

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

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

**ORDER ESTABLISHING PROCEDURES FOR INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS**

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 an order establishing procedures for interim compensation and reimbursement of expenses for Professionals; 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;

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.



IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

2. Except as may otherwise be provided in orders of this Court authorizing

the retention of specific Professionals, all Professionals in these chapter 11 cases may seek monthly compensation in accordance with the following procedures (collectively, the

“Compensation Procedures”):

- a) On or before the 20th day of each month following the month for which compensation is sought, or as soon as practicable thereafter, each Professional seeking compensation under this Order will serve a monthly statement (the **“Monthly Fee Statement”**), by hand or overnight delivery, on (i) Kodak, 343 State Street, Rochester, New York, 14650, Attn. Dorothy Cusker; (ii) counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, 1000 West Street, 17th Floor, Wilmington, Delaware, 19801-0391, Attn: Morgan L. Seward, Esq. and Sullivan & Cromwell LLP, 125 Broad Street, New York, New York, 10004-2498, Attn: Judith R. Fiorini, Esq.; (iii) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004; (iv) proposed counsel to the Official Committee of Unsecured Creditors (the **“Creditors’ Committee”**), Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn.: Dennis F. Dunne, Esq. and Tyson M. Lomazow, Esq.; (v) counsel to the agent for the Debtors’ postpetition secured debtor in possession credit facility (the **“DIP Financing”**), Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Marshall S. Huebner, Esq.; (vi) counsel to the ad hoc committee of second lien noteholders (the **“Second Lien Noteholder Committee”**), Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, Attn: Michael S. Stamer, Esq. & David H. Botter, Esq.; and (vii) any other committee appointed in these chapter 11 cases (collectively, the **“Notice Parties”**);
- b) On or before the twentieth (20th) day of each month following the month for which compensation is sought, each Professional seeking compensation under this Order shall file a Monthly Fee Statement with the Court; however, a courtesy copy need not be delivered to the Judge’s chambers. The Monthly Fee Order does not alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code. Professionals are still required to file interim and final applications for approval of fees and expenses

in accordance with the relevant provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures and the Local Rules for the United States Bankruptcy Court, Southern District of New York;

- c) Each Monthly Fee Statement must contain a list of the individuals – and their respective titles (e.g., attorney, accountant or paralegal) – who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to this Court’s Administrative Orders dated June 24, 1991 and April 21, 1995 or the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 dated January 30, 1996), and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour. All Professionals not retained as of the Petition Date shall file their first Monthly Statement for the period from the effective date of their retention through the end of the first full month following the effective date of their retention, and otherwise in accordance with the procedures set forth in this Order;
- d) If any party in interest has an objection to the compensation or reimbursement sought in a particular Monthly Fee Statement, such party shall, by no later than the thirty-fifth (35th) day following the month for which compensation is sought, file with the Court and serve upon the Professional whose Monthly Fee Statement is objected to, and the Notice Parties, a written “Notice of Objection to the Fee Statement,” setting forth the nature of the objection and the amount of the fees or expenses at issue;
- e) At the expiration of the thirty-five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Fee Statement to which no objection has been served in accordance with paragraph (d) above; provided that any payment of fees or expenses to a Professional shall first be paid in the form of a reduction to any retainer held by such Professional in connection with its engagement by the Debtors;
- f) If a Notice of Objection to Fee Statement is filed, the Debtors shall withhold payment of that portion of the Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages and in the form set forth in paragraph (e) above unless the Professional whose

statement is objected to seeks an order from the Court, upon notice a hearing, directing payment to be made;

- g) If the parties to an objection are able to resolve their dispute following the filing of a Notice of Objection to Fee Statement and if the party whose Monthly Fee Statement was objected to files (a) a statement indicating that the objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e) above, that portion of the Monthly Fee Statement which is no longer subject to an objection;
- h) All objections that are not resolved by the parties or Court Order shall be preserved and presented to this Court at the next interim or final fee application hearing to be heard by this Court (see paragraph (j) below);
- i) The service of an objection in accordance with paragraph (d) shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Fee Statement shall not be a waiver of any kind or prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- j) Approximately every 120 days, but no more than every 150 days, each of the Professionals shall serve and file with this Court an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be), of the compensation and reimbursement of expenses requested;
- k) Any Professional who fails to file an application seeking approval of compensation and expenses previously paid under this Order when due shall (1) be ineligible to receive further monthly payments of fees or expenses as provided herein until further order of the Court and (2) may be required to disgorge any fees paid since retention or the last fee application, whichever is later;
- l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular statement shall not disqualify a Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by this Court;

- m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any Professionals;
- n) Counsel for an official committee may, in accordance with the foregoing procedures for monthly compensation and reimbursement of Professionals, collect and submit statements of expenses, with supporting vouchers, from members of the committee he or she represents; provided, however, that such committee counsel ensures that these reimbursement requests comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995.

3. All fees and expenses paid to Professionals under the Compensation Procedures are subject to full disgorgement until final allowance by this Court.

4. Service of interim fee applications and final fee applications (collectively, the "**Applications**") may be limited to the Notice Parties. All other parties that have filed a notice of appearance with the Clerk of this Court and requested notice of pleadings in these chapter 11 cases shall be entitled to receive only notices of hearings on the Applications, with a right to receive copies of the Applications upon request.

5. Each Professional may seek, in its first request for compensation and reimbursement of expenses pursuant to this Order, compensation for work performed and reimbursement of expenses incurred during the period beginning on the date of the Professional's retention and ending on February 29, 2012.

6. The amount of fees and disbursements sought must be set out in the U.S. dollars (if the fees and disbursements are to be paid in foreign currency, the amount shall be set out in U.S. dollars and the conversion amount in the foreign currency, calculated at the time of the submission of the application).

7. The Debtors shall include all payments to Professionals on their monthly operating reports, detailed so as to state the amount paid to each of the Professionals.

8. Any party may object to requests for payments made pursuant to this Order on the grounds that the Debtors have not timely filed monthly operating reports, remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of these cases.

9. All time periods set forth in this Order shall be calculated in accordance with Federal Rules of Bankruptcy Procedures 9006(a).

10. Any and all other and further notice of the relief request in the Motion shall be, and hereby is, dispenses with and waived; provided, however, that the Debtors must serve a copy of this Order on all entities specified in paragraph (a) hereof.

11. 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 agent of the DIP Financing, or shall impair the ability of the Debtors, or any other party in interest, the extent applicable, to contest the validity and amount of any payment made pursuant to this Order.

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

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

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

Dated: February 15, 2012
New York, New York

/s/ Allan L. Gropper

Allan L. Gropper
United States Bankruptcy Judge