

**Hearing Date: February 15, 2012 at 11:00 a.m. (Eastern Time)**

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

	)	Chapter 11
In re:	)	
	)	Case No. 12-10202 (ALG)
EASTMAN KODAK COMPANY, <i>et al.</i> , <sup>2</sup>	)	
	)	(Jointly Administered)
Debtors.	)	
	)	Ref. No. 27
	)	

**NOTICE OF REVISED PROPOSED ORDER GRANTING DEBTORS' MOTION FOR  
AN ORDER AUTHORIZING REJECTION OF CERTAIN UNEXPIRED  
AIRCRAFT LEASES EFFECTIVE AS OF THE PETITION DATE**

**PLEASE TAKE NOTICE** that on January 19, 2012 the Debtors' Motion for an  
Order Authorizing Rejection of Certain Unexpired Aircraft Leases Effective as of the Petition

<sup>1</sup> All parties in interest with inquiries regarding the Motion should direct such inquires to Young Conaway Stargatt & Taylor, LLP.

<sup>2</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.



Date (the “**Motion**”). Attached as Exhibit A to the Motion was the proposed order (the “**Proposed Order**”).

**PLEASE TAKE FURTHER NOTICE** that the Debtors have received and incorporated informal comments to the Proposed Order (the “**Revised Proposed Order**”). Attached hereto as Exhibit A is a blackline reflecting the revisions to the Proposed Order. The undersigned counsel will present the Revised Proposed Order to the Honorable Allan L. Gropper, in Room 617 of the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”), One Bowling Green, New York, New York 10004, at a hearing to be held on **February 15, 2012 at 11:00 a.m. (Eastern Time)**.

Dated: February 13, 2012  
New York, New York

*/s/ Pauline K. Morgan*

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Proposed Counsel to the Debtors and  
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**EXHIBIT A**

**Blackline of Proposed Order**

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

In re:

EASTMAN KODAK COMPANY, *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11

)  
) Case No. 12-10202—(ALG)

)  
) (Jointly Administered)  
)  
)

**ORDER AUTHORIZING REJECTION OF CERTAIN UNEXPIRED  
AIRCRAFT LEASES EFFECTIVE AS OF THE PETITION DATE**

Upon the motion (the “**Motion**”)<sup>2</sup> of Eastman Kodak Company, on behalf of itself and its affiliated debtors and debtors in possession in these chapter 11 cases (collectively, the “**Debtors**”), for entry of an order authorizing the Debtors (a) to reject certain unexpired aircraft leases set forth on Exhibit 1 attached hereto (each, an “**Aircraft Lease**” and, collectively, the “**Aircraft Leases**”) effective as of the Petition Date, (b) to take such actions as may be necessary to implement and effectuate the rejection of the Aircraft Leases, including, without limitation, those actions specifically identified in the Motion, [as the same may be modified herein](#), and (c) if applicable, to deem the rejection of the Aircraft Leases to be a “surrender and return” of such leases under section 1110(c)(1) of the Bankruptcy Code; and upon consideration of the First Day

<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.

<sup>2</sup> All capitalized terms ~~not used but~~ otherwise not defined herein ~~are to be given~~ shall have the meanings ~~ascribed to them~~ set forth in the Motion.

Declaration; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

2. Pursuant to section 365 of the Bankruptcy Code and Bankruptcy Rule 6006, the Aircraft Leases set forth on Exhibit 1 attached hereto are hereby rejected effective as of the Petition Date, and the airframe, engines and all appurtenant equipment and property as described in each Aircraft Lease (collectively, in each case with respect to each Aircraft Lease, the “Aircraft”) are hereby surrendered and returned to the Counterparties; *provided, however, that notwithstanding the retroactive rejection of the Aircraft Leases provided for herein, the Debtors shall continue to insure the Aircraft for the full duration of the time set forth in and as required by paragraph 4 hereof (such time period, the “Coverage Period”), and nothing in this Order affects or shall be deemed to affect any such Debtors’ insurance coverage or any claims arising under any such insurance coverage during the Coverage Period.*

3. ~~If~~ if, through no fault of the Debtors, a Counterparty does not retrieve its applicable Aircraft within 15 days of the entry of this Order, in each case subject to the provisos

set forth in this Paragraph 3. (a) such Counterparty shall be responsible for the costs of storing such Aircraft and other attendant costs as determined by the Debtors, including, without limitation, ~~the~~any costs of insuring the relevant Aircraft, that the Debtors incur after the earlier of 15 days of entry of this Order or the date on which the Counterparty retrieves its applicable Aircraft, and (b) the Debtors may file a motion with this Court to compel removal of the Aircraft and payment of any storage and other attendant costs; provided, however, the Debtors shall reasonably cooperate with the Counterparties to (a) permit the Counterparties to inspect the Aircraft and the Records (as defined below) prior to the retrieval of the Aircraft and the Records (as defined below), (b) retrieve the Aircraft and the Records (as defined below) and (c) confirm the payment by the Debtors of overflight, landing, parking and other fees arising from the Debtors' operation and maintenance of the Aircraft, including but not limited to, the Debtors cooperating reasonably with the Counterparties to execute such requests and approvals as are reasonably requested by the Counterparties and may be reasonably necessary for the Counterparties to obtain such information; and provided further, however, that any rights of the Counterparties to assert claims for fees, costs, hangar rent, and any other expenses and damages that the Counterparties incur in the event that the Counterparties are unable to retrieve the applicable Aircraft as contemplated herein as a result of the Debtors' failure to reasonably cooperate with the Counterparties shall be reserved, and the rights of the Debtors and their estates and any other party, including, but not limited to, the Official Committee of Unsecured Creditors appointed in these chapter 11 cases (the "Creditors' Committee"), to oppose any and all such claims shall be reserved.

4. The Debtors shall (a) continue to maintain any insurance coverage currently maintained by the Debtors on ~~an~~the Aircraft until the earlier of (i) the 15th day after the entry of this Order and (ii) the date on which the Counterparty takes actual possession of the applicable Aircraft, and (b) thereafter be authorized to cease insuring, maintaining or otherwise having any legal responsibility for any Aircraft-; provided, however, that the Debtors shall continue to maintain any insurance coverage currently maintained by the Debtors on the Aircraft if, prior to terminating any insurance coverage consistent with the foregoing, the Court determines, upon request from a Counterparty, that terminating such insurance would be unreasonable under the specific circumstances presented to the Court, and the rights of the Debtors and their estates and any other party, including, but not limited to, the Creditors' Committee, to oppose any and all such requests shall be reserved.

~~5.~~—To the extent the Debtors have not previously done so, ~~as soon as reasonably practicable,~~ the Debtors shall promptly make available and cooperate reasonably with the Counterparties to transfer to the applicable Counterparties all rights to any computerized information relating to the operation and maintenance of the Aircraft, its engines and all parts (including, but not limited to, the engine trend monitoring program) and all “records and documents,”<sup>22</sup> (as defined in section 1110(a)(3)(B) of the Bankruptcy Code, and collectively, along with any other records identified in the Aircraft Leases, the “Records”) in the Debtors’ possession related to the Aircraft-

~~6.5.~~ Upon written request from a Counterparty, provided, however, the Debtors shall ~~cooperate reasonably with the Counterparty to execute documents or provide information, if any, required for documentation to be filed with the FAA in connection with the applicable~~

~~Aircraft Lease, including, without limitation, any lease termination documentation; provided, however, that each Counterparty shall be solely responsible for all costs associated with any such documentation and for the filing thereof with the FAA in respect of such Counterparty's~~be entitled to retain copies of any Records relating to the period of their possession of the Aircraft, provided the originals are delivered to the Counterparties simultaneously with the delivery of the Aircraft.

6. The Debtors are authorized to, and shall cooperate reasonably with the Counterparties to, execute notices of termination and/or lease termination/disclaimers, and to provide any other documents and take any other actions reasonably requested by the Counterparties to effectuate the return of the Aircraft to the Counterparties and the termination and disclaimer of any interest by Debtors in the Aircraft as contemplated herein, and provide information, if any, that is reasonably requested by the Counterparties and may be reasonably necessary for documentation required to be filed with the FAA in connection with the applicable Aircraft Lease, including, but not limited to, with respect to the Aircraft Lease with Wells Fargo Bank Northwest, N.A. set forth on Exhibit 1 attached hereto that certain (i) FAA Lease Termination Agreement and (ii) FAA Sublease Termination Agreement and Release of Sublease Security Assignment; provided, however, that the Debtors' execution of any such documents or provision of any such information is not intended nor shall be deemed to impair, prejudice, waive or otherwise affect the Debtors' rejection of the Aircraft Leases pursuant to the terms of this Order; and provided further, however, that the Debtors reserve the right to request reimbursement of reasonable and documented out-of-pocket fees and expenses directly related to any such action that may be requested.



7. The Debtors' rejection of the Aircraft Leases satisfies the "surrender and return" requirements of section 1110(c)(1) of the Bankruptcy Code, to the extent applicable, ~~but is without prejudice to the rights of: (a) a Counterparty to,~~

7.8. Nothing in this Order shall impair, prejudice, waive or otherwise affect any rights of The von Liebig Office, Inc. ("VLO") and the other Counterparty(ies) to: (a) file requests for payment of administrative expense claims in respect of the Aircraft Leases or the Aircraft; (b) assert damages as part of its claim for rejection damages, if any, on account of the Debtors' rejection of the applicable Aircraft Lease; (b) a Counterparty to(c) assert damages for any failure by the Debtors to satisfy all contractual surrender, return or turnover provisions with respect to any portion of the Aircraft Lease; (d) assert any and all other claims arising in or under the applicable Aircraft Lease; or (e) or other operative documents (such other documents, with respect to VLO, including the VL Sublease and Addendum, as defined in paragraph 13 hereof) or under the Bankruptcy Code, including claims for rent, supplemental rent, maintenance payments, other damages, indemnities, fees and expenses; or (e) the Debtors and their estates or any other party, including, but not limited to, the Creditors' Committee, to object to any such claims.

8.9. The Counterparties shall have until the date fixed by this Court in these chapter 11 cases pursuant to Bankruptcy Rule 3003(c)(3) to file any and all claims for damages arising from the Debtors' rejection of the Aircraft Leases.

9.10. The Debtors and their estates and any other party, including, but not limited to, the Creditors' Committee, do not waive any claims that they may have against the

Counterparties, whether or not any such claims arise under, are related to, or are independent of the Aircraft Leases.

11. The Counterparties do not waive any claims that they may have against the Debtors, whether or not any such claims arise under, are related to, or are independent of the Aircraft Leases.

~~10.12.~~ Nothing in this Order shall impair, prejudice, waive or otherwise affect any rights of the Debtors and their estates and any other party, including, but not limited to, the Creditors' Committee, to assert that any claims for damages arising from the Debtors' rejection of the Aircraft Leases ~~is~~are limited to any remedies available under any applicable termination provisions of such Aircraft Leases, or that any such claims are obligations of a third party, and not those of the Debtors or their estates.

~~11. — Effective immediately upon entry of this Order, the Subleases shall be deemed terminated without the need for further action on the part of the Debtors or this Court.~~

13. Without the need for further action of this Court or the parties, Kodak and Kodak Aviation are authorized to reject that certain (a) Aircraft Sublease Agreement [MSN 9085/US Registration Number N404VL] dated as of May 4, 2010 (the "VL Sublease") and (b) Aircraft Sublease Agreement dated as of March 19, 2010 (together with the VL Sublease, the "Subleases"), effective as of the Petition Date, and the Subleases are hereby deemed so rejected; provided, however, that such rejection is without prejudice to the rights, if any, of VLO to assert claims against the Debtors arising under the VL Sublease and that Aircraft Sublease and Sub-Sublease Addendum dated May 4, 2010 (the "Addendum"); and provided further, however, that

the rights of the Debtors and their estates and any other party, including, but not limited to, the Creditors' Committee, to oppose any and all such claims shall be reserved.

~~12.14.~~ 14. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

15. The automatic stay provided by section 362 of the Bankruptcy Code is hereby modified as to any and all of the Debtors' estates to allow the Counterparties to effectuate the provisions of this Order, including to transfer, move, repossess and dispose of the Aircraft (including all related equipment and component parts); provided, however, except to the extent provided by section 362(d), (e)(1) or otherwise under the Bankruptcy Code, each of the Counterparties is prohibited from setting off or applying any monies deposited by the Debtors as a security deposit with such Counterparty to any claims against the Debtors arising from the rejection of the Aircraft Leases, and all rights of the Counterparties, the Debtors and their estates, and any other party, including, but not limited to, the Creditors' Committee, with respect to the validity of any setoff rights or application of such security deposits shall be reserved; provided further, however, that notwithstanding anything to the contrary contained herein, VLO's retention of the security deposit and any other deposited funds under the VLO Lease as of the date hereof, and comingling of such funds as of the date hereof, does not and shall not be deemed to violate section 362 of the Bankruptcy Code, without prejudice to a further order of this Court enforcing section 362 of the Bankruptcy Code based on events or conduct following entry of this Order.

~~13.16.~~ 16. The requirements set forth in Local Rule 9013-1(b) are satisfied.

~~14.17.~~ 17. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

~~15.~~18. This Order is immediately effective and enforceable, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

~~16.~~19. The requirements set forth in Bankruptcy Rules 6006 and 9014 are satisfied.

~~17.~~20. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Order.

Dated: February [•], 2012  
New York, New York

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Allan L. Gropper  
United States Bankruptcy Judge

**EXHIBIT 1**

**Aircraft Leases**

<u>Counterparty</u>	<u>Aircraft Lease</u>	<u>Location of Aircraft</u>
<p>The von Liebig Office, Inc. c/o Bessemer Trust Company of Florida 630 Fifth Avenue New York, NY 10111</p>	<p>Aircraft Sublease Agreement, dated as of April 14, 2010, and as amended on May 5, 2010, between The von Liebig Office, Inc., as sublessor, and Kodak Aviation Leasing LLC, as sublessee, with respect to the sublease of that certain Bombardier, Inc. Model BD-700-1 A10 Aircraft, <a href="#">(the “VLO Lease”)</a>, which consists of the following components:</p> <p>(a) Airframe – Bombardier, Inc. aircraft bearing Manufacturer’s Serial Number 9085 and U.S. Registration Number N404VL; and</p> <p>(b) Engines – BMW Rolls Royce Model BR710 aircraft engines bearing Manufacturer’s Serial Numbers 12284 and 12285.</p>	<p>Greater Rochester International Airport Kodak Aviation Services 1205 Scottsville Rd. Rochester, NY 14624</p>

<u>Counterparty</u>	<u>Aircraft Lease</u>	<u>Location of Aircraft</u>
Wells Fargo Bank Northwest, N.A. 299 South Main Street, 12 <sup>th</sup> Floor Salt Lake City, UT 84111	Amended and Restated Aircraft Lease Agreement, dated as of March 19, 2010, between Wells Fargo Bank Northwest, N.A. (not in its individual capacity but solely as owner trustee), as lessor, and Kodak Aviation Leasing LLC, as lessee, with respect to the lease of that certain Canadair Ltd. Model CL-600-2B16 Aircraft, which consists of the following components:  (a) Airframe – bearing Manufacturer’s Serial Number 5365 and U.S. Registration Number N280K; and  (b) Engines – General Electric Model C34-3B aircraft engines bearing Manufacturer’s Serial Numbers 872276 and 872277.	Greater Rochester International Airport Kodak Aviation Services 1205 Scottsville Rd. Rochester, NY 14624