ATLC, LTD.**

Eastman Kodak Company (“**Kodak**”) and certain of its affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”), file this motion (the “**Motion**”) for the entry of an order pursuant to section 363 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”), and rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), substantially in the form attached hereto as Exhibit A (the “**Proposed**

¹ 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.



Order”), authorizing and approving a comprehensive settlement agreement (the “**Proposed Agreement**”) between Kodak and ATLC, Ltd. (“**ATLC**” and together with Kodak, the “**Parties**”) attached as Exhibit 1 to the Proposed Order. In support of the Motion, the Debtors respectfully state as follows:

Preliminary Statement

1. From 1998 through 2006, pursuant to a Representation Agreement effective as of July 30, 1998, as amended April 10, 2001, May 22, 2003, October 9, 2003 and June 2, 2005 (collectively, the “**Representation Agreement**”), Kodak engaged ATLC to represent Kodak in certain licensing negotiations with respect to Kodak’s digital imaging patents in exchange for a percentage of the net proceeds of such negotiations.

2. A dispute arose between the Parties, and in May 2006, Kodak terminated ATLC’s right to act as Kodak’s representative under the Representation Agreement. The Parties’ dispute was settled in 2007 through a Settlement Agreement effective as of August 27, 2007 (the “**2007 Settlement Agreement**”) between Kodak and ATLC.

3. Disputes relating to ATLC’s former commercial relationship with Kodak have continued to arise between the Parties since 2007, and on May 20, 2011, ATLC filed a complaint against Kodak in the United States District Court for the Middle District of Florida, Case No. 6:11-cv-855-Orl-31GJK (the “**Lawsuit**”) alleging, *inter alia*, that Kodak breached the 2007 Settlement Agreement.

4. On July 16, 2012, ATLC filed proof of claim number 5213 (the “**Claim**”) asserting a secured claim against Kodak in an amount of \$58,620,113.54 plus unliquidated amounts on account of amounts allegedly owed and owing in the future under the Representation Agreement and 2007 Settlement Agreement.

5. On August 3, 2012, ATLC filed a Motion for Determination that (i) ATLC, Ltd. Is a Secured Creditor with a Valid, Perfected, First Priority Lien on Certain Patent Licensing Agreement Proceeds, or Alternatively, that (ii) Eastman Kodak Company Absolutely Assigned Such Proceeds to ATLC, Ltd. [Docket No. 1813] (the “**Determination Motion**”) seeking a determination that, pursuant to the Representation Agreement and/or the 2007 Settlement Agreement, Kodak had either (a) granted ATLC a security interest in or (b) absolutely assigned to ATLC a percentage of certain proceeds of licensing agreements in connection with Kodak’s digital imaging patents.

6. Pursuant to the Proposed Agreement, the Parties are resolving all claims and causes of action existing between the Debtors and ATLC. Significantly, the Proposed Agreement resolves the Determination Motion, a matter which could have led to costly litigation, and could have, if resolved in favor of ATLC, materially reduced the distributions received by the Debtors’ creditors under a plan of reorganization. Under the Proposed Agreement, the Parties stipulate that ATLC holds a \$40.5 million general unsecured claim. Additionally, the Proposed Agreement provides for ATLC to receive (x) additional general unsecured claims equal to a percentage of the proceeds, if any, from ongoing breach of contract litigation brought by the Debtors against certain patent license agreement counterparties (the “**Licensee Lawsuits**”), and (y) to receive a reasonable compensation for the time spent undertaking certain future services that ATLC may provide to the Debtors (the “**Services**”) in connection with the Licensee Lawsuits. ATLC has agreed to significantly reduced compensation in connection with the Services compared to the amount potentially owed to ATLC by the Debtors for such Services under the Representation Agreement and 2007 Settlement Agreement.

7. The Proposed Agreement further provides a mutual release of claims among the Parties relating to (i) the 2007 Settlement Agreement, (ii) the Representation Agreement, (iii) written agreements relating to the Representation Agreement and 2007 Settlement Agreement and (iv) the Lawsuit (with a carve out for obligations incurred under the Proposed Agreement), including claims and causes of action under chapter 5 of the Bankruptcy Code against ATLC.

8. The Debtors believe that the terms of the Proposed Agreement are fair and reasonable for all interested parties, including the Debtors' creditors. Moreover, the Debtors do not seek authority to make payment on account of any prepetition claim nor does this Motion constitute an assumption of any contract.

Background

9. On January 19, 2012 (the "**Petition Date**"), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered.

10. On January 25, 2012, the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed an Official Committee of Unsecured Creditors (the "**Creditors' Committee**") pursuant to section 1102 of the Bankruptcy Code [Docket No. 115].

11. Founded in 1880 and long one of the world's leading material science companies, the Debtors and their non-Debtor affiliates operate an integrated global business involving a diverse collection of mature and growth businesses and an array of valuable intellectual property. In order to address a shortfall in liquidity in the United States, monetize non-strategic intellectual property, fairly resolve legacy liabilities and focus on their most valuable business lines, the Debtors commenced these chapter 11 cases.

12. As stated in previous filings, the Debtors are pursuing a path to emerge from chapter 11 in 2013 with a strategic focus on their Commercial, Packaging & Functional Printing Solutions and Enterprise Services business.

Facts Specific to the Relief Requested

A. The Longstanding Dispute Between the Debtors and ATLC

13. Kodak and ATLC are parties to (i) the Representation Agreement, whereby Kodak engaged ATLC to represent Kodak in certain licensing negotiations with respect to Kodak's digital imaging patents in exchange for a percentage of the net proceeds of licensing agreements arising from such negotiations and (ii) the 2007 Settlement Agreement, whereby (a) the Parties resolved certain claims ATLC had asserted against Kodak in connection with the Representation Agreement, (b) Kodak undertook to pay ATLC equal quarterly payments over eight-and-a-half years, (c) Kodak undertook to pay ATLC 15% of the Net Proceeds (as defined in the Representation Agreement) (the "**Owed Percentage**") arising from certain scheduled licensing agreements (the "**Scheduled License Agreements**") and (d) the Parties agreed that the terms and provisions of the Representation Agreement survived execution of the 2007 Settlement Agreement.²

14. On April 2, 2012, the Debtors filed the Debtors' Third Omnibus Motion for an Order Authorizing Rejection of Certain Executory Contracts Nunc Pro Tunc to April 2, 2012 [Docket No. 767] (the "**Third Omnibus Rejection Motion**") which, *inter alia*, sought authorization to reject the Representation Agreement and 2007 Settlement Agreement. ATLC filed an objection [Docket No. 1094] arguing that both agreements were non-executory. The parties reached a consensual resolution and the Debtors submitted (and the Bankruptcy Court

² The Representation Agreement and 2007 Settlement Agreement are attached as Exhibits A and B, respectively, to the Determination Motion.

entered) a revised order [Docket No. 1155] that expressly reserved ATLC's right to assert an ownership interest, or administrative or secured status with respect to claims, in each case arising out of the Representation Agreement or 2007 Settlement Agreement. The Parties dispute whether ATLC has a secured, administrative, or unsecured claim (or whether the Debtors hold the Owed Percentage in constructive trust for ATLC) with respect to Owed Percentage amounts arising after the Petition Date.

15. On August 3, 2012, ATLC filed the Determination Motion seeking a determination that ATLC had an interest in the Owed Percentage. ATLC argued in the Determination Motion that because the Representation Agreement uses the term "assigns", the Owed Percentage is either (a) assigned as security or (b) absolutely assigned to ATLC. The Debtors believe that, among other things, the Representation Agreement and 2007 Settlement Agreement merely create an unsecured obligation to pay the Owed Percentage and the use of the term "assigns" was not intended to create a right in property. Additionally, the Debtors dispute the amount of the Claim asserted by ATLC.

16. If the Court were to rule in favor of ATLC in connection with the Determination Motion, certain amounts owed to ATLC could be subject to a first priority lien or constructive trust in its favor. Accordingly, the various disputed claims and causes of action between the Parties are highly material to the Debtors' estates and to their creditors, and the Determination Motion and the amount of the Claim would be fully litigated by all stakeholders in these chapter 11 cases. The Debtors believe that both parties would seek extensive discovery, including evidence relating to the interpretation of the Representation Agreement. This litigation would be costly and require the attention of not only the Debtors' professionals, but the professionals for the each of the key stakeholders in these chapter 11 cases.

B. Terms of the Proposed Agreement

17. The Debtors have been in discussions with ATLC for many months, beginning with negotiations in connection with the Debtors' Third Omnibus Rejection Motion. After ATLC filed the Determination Motion, the Debtors concluded that a global resolution of all current and future claims and causes of action among the Parties, including a resolution of the nature and amount of the Claim, was in the best interests of the Debtors' estates and creditors. Through their advisors, the Parties engaged in extensive arm's length negotiations, and the Debtors provided regular status updates regarding these negotiations to key stakeholders in these chapter 11 cases. As a result of these extensive good faith negotiations, the Parties have reached a comprehensive Proposed Agreement resolving all issues between them on the following terms:³

- The Claim will be reduced from its asserted amount to a stipulated amount of \$40,500,000 and shall be deemed an allowed general unsecured claim against Kodak (the "**Stipulated Claim**");
- ATLC will be entitled to an additional general unsecured claim equal to 10% of the Net Cash Proceeds actually paid by a defendant in the Licensee Lawsuits to the Debtors as a result of the settlement or final adjudication of Licensee Lawsuits (a "**Licensee Lawsuit General Unsecured Claim**"); provided, that if and only if Kodak submits a written request for Services to ATLC and ATLC performs such Services, in addition to the applicable Licensee Lawsuit General Unsecured Claim, ATLC shall receive payment for time spent undertaking such Services, as an administrative expense, in an amount equal to 5% of the Net Cash Proceeds resulting therefrom (a "**Services Payment**"). "**Net Cash Proceeds**" shall mean the aggregate of the total cash proceeds actually received by the Debtors or their assignee from a defendant or its affiliates on account of a judgment or settlement in a Licensee Lawsuit, less Kodak's total out-of-pocket expenses in the applicable Licensee Lawsuit; provided in the event that the Debtors do not receive cash in connection with resolution of a Licensee Lawsuit and receive other consideration,

³ The following is intended to provide a summary of the salient terms of the Proposed Agreement; to the extent that the summary contained in this Motion is inconsistent with the actual terms of the Proposed Agreement, the Proposed Agreement shall control.

Kodak shall use reasonable efforts to provide ATLC with the cash equivalent value to ATLC as if it had received Net Cash Proceeds;

- Mutual release of claims in respect of or in any way related to the 2007 Settlement Agreement, the Representation Agreement and the Lawsuit, including claims and causes of action under chapter 5 of the Bankruptcy Code against ATLC,⁴ with a carve out for claims arising from obligations created by the Proposed Agreement;
- Dismissal with prejudice of the Lawsuit by ATLC; and
- Termination of the Representation Agreement and 2007 Settlement Agreement as of April 30, 2012.

Jurisdiction

18. The Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6004(h) and 9019 and rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

Relief Requested

19. By this Motion, the Debtors seek entry of the Proposed Order authorizing the Parties to enter into the Proposed Agreement and such other and further relief as is just and proper.

⁴ Within 90 days of the Petition Date, Kodak made seven payments to ATLC in an aggregate amount of \$12.27 million comprising ATLC's Owed Percentage of ongoing royalties (the "**Royalty Payments**"). Pursuant to the terms of the 2007 Settlement Agreement, payment to ATLC of its Owed Percentage was due within 30 days of the Debtors' receipt of royalties; each of the Royalty Payments was made to ATLC within 26 to 30 days after the applicable royalties were received by Kodak. Kodak additionally made a \$1.65 million payment to ATLC on December 30, 2011, representing the quarterly payment due to ATLC no later than January 3, 2012 under the 2007 Settlement Agreement.

Basis for Relief

A. Bankruptcy Rule 9019

20. Bankruptcy Rule 9019(a) permits a debtor in possession to compromise and settle claims, subject to bankruptcy court approval. Fed. R. Bankr. P. 9019(a). The legal standard for determining the propriety of a bankruptcy settlement is whether the settlement is in the “best interests of the estate.” *In re Purofied Down Prods. Corp.*, 150 B.R. 519, 523 (S.D.N.Y. 1993). The United States Supreme Court has noted that “[c]ompromises are a ‘normal part of the process of reorganization.’” *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968) (citation omitted). The decision to approve a particular settlement lies within the sound discretion of the bankruptcy court. *Nellis v. Shugrue*, 165 B.R. 115, 122-23 (S.D.N.Y. 1994). In exercising its discretion, the bankruptcy court must make an independent determination that the settlement is fair and reasonable. *Id.* at 122. The court may consider the opinions of the debtor in possession and its counsel that the settlement is fair and reasonable. *Id.*; *see also In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993). This discretion should be exercised by the bankruptcy court “in light of the general public policy favoring settlements.” *In re Hibbard Brown & Co., Inc.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998); *Shugrue*, 165 B.R. at 123 (“[T]he general rule [is] that settlements are favored and, in fact, encouraged.”).

21. To approve a proposed settlement, a bankruptcy court is not required to decide numerous issues of law and fact raised by the settlement, but rather should “canvass the issues and see whether the settlement ‘fall[s] below the lowest point in the range of reasonableness.’” *Finkelstein v. W. T. Grant Co. (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983) (citing *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972)); *see also Purofied Down Prods.*, 150 B.R. at 522 (“the court need not conduct a ‘mini-trial’ to determine the merits of the underlying

[dispute]”). In deciding whether a particular settlement falls within the “range of reasonableness,” courts consider the following “*Iridium*” factors:

- “the balance between the litigation’s possibility of success and the settlement’s future benefits...;
- “the likelihood of complex and protracted litigation, ‘with its attendant expense, inconvenience, and delay’;
- “the paramount interests of creditors...;
- “whether other parties in interest support the settlement...;
- “the ‘competency and experience of counsel’ supporting, and ‘[t]he experience and knowledge of the bankruptcy court judge’ reviewing, the settlement...;
- “the nature and breadth of releases to be obtained by officers and directors; and...
- “the extent to which the settlement is the product of arm’s length bargaining.”

Motorola, Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC), 478 F.3d 452, 462 (2d Cir. 2007) (quoting *In re WorldCom, Inc.*, 347 B.R. 123, 137 (Bankr. S.D.N.Y. 2006)).

22. The Debtors believe that the Proposed Agreement represents a fair and equitable comprehensive resolution of disputes relating to ATLC’s former commercial relationship with Kodak, which falls well within the range of reasonableness and satisfies each of the *Iridium* factors.

23. With respect to the first factor, there is no question that the Proposed Agreement passes muster. Litigating the disputes that are the subject of compromise here (including complex claims requiring discovery of evidence dating from nearly 15 years ago) would be costly and distracting to the Debtors at a critical time in these chapter 11 cases. Given (a) the inherent uncertainty of litigation in general and (b) the impact of a first priority secured claim or

constructive trust on amounts due to ATLC (which would impact creditors' recoveries under a plan of reorganization), this Court should approve the Proposed Agreement under Bankruptcy Rule 9019. *See, e.g., Hibbard Brown*, 217 B.R. at 46 (approving settlement after finding that the legal issues presented were "complex" and carried "no guarantee of success").

24. The Proposed Agreement also easily satisfies the second *Iridium* factor. The disputes resolved therein likely would have continued for a significant period of time and consumed a significant amount of the Debtors' management's attention and energy. These disputes and disruptions would have distracted the Debtors from focusing on stabilizing their business operations and other aspects of their restructuring at a critical time in these chapter 11 cases.

25. With respect to the third *Iridium* factor, the Proposed Agreement is beneficial to the Debtors' estates and their stakeholders because if the Court ruled in favor of ATLC with respect to its Determination Motion, certain amounts owed to ATLC could be subject either to a constructive trust or a first priority lien in favor of ATLC. The Proposed Agreement ensures that ATLC only will receive a general unsecured claim on account of its prepetition claims. A Services Payment to ATLC only would be incurred by the Debtors if, in their business judgment, the Debtors believed that ATLC's assistance in the applicable Licensee Lawsuits was more valuable than the cost of the resulting Services Payment to the Debtors' estates. After evaluating all available means of resolving their disputes with ATLC, the Debtors have determined, in their business judgment and in consultation with their advisors and key stakeholders, that entering into the Proposed Agreement is far and away their best option in terms of maximizing the anticipated return to all creditors.

26. As for the last three Iridium factors, the Proposed Agreement was negotiated and proposed by the Parties without collusion, in good faith, and from arm's length bargaining positions. As noted above, these negotiations occurred over the course of several months, and resolve years of litigation and disputes between the Parties.

27. The benefit to the Debtors' estates from entering into the Proposed Agreement is clear. The Proposed Agreement eliminates the risk of subjecting certain amounts payable to ATLC to a first priority lien or constructive trust in favor of ATLC; avoids lengthy and complex litigation; and the Debtors preserve the ability to work with ATLC to secure the largest possible judgments in the Licensee Lawsuits while paying ATLC a smaller percentage of the proceeds of such litigation than ATLC was potentially entitled to under the Representation Agreement and 2007 Settlement Agreement. It is clear that the Proposed Agreement represents a resolution that falls well above the lowest point in the range of reasonableness.

28. In sum, the Debtors have determined, exercising their sound business judgment, that the Proposed Agreement with ATLC is fair, reasonable, and beneficial to the Debtors' estates and their stakeholders. The Proposed Agreement is in the best interests of the Debtors' creditors, and the paramount interests of all parties are best served by the Court's approval thereof. Accordingly, the Debtors respectfully request that the Court approve the Proposed Agreement pursuant to Bankruptcy Rule 9019.

B. Section 363 of the Bankruptcy Code

29. As noted above, the Proposed Agreement provides that the Debtors may request that ATLC provide Services in the Licensee Lawsuits in exchange for a Services Payment made as an administrative expense. The Debtors believe that such an agreement could be entered into in the ordinary course of their business. Nonetheless, in an abundance of caution, the Debtors

seek authorization pursuant to section 363(b) of the Bankruptcy Code to enter into such an agreement on the conditions set forth in the Proposed Agreement.

30. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Though section 363 of the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize the use, sale or lease of property of the estate, the Second Circuit has required that such use, sale or lease be based upon the sound business judgment of the debtor. *See In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992); *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983).

31. The Debtors only will request that ATLC provide Services if those Services will benefit the Debtors’ estates by maximizing the recovery in connection with the Licensee Lawsuits. The Debtors’ option to forego ATLC’s Services (and to grant ATLC only a Licensee Lawsuit General Unsecured Claim) ensures that post-petition payments only will be made to ATLC if the Debtors believe their Services will increase net recoveries to the Debtors’ estates.

32. Accordingly, the Debtors believe that the ability to retain ATLC’s Services in connection with a Licensee Lawsuit in exchange for a Services Payment is in the best interests of their estates and creditors, is fair and equitable, and should be approved by the Court.

Notice

33. Notice of this Motion shall be provided to: (a) the U.S. Trustee; (b) Milbank, Tweed, Hadley & McCloy LLP, counsel to the Creditors’ Committee; (c) U.S. Bank, National Association, as indenture trustee; (d) Wilmington Trust, National Association, as indenture trustee; (e) the Securities and Exchange Commission; (f) the Internal Revenue Service; (g) Davis Polk & Wardwell LLP, counsel to Citicorp North America, Inc., as agent for the Debtors’

postpetition secured lenders; (h) the Environmental Protection Agency; (i) Akin Gump Strauss Hauer & Feld LLP, counsel to the Ad Hoc Committee of Second Lien Noteholders; (j) Arent Fox LLP, counsel to the Official Committee of Retired Employees; (k) all parties requesting notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002; and (l) counsel to ATLC. The Debtors respectfully submit that further notice of this Motion is neither required nor necessary.

No Prior Request

34. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter an order, substantially in the form attached hereto as Exhibit A, granting the relief requested herein and (b) grant such other and further relief as is just and proper.

Dated: October 24, 2012
New York, New York

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EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---|---|-------------------------|
| In re: |) | Chapter 11 |
| |) | |
| EASTMAN KODAK COMPANY, <i>et al.</i> , ¹ |) | Case No. 12-10202 (ALG) |
| |) | |
| Debtors. |) | (Jointly Administered) |
| |) | |

**ORDER APPROVING SETTLEMENT AGREEMENT
BETWEEN THE DEBTORS AND ATLC, LTD.**

Upon the motion (the “**Motion**”)² of Eastman Kodak Company and certain of its affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of an order (this “**Order**”) approving the Settlement Agreement (the “**Proposed Agreement**”) between the Debtors and ATLC, Ltd. (“**ATLC**”); and the Court having found that this Court has jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334; and the Court having found that the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that proper, timely, adequate, and sufficient notice, including notice of the Motion and the relief requested therein, has been provided in accordance with the Bankruptcy Rules and no other or further notice of the Motion is or shall be required; and the Court having reviewed the Motion and having heard arguments and testimony presented at the hearing before the Court (if any); and the Court having found that the

¹ 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.

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections (if any) to the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing, it is hereby ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. The Debtors are authorized, pursuant to Bankruptcy Rule 9019 and section 363 of the Bankruptcy Code, to enter into the Proposed Agreement with ATLC attached hereto as Exhibit 1.
3. Pursuant to Bankruptcy Rule 9019, the Proposed Agreement and all transactions contemplated thereunder, including, but not limited to, payment of a Services Payment (if any) and the mutual waiver of claims between the Debtors and ATLC, are approved in all respects.
4. Amounts, if any, payable by the Debtors to ATLC pursuant to the Agreement shall constitute administrative expenses under section 503(b) of the Bankruptcy Code, as and to the extent provided in the Proposed Agreement.
5. A proof of claim filed by ATLC against the estate of Kodak (x) for amounts, if any, payable as a Services Payment or due under paragraph 11 of the Proposed Agreement and (y) in respect of any Licensee Lawsuit General Unsecured Claim, in each case as and to the extent provided in the Proposed Agreement, shall be deemed timely filed.
6. The Debtors are hereby authorized to execute and deliver such documents, and take and perform any and all actions, reasonably necessary or appropriate to implement and effectuate the relief requested in the Motion and granted in connection with this Order.
7. The notice requirements set forth in Local Rule 9013-1(b) are satisfied.

8. This Order is immediately effective and enforceable, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

9. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Order.

Dated: November __, 2012
New York, New York

Allan L. Gropper
United States Bankruptcy Judge

EXHIBIT 1

Settlement Agreement

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | | |
|---|---|---|-------------------------|
| | | | |
| In re: |) |) | Chapter 11 |
| EASTMAN KODAK COMPANY, <i>et al.</i> , ¹ |) |) | Case No. 12-10202 (ALG) |
| Debtors. |) |) | Jointly Administered |
| |) |) | |

SETTLEMENT AGREEMENT RESOLVING ATLC, LTD.’S (A) MOTION FOR DETERMINATION THAT (I) ATLC, LTD. IS A SECURED CREDITOR WITH A VALID, PERFECTED, FIRST PRIORITY LIEN ON CERTAIN PATENT LICENSING AGREEMENT PROCEEDS, OR ALTERNATIVELY, THAT (II) EASTMAN KODAK COMPANY ABSOLUTELY ASSIGNED SUCH PROCEEDS TO ATLC, LTD. AND (B) PROOF OF CLAIM NUMBER 5213

This Settlement Agreement (the “**Agreement**”) is made by and among Eastman Kodak Company, (“**Kodak**”, together with its affiliated debtors and debtors in possession, the “**Debtors**”) and ATLC, Ltd. (“**ATLC**”, and together with the Debtors, the “**Parties**”), by and through their undersigned counsel.

RECITALS

WHEREAS, the Debtors are currently in proceedings pending in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) under chapter 11 of title 11 of the United States Code (11 U.S.C. §§ 101 et seq.) (as amended, the “**Bankruptcy Code**”) under Case No. 12-10202 (ALG) (Jointly Administered).

¹ 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.

WHEREAS, Kodak and ATLC are parties to a Representation Agreement, effective as of July 30, 1998, as amended April 10, 2001, May 22, 2003, October 9, 2003 and June 2, 2005 (the “**Representation Agreement**”), whereby Kodak engaged ATLC to represent Kodak in certain licensing negotiations with respect to Kodak’s digital imaging patents in exchange for a percentage of the net proceeds of licensing agreements arising from such negotiations.

WHEREAS, Kodak and ATLC are parties to a Settlement Agreement and Release, effective as of August 27, 2007 (the “**Settlement Agreement**”), whereby (a) Kodak and ATLC resolved certain claims ATLC had asserted against Kodak in connection with the Representation Agreement, (b) Kodak undertook to pay ATLC quarterly payments over an 8.5 year term and (c) Kodak and ATLC agreed that the terms and provisions of the Representation Agreement survived execution of the Settlement Agreement.

WHEREAS, ATLC has filed a complaint against Kodak in the United States District Court for the Middle District of Florida, Case No. 6:11-cv-855-Orl-31GJK (the “**Lawsuit**”) alleging, *inter alia*, that Kodak breached the Settlement Agreement.

WHEREAS, on April 2, 2012, the Debtors filed the Debtors' Third Omnibus Motion for an Order Authorizing Rejection of Certain Executory Contracts Nunc Pro Tunc to April 2, 2012 [Docket No. 767] which, *inter alia*, sought authorization to reject the Representation Agreement and Settlement Agreement. ATLC filed an objection [Docket No. 1094] arguing that both agreements were non-executory, among other things. The parties reached a consensual resolution and the Debtors submitted (and the Bankruptcy Court entered) a revised order [Docket No. 1155] (the “**Rejection Order**”) that expressly reserved ATLC’s right

to assert an ownership interest, or administrative or secured status with respect to claims, in each case arising out of the Representation Agreement or Settlement Agreement.

WHEREAS, on July 16, 2012, ATLC filed proof of claim number 5213 (the “**POC**”) asserting a secured, liquidated claim in an amount of \$58,620,113.54 plus unliquidated amounts on account of amounts allegedly owed or owing under the Representation Agreement and Settlement Agreement including for running royalties received or to be received by Kodak in the future (the “**Claim**”).

WHEREAS, on August 3, 2012, ATLC filed a Motion for Determination that (i) ATLC, Ltd. Is a Secured Creditor with a Valid, Perfected, First Priority Lien on Certain Patent Licensing Agreement Proceeds, or Alternatively, that (ii) Eastman Kodak Company Absolutely Assigned Such Proceeds to ATLC, Ltd., (the “**Determination Motion**”) seeking a determination that, pursuant to the Representation Agreement and/or the Settlement Agreement, Kodak had either (a) granted ATLC a security interest in or (b) absolutely assigned to ATLC a percentage of certain proceeds of licensing agreements in connection with Kodak’s digital imaging patents.

WHEREAS, ATLC has adjourned the Determination Motion to the hearing to be held on November 14 at 11:00 a.m; and

WHEREAS, the Parties have engaged in good-faith negotiation concerning the Lawsuit, the Determination Motion and the Claim and desire to resolve the issues raised thereby in connection with an global resolution of the claims and causes of action existing between the Debtors and ATLC.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, the Parties stipulate and agree as follows:

1. Effective Date. This Agreement is subject to and shall be immediately effective on the date of entry of an order of the Bankruptcy Court approving the terms hereof (the “**Effective Date**”). The terms and provisions of this Agreement shall be void and of no further force and effect if such approval by the Bankruptcy Court is not granted. This agreement shall be inadmissible in any future proceeding if not approved by the Bankruptcy Court.

2. Stipulated Claim. The Parties agree that the entire Claim, including unliquidated amounts for future running royalty payments, will be reduced from its asserted amount to a stipulated amount of \$40,500,000 and shall be deemed an allowed general unsecured claim against Kodak (the “**Stipulated Claim**”). ATLC shall promptly take such steps to amend the POC to reflect the foregoing. The Stipulated Claim, however, expressly excludes (x) any Licensee Lawsuit General Unsecured Claim provided for in paragraph 3 and (y) any Services Payment that may be payable under paragraph 4 hereof.

3. Licensees Breach of Contract Litigation. Kodak is a party to breach of contract litigation against Asia Optical Co., Inc, Altek Corp., Kyocera Corporation and Ricoh Company, Ltd.,² counterparties that licensed Kodak’s intellectual property during the term of the Representation Agreement for which, pursuant to the Settlement Agreement, ATLC would be owed a commission of 15% of the “net proceeds” (as defined in the Representation Agreement) (“**Licensee Lawsuits**”). ATLC agrees it will be entitled only to a general unsecured claim (a

² The case numbers for the Licensee Lawsuits are: Asia Optical Co., Inc., 11-cv-6036 (S.D.N.Y.), on appeal to 2nd Cir., Docket No. 12-3206; Altek Corp., 12-cv-0246 (S.D.N.Y.); Kyocera Corporation, 6:10-cv-06334 (W.D.N.Y.); and Ricoh Company, Ltd., 12-cv-3109 (S.D.N.Y.).

“**Licensee Lawsuit General Unsecured Claim**”) equal to 10% of the Net Cash Proceeds actually paid to the Debtors as a result of the settlement or final adjudication of the Licensee Lawsuits except as otherwise provided in paragraph 4. “**Net Cash Proceeds**” shall mean the aggregate of the total cash proceeds actually received by the Debtors or their assignee from a defendant or its affiliates on account of a judgment or settlement in a Licensee Lawsuit, less Kodak’s total out-of-pocket expenses in the applicable Licensee Lawsuit; provided in the event that the Debtors do not receive cash in connection with resolution of a Licensee Lawsuit and receives other consideration, Kodak shall use reasonable efforts to provide ATLC with the cash equivalent value to ATLC as if it had received Net Cash Proceeds.

4. Future Services. If Kodak submits a written request to ATLC for Services in the form of Annex A hereto with respect to an identified Licensee Lawsuit (a “**Request for Services**”), ATLC shall cooperate with the Debtors to cause its partners, agents, officers, directors, employees, attorneys and representatives to provide whatever services are reasonably requested by Kodak in connection with such Licensee Lawsuit, including gathering and providing information and/or meeting and conferring with Kodak or its attorneys of record in that case (such services, collectively, the “**Services**”). If and only if (a) Kodak submits a Request for Services to ATLC and (b) ATLC performs the Services, then in consideration thereof and in satisfaction of expenses relating thereto, the Debtors agree that ATLC shall receive payment for time spent undertaking such activities as an administrative expense for such Services of 5% of the Net Cash Proceeds resulting therefrom (a “**Services Payment**”). A Request for Services shall have been deemed to have been submitted in connection with the Ricoh Company, Ltd. Licensee Lawsuit. The Services Payment shall be in addition to the Licensee Lawsuit General Unsecured Claim. In the event that ATLC receives a subpoena, notice

of deposition or other information request from a defendant to a Licensee Lawsuit, ATLC shall notify Kodak or its attorneys of record in that case of such request. The Services Payment shall be due and payable 30 calendar days after Kodak's receipt of Net Cash Proceeds and shall in no event exceed \$1.25 million for any one individual Licensee Lawsuit and \$5 million in the aggregate for all Licensee Lawsuits. In the event that Kodak or an affiliate receives Net Cash Proceeds arising from a Licensee Lawsuit, Kodak shall provide ATLC with a sworn certification of the amount of Net Cash Proceeds received when it makes the Services Payment or the alternative that it received no consideration for settlement thereof.

5. Debtors' Control of Licensee Lawsuits. Notwithstanding the foregoing, the Debtors shall have the sole power to direct and control the Licensee Lawsuits, and the Debtors may settle, compromise or offer to settle or compromise any Licensee Lawsuit in their sole discretion, including by dismissing a Licensee Lawsuit, for any reason, without receiving any Net Cash Proceeds. In the event that Kodak settles or compromises a Licensee Lawsuit without receiving any Net Cash Proceeds, it shall provide ATLC with a sworn certification that it received or will receive no Net Cash Proceeds whatsoever in exchange for settling or compromising such Licensee Lawsuit.

6. Withdrawal of Determination Motion. This Agreement resolves the Determination Motion and such motion is withdrawn with prejudice as of the Effective Date. ATLC, on behalf of itself and its affiliates, admits and agrees any and all amounts owing by the Debtors to ATLC are general unsecured claims, subject only to an administrative claim for the Services Payment set forth in paragraph 4 above.

7. Sole Remedy. Under no circumstance shall ATLC have a claim against the Debtors other than (i) a Licensee Lawsuit General Unsecured Claim, (ii) Kodak's obligation

to make a Services Payment and as set for in paragraph 11 hereof and (iii) the Stipulated Claim. ATLC shall be permitted to file a separate claim (x) for amounts, if any, payable as a Services Payment or due under paragraph 11 and (y) in respect of any Licensee Lawsuit General Unsecured Claim, which shall be agreed by Kodak to be timely and such agreement shall be approved under the order approving this Agreement.

8. ATLC Release. As of the Effective Date, ATLC, on behalf of itself and its direct and indirect parents, direct and indirect subsidiaries (whether wholly or partially owned), affiliates, trustees, executors, estates, heirs, and assigns, and each of their respective current and former partners, agents, officers, directors, employees, representatives, attorneys, successors, and predecessors (the “**ATLC Releasing Parties**”) fully and forever releases, discharges and acquits the Debtors, their direct and indirect parents, direct and indirect subsidiaries (whether wholly or partially owned), affiliates, trustees, executors, estates, heirs, and assigns, and each of their respective current and former partners, agents, officers, directors, employees, representatives, attorneys, successors, and predecessors from any and all manner of claims, actions, suits, debts, covenants, contracts, controversies, agreements, promises, judgments, executions, rights, damages, costs, expenses, claims, and any and all demands and causes of action of every kind, nature and character whatsoever, at law or in equity, whether based on contract (including, without limitation, quasicontract or estoppel), statute, regulation, tort (including, without limitation, intentional torts, fraud, misrepresentation, defamation, breaches of alleged fiduciary duty, recklessness, gross negligence, willful misconduct or negligence) or otherwise, accrued or unaccrued, known or unknown, matured, unmatured, liquidated or unliquidated, certain or contingent, which they ever had, now have or may hereafter have in respect of or in any way related to the (i) Settlement Agreement, (ii) the Representation

Agreement, (iii) written agreements related to Settlement Agreement or Representation Agreement and (iv) the Lawsuit. This paragraph 8 shall not release any of the obligations created by this Agreement.

9. Debtor Release. As of the Effective Date, each of the Debtors, on behalf of itself and its bankruptcy estate, and its direct and indirect parents, direct and indirect subsidiaries (whether wholly or partially owned), affiliates, trustees, executors, estates, heirs, and assigns, and each of their respective current and former partners, agents, officers, directors, employees, representatives, attorneys, successors, and predecessors fully and forever, discharge and acquit ATLC, its direct and indirect parents, direct and indirect subsidiaries (whether wholly or partially owned), affiliates, trustees, executors, estates, heirs, and assigns, and each of their respective current and former partners, agents, officers, directors, employees, representatives, attorneys, successors, and predecessors from any and all manner of claims, actions, suits, debts, covenants, contracts, controversies, agreements, promises, judgments, executions, rights, damages, costs, expenses, claims, and any and all demands and causes of action of every kind, nature and character whatsoever, at law or in equity, whether based on contract (including, without limitation, quasicontract or estoppel), statute, regulation, tort (including, without limitation, intentional torts, fraud, misrepresentation, defamation, breaches of alleged fiduciary duty, recklessness, gross negligence, willful misconduct or negligence) or otherwise, accrued or unaccrued, known or unknown, matured, unmatured, liquidated or unliquidated, certain or contingent, which they ever had, now have or may hereafter have in respect of or in any way related to the (i) Settlement Agreement, (ii) the Representation Agreement, (iii) written agreements related to Settlement Agreement or Representation Agreement and (iv) the Lawsuit (in each case, other than Continuing Duties (as defined below)), including, without limitation,

any and all claims of the Debtors' estates under Chapter 5 of the Bankruptcy Code. This paragraph 9 shall not release any of the obligations created by this Agreement.

10. Dismissal with Prejudice of the Lawsuit. The Parties agree that ATLC shall direct its attorneys to file a Notice or Stipulation of Dismissal with Prejudice of the Lawsuit in substantially the form attached hereto as Annex B within five days of the Effective Date, which filing shall be a condition precedent to the Debtors' obligations under this Agreement. If the Lawsuit is not dismissed with prejudice in response to such Notice or Stipulation of Dismissal with Prejudice, ATLC shall take all available actions to dismiss the Lawsuit with prejudice.

11. Termination of Agreements. The Parties agree that the Representation Agreement and Settlement Agreement are terminated as of April 30, 2012, including all rights, duties and obligations which, by their terms, survive termination; provided, section 20 of the Representation Agreement and paragraphs 15 through 18 of the Settlement Agreement, in each case except as expressly amended hereby, shall survive the Effective Date in full force and effect (collectively, the "**Continuing Duties**"). Notwithstanding the foregoing, in the event that any ATLC Releasing Party reasonably believes that any law, legal proceeding, discovery request, judicial order, or necessary governmental and financial reporting may require the disclosure of Confidential Information (as defined in the Settlement Agreement), such ATLC Releasing Party will: (i) provide Kodak with prompt prior written notice of such required disclosure so that Kodak may seek a protective order, confidential treatment, or other appropriate remedy at Kodak's sole cost and expense, and (ii) consult with Kodak with respect to Kodak's taking steps to resist or narrow the scope of such request or legal proceeding. In the event Kodak notifies ATLC of its intent to seek such protective order or other remedy, such ATLC Releasing Party

will provide reasonable cooperation to Kodak in seeking such protective order or other remedy at Kodak's sole cost and expense and shall only turn over such information as required by a final court order or as required to be disclosed under applicable law as reasonably determined by ATLC's counsel (unless there is a pending timely filed motion seeking a protective order with respect to such disclosure). ATLC shall not have liability in connection with any disclosure described above if Kodak does not pay, within 30 days of demand therefor, the reasonably documented costs and expenses of a ATLC Releasing Party as set forth in this paragraph 11 or notify ALTC of its intent to seek a protective order (to the extent a protective order is required to protect such disclosures). In connection with their chapter 11 cases, the Debtors shall be permitted to disclose the terms of the Settlement Agreement and the Representation Agreement to the Bankruptcy Court, statutory and/or "ad hoc" committees and the agent for the Debtors' postpetition secured lenders, and ATLC shall be permitted to disclose those terms to a prospective purchaser of its claim (provided that party obligates itself to ATLC and the Debtors to maintain the confidentiality of those provisions on terms acceptable to the Debtors).

12. No Admission of Liability. The Debtors and ATLC agree that this Agreement represents the compromise of a disputed claim or claims and an agreement regarding Services that may be rendered by ATLC, and none of the terms or provisions of this Agreement constitute an admission of liability on the part of the Debtors, by whom liability is expressly denied.

13. Successors and Assigns. This Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of all the parties hereto and each of their respective executors, heirs, successors and assigns. In the event that the Debtors assign the Licensee Lawsuit in connection with their Chapter 11 cases, the obligation to make payments to

ATLC shall be assigned therewith or Kodak shall reserve sufficient proceeds to comply with its obligations hereunder. In the event that ATLC sells its Stipulated Claim to a third party, that third party purchaser shall not be obligated to perform Services. Furthermore, a third party purchaser of the Stipulated Claim shall not be liable to Kodak in connection with this Agreement by way of setoff, recoupment or any similar theory of law for any act or omission of ATLC, and Kodak shall not interfere with the right to payment under the Stipulated Claim based on any obligation ATLC has undertaken hereby or ATLC may be liable for in the future. In the event that ATLC elects to divide the Stipulated Claim, Kodak shall reasonably cooperate with ATLC's division of the Stipulated Claim into as many as three separate valid claims (of an amount not to exceed the total amount of the Stipulated Claim).

14. Modification; Waiver. No modification, cancellation, discharge or waiver of, or with respect to, any provision of this Agreement, or consent to any departure from any of the terms or conditions hereof, shall be effective unless it shall be in writing and signed by the parties hereto.

15. Entire Agreement. This Agreement constitutes the entire agreement between ATLC and the Debtors concerning the Claim, the Representation Agreement, the Settlement Agreement and the Lawsuit, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

16. Due Authorization. Each of the undersigned counsel represents that it is duly authorized to execute this Agreement on behalf of its client.

17. Jurisdiction. The Bankruptcy Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Agreement.

18. Choice of Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of New York, without regard to the choice of law principles of the State of New York.

19. Captions; Counterparts. The captions in this Agreement are for convenience only and will not be considered a part of or affect the construction or interpretation of any provision of this Agreement. This Agreement may be executed in counterparts, and any party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. The parties agree that the delivery of this Agreement may be effected by means of an exchange of signatures via facsimile transmission, .pdf or other electronic transmission.

Dated: October 24, 2012
New York, New York

BAKER & HOSTETLER LLP

By: /s/ Jorian L. Rose
Name: Jorian L. Rose
Title: Partner
Attorneys for ATLC, Ltd.

SULLIVAN & CROMWELL LLP

By: /s/ Andrew G. Dietderich
Name: Andrew G. Dietderich
Title: Partner
Attorneys for Eastman Kodak Company

ANNEX A

Request for Services

[Case Caption]

In connection with the Agreement, effective as of October ____, 2012, between Eastman Kodak Company and ATLC, Ltd., Eastman Kodak Company hereby requests Services (as defined in the Agreement) with respect to the above captioned case.

Signed

[Name]

Date: _____

ANNEX B

Notice or Stipulation of Dismissal with Prejudice

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

ATLC, LTD., a Florida limited partnership,

Plaintiff,

vs.

EASTMAN KODAK COMPANY, a foreign
corporation,

Defendant.

CIVIL ACTION NO. 6:11-CV-00855-GAP-GJK

STIPULATION OF DISMISSAL

Pursuant to Fed. R. Civ. P. 41(a), Plaintiff ATLC, Ltd. (“ATLC”) and Defendant Eastman Kodak Company (“Kodak”), having entered into a settlement agreement, hereby stipulate to Dismissal with prejudice of all of ATLC’s claims against Kodak in this action.

Each party will bear its own costs and attorneys’ fees.

Dated: October ____, 2012

Respectfully submitted,

s/Ava K. Doppelt

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Michael J. Summersgill (admitted
pro hac vice)
Christopher B. Zimmerman (admitted
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/s/David C. Willis

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*Attorneys for Plaintiff
ATLC, Ltd.*

*Attorneys for Defendant
Eastman Kodak Company*

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

ATLC, LTD., a Florida limited partnership,

Plaintiff,

vs.

EASTMAN KODAK COMPANY, a foreign
corporation,

Defendant.

CIVIL ACTION NO. 6:11-CV-00855-GAP-GJK

ORDER OF DISMISSAL WITH PREJUDICE

Pursuant to Fed. R. Civ. P. 41(a), recognizing the Stipulation of Dismissal filed by plaintiff ATLC, Ltd. and defendant Eastman Kodak Company pursuant to a settlement of the above-captioned litigation between the parties, it is

ORDERED that the claims asserted herein by plaintiff ATLC, Ltd. against defendant Eastman Kodak Company be, and hereby are, dismissed with prejudice; and

ORDERED that the parties shall bear their own attorney's fees, expenses and costs.

SO ORDERED this ____ day of _____, 2012

United States District Judge

Andrew G. Dietderich
Michael H. Torkin
David R. Zylberberg
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588

Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

EASTMAN KODAK COMPANY, *et al.*,¹

Debtors.

)
) Chapter 11

)
) Case No. 12-10202 (ALG)

)
) (Jointly Administered)

**NOTICE OF HEARING ON DEBTORS' MOTION FOR ENTRY OF AN
ORDER PURSUANT TO SECTION 363 OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULE 9019 APPROVING THE SETTLEMENT
AGREEMENT BETWEEN THE DEBTORS AND ATLC, LTD.**

PLEASE TAKE NOTICE that on the date hereof, Eastman Kodak Company, *et al.*

(collectively, the “**Debtors**”), filed the Debtors’ Motion for Entry of an Order Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 Approving the Settlement Agreement Between the Debtors and ATLC, Ltd. (the “**Motion**”).² The undersigned counsel will present the Motion to the Honorable Allan L. Gropper, Bankruptcy Judge of the United States Bankruptcy Court for the Southern District of New York (the “**Court**”), One Bowling

¹ 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.

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

Green, New York, New York 10004, at a hearing to be held on **November 14, 2012 at 11:00 a.m. (ET)**.

PLEASE TAKE FURTHER NOTICE that any responses or objections, if any, to the relief requested in the Motion must be filed electronically with the Court on the docket of *In re Eastman Kodak Company*, Case No. 12-10202 (ALG), pursuant to the Court's General Order M-399 (available at <http://www.nysb.uscourts.gov/orders/m399.pdf>), by registered users of the Court's case filing system and by all other parties in interest on a 3.5 inch disc, preferably in portable document format, Microsoft Word or any other Windows-based word processing format and served by U.S. mail, overnight delivery, hand delivery or, with the exception of the Court and the United States Trustee, facsimile upon each of the following: (a) the Chambers of the Honorable Allan L. Gropper, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004; (b) the Debtors and their counsel; (c) Milbank, Tweed, Hadley & McCloy LLP, counsel to the Official Committee of Unsecured Creditors; (d) Davis Polk & Wardwell LLP, counsel to Citicorp North America, Inc., as agent for the Debtors' postpetition secured lenders; (e) Akin Gump Strauss Hauer & Feld LLP, counsel to the Ad Hoc Committee of Second Lien Noteholders; (f) Arent Fox LLP, counsel to the Official Committee of Retired Employees; and (g) Baker & Hostetler LLP, counsel to ATLC, Ltd., so as to be actually received no later than **November 7, 2012 at 4:00 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE that only those objections that are timely filed, served and received will be considered at the Hearing. Failure to file a timely objection may result in entry of a final order granting the Motion as requested by the Debtors without further notice. The parties are required to attend the Hearing, and failure to attend in person or by counsel may result in relief being granted or denied upon default.

PLEASE TAKE FURTHER NOTICE that copies of the motion may be obtained from the Court's website at <http://ecf.nysb.uscourts.gov/> or, free of charge, the website of the Debtors' claims and noticing agent at <http://www.kccllc.net/kodak>.

Dated: October 24, 2012
New York, New York

/s/ Andrew G. Dietderich

Andrew G. Dietderich
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- and -

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