

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

Andrew G. Dietderich
John J. Jerome
Michael H. Torkin
Mark U. Schneiderman
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588

Proposed Counsel to the Debtors and
Debtors in Possession

**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> , ¹)	
)	(Jointly Administered)
Debtors.)	
)	Ref. No. 10
)	

**NOTICE OF REVISED PROPOSED FINAL ORDER GRANTING DEBTORS' MOTION
FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING, BUT NOT
DIRECTING, DEBTORS TO (A) PAY CERTAIN PREPETITION WAGES AND
REIMBURSABLE EMPLOYEE EXPENSES, (B) PAY AND HONOR EMPLOYEE
MEDICAL AND OTHER BENEFITS AND (C) CONTINUE
EMPLOYEE BENEFIT PROGRAMS**

PLEASE TAKE NOTICE that on January 19, 2012 the Debtors' Motion for
Entry of Interim and Final Orders Authorizing, But Not Directing, Debtors to (A) Pay Certain
Prepetition Wages and Reimbursable Employee Expenses, (B) Pay and Honor Employee

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.



Medical and Other Benefits and (C) Continue Employee Benefit Programs (the “**Motion**”).

Attached as Exhibit B to the Motion was the proposed final order (the “**Proposed Final Order**”).

PLEASE TAKE FURTHER NOTICE that the Debtors have received and incorporated informal comments to the Proposed Final Order (the “**Revised Proposed Final Order**”). Attached hereto as Exhibit A is a blackline reflecting the revisions to the Proposed Final Order. The undersigned counsel will present the Revised Proposed Final 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/ Andrew G. Dietderich

Andrew G. Dietderich
John J. Jerome
Michael H. Torkin
Mark U. Schneiderman
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588

- and -

Pauline K. Morgan
Joseph M. Barry
YOUNG CONAWAY STARGATT &
TAYLOR, LLP
1270 Avenue of the Americas
Suite 2210
New York 10020
Telephone: (212) 332-8840
Facsimile: (212) 332-8855

Proposed Counsel to the Debtors and Debtors in
Possession

EXHIBIT A

Blackline of Proposed Final Order

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

In re:	1.	2.	Chapter 11
)		Case No. 12- _____ (_____)
EASTMAN KODAK COMPANY, <i>et al.</i> , ¹)		(Joint Administration Requested-
)		<u>10202 (ALG)</u>
Debtors.)		<u>(Jointly Administered)</u>

**FINAL ORDER AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO
(A) PAY CERTAIN PREPETITION WAGES AND REIMBURSABLE EMPLOYEE
EXPENSES, (B) PAY AND HONOR EMPLOYEE MEDICAL AND OTHER
BENEFITS AND (C) CONTINUE EMPLOYEE BENEFITS PROGRAMS**

Upon the motion (the “**Motion**”)² of Eastman Kodak Company (“**Kodak**”) on behalf of itself and its affiliated debtors and debtors in possession in these chapter 11 cases (collectively, the “**Debtors**”), for entry of a final order (the “**Final Order**”): -~~(i)~~ authorizing, but not directing, the Debtors (a) to pay certain prepetition wages, salaries, commissions and other compensation, taxes, withholdings and reimbursable employee expenses, (b) to pay and honor obligations relating to employee medical, insurance and other benefits programs; ~~and~~ and (c) to continue their employee medical, insurance and other benefits programs on a postpetition basis; and (ii) authorizing, but not directing, financial institutions to receive, process, honor and pay all checks presented for payment and electronic payment requests related to the foregoing, solely to the extent the Debtors have sufficient funds standing to their credit with such financial

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.

institutions; and upon consideration of the First Day Declaration; and this Court having entered an interim order ~~approving~~with respect to the Motion on an interim basis on January ~~11~~20, 2012 [Docket No. ~~————~~55] (the “**Interim Order**”); 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:

~~3.1.~~1. The Motion is GRANTED as set forth herein.

~~4.2.~~2. Nothing herein shall be deemed to authorize the payment of any amounts or the incurrence of any obligation that would violate section 503(c) of the Bankruptcy Code.

~~5.3.~~3. ~~The~~Subject to paragraph 10, the Debtors are authorized, but not directed, to pay and honor all prepetition obligations associated with the Employee Obligations, including any Unpaid Prepetition Compensation (including any amounts owed under the Sales and Commissions Programs) and prepetition accrued but unused Vacation Time, Independent Contractor Compensation, Staffing Agency Compensation, prepetition amounts earned by non-insiders under the subsidiary-level cash incentive programs and individual arrangements, and Outplacement Services and Unpaid Subsidiary Termination Obligations, and to continue the Employee Obligations in the ordinary course of business to the extent requested in the Motion.

~~6.4.~~ The Each of the financial institutions at which the Debtors are maintain their accounts relating to the payment of the Director Obligations is authorized, but not directed, to ~~pay and receive, process, honor all and pay any~~ prepetition ~~obligations associated with the Director Obligations and to continue the check related to the~~ Director Obligations ~~in the ordinary course of business~~ that is presented for payment, to the extent ~~requested in the Motion that sufficient funds are on deposit in those accounts, and the Debtors are authorized to replace any prepetition check relating to the Director Obligations that may be dishonored or rejected.~~

~~7.5.~~ The Debtors and any applicable third parties are authorized to continue to allocate and distribute Deductions and Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' stated policies and prepetition practices.

~~8.6.~~ The Debtors are authorized, but not directed, to continue to honor their obligations, including any prepetition obligations, to Employees for Reimbursable Expenses, American Express Corporate Card Expenses, Citibank Purchasing Card Expenses and Relocation and Expatriate Expenses in accordance with the Debtors' stated policies and prepetition practices.

~~9.7.~~ The Debtors are authorized, but not directed, to honor the Employee Benefit Programs to the extent requested in the Motion and to make any necessary contributions to such programs and pay any unpaid premium, claim or amount owed as of the Petition Date with respect thereto. For the avoidance of doubt, the Debtors are not requesting authority to honor postpetition accruals for Employees under non-qualified defined benefit plans to the extent they would be based on other than actual service after the Petition Date pursuant to the terms of such plans.

~~10.8.~~ 10.8. The Debtors are authorized, but not directed, to pay all processing and administrative fees associated with and all costs and expenses incidental to payment of the Employee Obligations.

~~11.9.~~ 11.9. Each Debtor that operates a Foreign Branch³ is authorized, but not directed, to continue its employment practices at such Foreign Branch in the ordinary course of business, consistent with past practice.

~~12.10.~~ 12.10. The Debtors are authorized, but not directed, to maintain and honor, in the ordinary course of business, consistent with the Debtors' prepetition policies and practices and in the Debtors' sole discretion, the Employee Cash Incentive Programs postpetition in accordance with the Debtors' past practices. ~~The Debtors shall not award certain prepetition bonuses to Employees for the 2011 fiscal year to the extent described in the Motion.~~ provided that the Debtors are not authorized to make any payments under such programs to any insider Employee at this time (but reserve the right to seek such authority at a later date upon the filing of a separate motion on notice to parties in interest). The Debtors shall not award prepetition bonuses to Employees under the 2011 Performance Cash Program for the 2011 performance period or under the 2011 U.S. Wage Dividend Plan, 2011 Global Variable Plan, EXCEL, 2011 Kodak Imaging Network, Inc. Bonus Plan, FPC Bonus Plan, Qualex Inc. Annual Incentive Plan or Qualex Inc. EIS New Business Group Variable Pay Plan for the 2011 fiscal year (and, for the avoidance of doubt, these are not postpetition obligations under paragraph 3).

~~13.11.~~ 13.11. The Debtors are authorized, but not directed, to honor all remaining awards under the Equity Plans; provided that the Debtors are not authorized to elect delivery or

³ Each of the following Debtors – Kodak Philippines, Ltd., Kodak Portuguesa Limited, Kodak (Near East), Inc., FPC, Inc. and Kodak Americas, Ltd. – operates a foreign branch in one or more of the following jurisdictions: Philippines, Dubai, Turkey, Greece, Peru, Uruguay, Italy and Colombia (collectively, the “Foreign Branches”).

settlement other than in common stock of Kodak except to facilitate compliance with non-US law in accordance with prepetition practices.

~~14.12.~~ The Debtors are authorized, but not directed, to maintain and honor, in the ordinary course of business, in accordance with the Debtors' prepetition policies and practices and in the Debtors' sole discretion, the Termination Allowance Programs postpetition in accordance with the Debtors' past practices: for Employees who experience a qualifying termination after the Petition Date (or, to the extent provided for under KRIP and KURIP, to make payments in lieu thereof).

~~15.13.~~ The Debtors are authorized, but not directed, to pay all remaining Unpaid Subsidiary Termination Obligations to former non-insider employees to the extent described in the Motion.

~~16.14.~~ The Debtors are authorized, but not directed, to modify, change and discontinue any of the Employee Obligations, and the policies related thereto, to implement new Employee Obligations and continue to provide compensation to their Employees ~~in the ordinary course of business during these chapter 11 cases in their sole discretion without the need for further Court approval~~, in each case in the ordinary course of business, during these chapter 11 cases in their sole discretion without the need for further Court approval; provided that the Debtors shall provide counsel to the agent for the Debtors' postpetition secured debtor-in-possession credit facility (the "DIP Agent"), counsel to the Official Committee of Unsecured Creditors (the "Creditors' Committee") and counsel to the Ad Hoc Committee of Second Lien Noteholders (the "Second Lien Noteholder Committee") with reasonable prior notice of any such modification, change, discontinuation or implementation to the extent it would result in a material increase in the Debtors' expenses or unsecured claims in these chapter 11 cases.

Notwithstanding the foregoing, and subject to paragraph 4 of this Final Order, the Debtors' request for the authorization to continue the Director Obligations to the extent requested in the Motion is adjourned until a hearing before this Court on February 28, 2012.

~~17.15.~~ The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Final Order.

~~18.16.~~ In accordance with this Final Order (or other eOrder of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the obligations described in the Motion is authorized to (a) receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires or automated clearing house transfers should be honored or dishonored in accordance with this or any other eOrder of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on or subsequent to the Petition Date, and have no duty to inquire otherwise, and shall be without liability for following the Debtors' instructions.

17. In accordance with this Final Order (or other Order of this Court), BNY Mellon, as directed trustee of the KRIP and Qualex Pension Plan, as described in the Motion, is authorized to (a) receive, process, honor and pay all distributions requested by the appropriate Debtor entity, as Plan Sponsor, or KRIPCO, as administrator, of the KRIP and Qualex Pension Plan, and to honor all fund transfer requests or other investment directions made by the appropriate Debtor entity, as Plan Sponsor, or KRIPCO, as administrator, of the KRIP and Qualex Pension Plan; (b) accept and rely on all representations made by the appropriate Debtor entity as Plan Sponsor, or KRIPCO, as administrator, of the KRIP and Qualex Pension Plan with

respect to all such distribution, fund transfer requests or other investment directions made by the appropriate Debtor entity as Plan Sponsor, or KRIPCO, as administrator, of the KRIP and Qualex Pension Plan, whether such distributions, fund transfer requests or other investment directions were made or dated prior to, on or subsequent to the Petition Date; and (c) except to the extent set forth in the applicable trust agreement, shall have no duty to inquire otherwise, and shall be without liability for following the instructions of all such distributions, fund transfer requests or other investment directions made by the appropriate Debtor entity, as Plan Sponsor, or KRIPCO, as administrator, of the KRIP and Qualex Pension Plan related thereto. Further, and in accordance with this Final Order, BNY Mellon, as directed trustee of the SIP, as described in the Motion, is authorized to (a) receive, process, honor and pay all distributions requested by Kodak, as Plan Sponsor, or the Savings and Investment Committee, as administrator, of the SIP, and to honor all fund transfer requests or other investment directions made by Kodak, as Plan Sponsor, or the Savings and Investment Committee as administrator, of the SIP, including but not limited to all distribution requests and investment reallocation or other investment direction requested by all participants and beneficiaries authorized by the terms of the SIP to direct the investment of their own account; (b) accept and rely on all representations made by Kodak, as Plan Sponsor, or the Savings and Investment Committee, as administrator, of the SIP, with respect to all such distribution, fund transfer requests or other investment directions made by Kodak as Plan Sponsor, or the Savings and Investment Committee, as administrator of the SIP, whether such distribution requests, and fund transfer requests or other investment directions were requested or dated prior to, on or subsequent to the Petition Date; and (c) except to the extent set forth in the applicable trust agreement, shall have no duty to inquire otherwise, and shall be without liability for following the instructions of all such distribution, fund transfer or other

investment direction requests made by Kodak as Plan Sponsor, or the Savings and Investment Committee as administrator, of the SIP, related thereto. Except as expressly set forth in this Final Order, nothing herein shall modify the trust agreements pursuant to which BNY Mellon serves as directed trustee of the KRIP, Qualex Pension Plan and the SIP.

~~19.~~18. Nothing in the Motion or this Final Order, nor as a result of any payment made pursuant to this Final Order, shall be deemed or construed as an admission as to the validity or priority of any claim against the Debtors, an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code or a waiver of the right of the Debtors, the Creditors' Committee, the Second Lien Noteholder Committee or the DIP Agent, or shall impair the ability of the Debtors, or any other party in interest, to the extent applicable, to contest the validity and amount of any payment made pursuant to this Final Order.

~~20.~~19. The Debtors shall provide to the ~~agent for~~DIP Agent, and to counsel to the DIP FinancingCreditors' Committee, the Second Lien Noteholder Committee and the DIP Agent, bi-weekly written reports of all payments made hereunder and reasonable and timely access to information sufficient to enable such parties to monitor payments made, obligations satisfied, and other actions taken pursuant to this Final Order.

~~21.~~20. To the extent that any inconsistency exists between this Final Order and the terms of the interimDebtors' postpetition secured debtor-in-possession financing (the "DIP Financing") or ~~final order~~any Order of this Court approving ~~the~~such DIP Financing, ~~if and when entered, and this Order,~~ the terms of such DIP Financing and the ~~interim or final order~~Order approving the ~~DIP Financing, as applicable,~~same shall ~~govern~~control.

~~22.~~21. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

~~23.22.~~ This Final Order is successfully effective and enforceable,
notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

~~24.~~23. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Final Order.

Dated: February [•], 2012

~~Dated: February [•], 2012~~

_____ New York, New York

Allan L. Gropper

United States Bankruptcy Judge