

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

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Debtors in Possession

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

)		Chapter 11
In re:)		
EASTMAN KODAK COMPANY, <i>et al.</i> , ¹)		Case No. 12-10202 (ALG)
)		(Jointly Administered)
Debtors.)		Ref. No. 15
)		

NOTICE OF REVISED PROPOSED FINAL ORDER GRANTING DEBTOR’S MOTION FOR INTERIM AND FINAL ORDERS (A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS (I) CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS, (II) MAINTAIN INVESTMENT PRACTICES AND (III) CONTINUE INTERCOMPANY TRANSACTIONS, (B) PROVIDING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY AND (C) AUTHORIZING, BUT NOT DIRECTING, ALL FINANCIAL INSTITUTIONS TO HONOR ALL RELATED PAYMENT REQUESTS

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.



PLEASE TAKE NOTICE that on January 19, 2012 the Debtor's Motion for Interim and Final Orders (A) Authorizing, but not Directing, the Debtors (I) Continue Using Their Existing Cash Management System, Bank Accounts and Business Forms, (II) Maintain Investment Practices and (III) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority and (C) Authorizing, but not Directing, All Financial Institutions to Honor All Related Payment Requests (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 14, 2012
New York, New York

/s/ Andrew G. Dietderich

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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)
)	<u>10202 (ALG)</u>
Debtors.)	(Jointly Administered)
)	

FINAL ORDER (A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (I) CONTINUE USING THEIR EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS, (II) MAINTAIN INVESTMENT PRACTICES AND (III) CONTINUE INTERCOMPANY TRANSACTIONS, (B) PROVIDING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY AND (C) AUTHORIZING, BUT NOT DIRECTING, ALL FINANCIAL INSTITUTIONS TO HONOR ALL RELATED PAYMENT REQUESTS

Upon the motion (the “**Motion**”)² 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 interim and final orders (a) authorizing the Debtors to (i) continue using their existing cash management system, bank accounts and business forms, (ii) maintain investment practices and (iii) continue intercompany transactions and (b) providing postpetition intercompany claims administrative expense priority; and upon consideration of the First Day 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

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

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. The Debtors are authorized to continue using their integrated cash management system as described in the Motion (the “**U.S. Banking System**”).
3. The Debtors are authorized to: (a) continue to use, with the same account numbers, all of the bank accounts in existence as of the Petition Date, including, without limitation, those accounts identified on Exhibit C to the Motion (collectively, the “**Bank Accounts**”); (b) use, in its present form, all correspondence and business forms (including, but not limited to, letterhead, purchase orders and invoices), as well as checks and other documents related to the Bank Accounts existing immediately before the Petition Date, without reference to their status as debtors in possession; *provided, however*, that upon depletion of the Debtors’ correspondence and business forms, the Debtors will obtain new business forms reflecting their status as debtors in possession; and *provided, further, however*, that as soon as practicable after the Petition Date, the Debtors will note their status as “debtors in possession” on checks that are electronically printed; and (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession.
4. Except as otherwise expressly provided in this Order, all banks at which the Bank Accounts are maintained (collectively, and together with any of the Debtors’ proposed

secured lenders or any of their respective affiliates at which new accounts are opened, the “**Banks**”) are authorized, but not directed, to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor and pay any and all checks, drafts, wires and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, the Banks shall not be liable to any party on account of (a) following the Debtors’ instructions or representations as to any order of this Court (without any duty of inquiry), (b) the honoring of any prepetition checks, drafts, wires or ACH transfers in a good faith belief that this Court has authorized such prepetition check, draft, wire or ACH transfer or (c) an innocent mistake made despite implementation of reasonable handling procedures.

5. The Banks are authorized to charge and the Debtors are authorized to pay or honor, both prepetition and postpetition service and other fees, costs, charges and expenses to which the Banks may be entitled under the terms of and in accordance with their contractual arrangements with Debtors. The Debtors shall reimburse the Banks for any claim arising prior to or after the Petition Date in connection with any returned items to the Bank Accounts in the normal course of business.

6. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; *provided, however*, that the Debtors may only open a new bank account with a banking institution designated as an authorized depository under the U.S. Trustee Guidelines (an “**Authorized Depository**”), unless first obtaining the consent of the U.S. Trustee; and *provided further* that the Debtors shall obtain the consent of the DIP Agent (as defined below) to all

requests to close any Bank Account or open any new Bank Accounts; and provided further that the Debtors shall provide counsel to the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) and the Ad Hoc Committee of Second Lien Noteholders (the “Second Lien Noteholder Committee”) with prior notice of any new Bank Accounts.

7. Notwithstanding section 345 of the Bankruptcy Code, the Debtors are authorized, but not required, to invest excess cash in (a) money market accounts that (i) only invest in obligations issued or guaranteed by U.S. government agencies, authorities, instrumentalities or sponsored enterprises and (ii) carry the highest possible ratings under Standard & Poor’s Rating Group and Moody’s Investor’s Service, Inc. or (b) in an Authorized Depository.

8. Pursuant to sections 105(a) and 363(c) of the Bankruptcy Code, the Debtors are authorized, but not required, in their business judgment, to continue performing under and honoring the Intercompany Transactions and Intercompany Claims (as described and defined in the Motion, including certain prepetition Intercompany Claims settled through ordinary course netting arrangements), subject to the limitations of the Debtor-in-Possession Credit Agreement among Kodak as a borrower, the other borrower party thereto, the guarantors party thereto, and Citicorp North America, Inc., as agent (in such capacity, the “**DIP Agent**”) and as collateral agent, and any documents executed in connection therewith or related thereto (the “**DIP Facility**”). The Debtors shall (a) keep records of any postpetition intercompany transfers and services that occur during these chapter 11 cases, (b) put in place accounting procedures to identify and distinguish between prepetition and postpetition intercompany transactions and to track postpetition intercompany transactions, ~~and (c) provide reasonable access to such records and procedures to the DIP Agent~~ (c) provide reasonable access to such

records and procedures to the DIP Agent, and to professionals for the the Second Lien Noteholder Committee and the Creditors' Committee and (d) require that any intercompany cash advances (which, for the avoidance of doubt, shall exclude intercompany trade payables and intercompany netting payments) from the Debtors to any non-Debtor affiliate to be made pursuant to a written agreement (copies of which shall promptly be provided to the DIP Agent and to counsel to the Creditors' Committee and the Second Lien Noteholder Committee), provided that, to the extent permitted under the DIP Facility and upon written notice to the DIP Agent, intercompany cash advances (including loans made by the Debtors) outside of the ordinary course of business shall be secured by valid liens or made with the reasonable consent of the Creditors' Committee or further order of this Court.

9. All Intercompany Claims arising after the Petition Date shall be accorded administrative expense priority in accordance with sections 364(a), 364(b), 503(b) and 507(a)(2) of the Bankruptcy Code.

10. Each Debtor that operates a Foreign Branch ~~(as defined in the Motion)~~³ is authorized to continue to ~~(a)~~ maintain the applicable bank accounts of such Foreign Branch ~~Bank Accounts (as defined in the Motion)~~ for purposes of conducting business in such jurisdiction; (including those accounts identified on Exhibit E to the Motion), and ~~(b)~~ each Foreign Branch is authorized to participate in the cash management system with Kodak International Finance Ltd.

11. The Debtors are authorized to direct the Banks, and the Banks are authorized, but not directed, to pay obligations in accordance with this Order or any separate order of this Court.

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”).

12. Any payment from a Bank Account at the request of the Debtors made by any of the Banks prior to the Petition Date (including any ACH ~~T~~transfer such Bank is or becomes obligated to settle), or any instruments issued by any of the Banks on behalf of any Debtor pursuant to a “midnight deadline” or otherwise, shall be deemed to be paid prepetition, whether or not actually debited from such Bank Account prepetition.

13. All obligations of the Debtors and any of their non-Debtor affiliates incurred to any of the Banks before or after the Petition Date that result from ordinary course transactions under the U.S. Banking System shall continue to be secured by any cash collateral as and to the extent provided for in any account agreements between them and the Banks.

14. All accounts opened by the Debtors following the Petition Date at any Bank shall be subject to the rights and obligations of this Order and treated as Bank Accounts hereunder.

15. Nothing contained herein shall impair the Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services.

16. To the extent that any inconsistency exists between this Order and the terms of the DIP Facility or any Order of this Court approving such DIP Facility, the DIP Facility and the Order approving the same shall control.

17. Except as otherwise provided in this Order or any separate order of this Court, all Banks provided with notice of this Order maintaining any of the Bank Accounts shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued prior to the Petition Date. As soon as practicable after the entry of this Order, the Debtors shall

serve a copy of this Order on those Banks that make disbursements pursuant to the U.S. Banking System and the DIP Agent's counsel.

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

19. Nothing in the Motion or this Order, nor as a result of any payment made pursuant to this 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 Second Lien Noteholder Committee, the Creditors' 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 Order.

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

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

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

23. 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

[Allan L. Gropper](#)
United States Bankruptcy Judge