KODAK

Eastman Kodak Company 2020 Annual Report on Form 10-K and Notice of 2021 Annual Meeting and Proxy Statement

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the year ended December 31, 2020 or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to_____

Commission File Number 1-87

EASTMAN KODAK COMPANY

(Exact name of registrant as specified in its charter)

NEW JERSEY **(State of incorporation)**	**16-0417150** **(IRS Employer Identification No.)**
343 STATE STREET, ROCHESTER, NEW YORK **(Address of principal executive offices)**	**14650** **(Zip Code)**

Registrant's telephone number, including area code: 585-724-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, $0.01 par value	**KODK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

See definition of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2020 was approximately $44 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 1, 2021 was 78,503,476 shares of common stock.

Eastman Kodak Company
Form 10-K
December 31, 2020

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PART I

ITEM 1. BUSINESS

When used in this report, unless otherwise indicated by the context, "we," "our," "us," and "Kodak" refer to the consolidated company on the basis of consolidation described in Note 1 to the consolidated financial statements in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K Report. Also, unless otherwise indicated by the context, "EKC" and the "Company" refer to the parent company, Eastman Kodak Company.

Kodak is a global technology company focused on print, advanced materials and chemicals. Kodak provides industry-leading hardware, software, consumables and services primarily to customers in commercial print, packaging, publishing, manufacturing and entertainment. Kodak is committed to environmental stewardship and ongoing leadership in developing sustainable solutions. Kodak's broad portfolio of superior products, responsive support and world-class R&D make Kodak solutions a smart investment for customers looking to improve their profitability and drive growth.

The Company was founded by George Eastman in 1880 and incorporated in 1901 in the State of New Jersey. Kodak is headquartered in Rochester, New York.

REPORTABLE SEGMENTS

Kodak has four reportable segments: Traditional Printing, Digital Printing, Advanced Materials and Chemicals and Brand. The balance of Kodak's continuing operations, which do not meet the criteria of a reportable segment, are reported in All Other and primarily represent the Eastman Business Park operations.

Traditional Printing

The Traditional Printing segment is comprised of Prepress Solutions, which includes Kodak's digital offset plate offerings and computer-to-plate ("CTP") imaging solutions. The Traditional Printing segment provides digital and traditional product and service offerings to a variety of commercial industries, including commercial print, direct mail, book publishing, newspapers and magazines and packaging.

While this segment is experiencing challenges from digital substitution and competitive pricing pressures, innovations in Kodak product lines that can command premium prices offset some of the long-term market price erosion. Additionally, Kodak seeks to mitigate the impact of market dynamics on pricing and volume pressures and of increases in manufacturing costs, including aluminum prices, through a combination of price increases, commodity contracts, improved production efficiency and cost reduction initiatives.

Prepress Solutions capitalizes on a contract-based, stable and recurring cash flow-generative business model. The average duration of customer contracts is two years. These contracts offer stability and generate recurring revenue. The core of the business is the manufacturing of aluminum digital printing plates of varying sizes. These plates can be as small as 23cm x 27cm and as large as 126cm x 287cm. Unexposed plates are sold to commercial printing companies for use in the offset printing process. Kodak also manufactures equipment, known as CTP equipment, which images the plates with a laser. The plates are used in the offset printing process, which transfers ink from the plate onto a rubber blanket and then onto the substrate to be printed. Due to the nature of the imaging and printing process, a new plate must be used for each printing run. As a result, there is a recurring revenue stream from the sale of these plates.

The Traditional Printing products and services are sold globally to customers through both a direct sales team as well as indirectly through dealers.

Primary competitors are Fuji and Agfa. Kodak expects to benefit from current industry trends, including customers' increasing focus on sustainability initiatives, which strengthens demand for Kodak's process-free solutions.

Digital offset plate offerings include KODAK SONORA Process Free Plates. KODAK SONORA Process Free Plates are prepared directly with a CTP thermal output device and do not require subsequent processing chemistry, processing equipment or chemical disposal. As a result, the plates deliver cost savings and efficiency for customers and promote environmental sustainability practices.

Net sales for Traditional Printing accounted for 58% and 59% of Kodak's total net revenue for the years ended December 31, 2020 and 2019, respectively.

The Traditional Printing segment also provides service and support related to these products.

On September 1, 2019 Kodak established a strategic relationship with Lucky HuaGuang Graphics Co. Ltd ("HuaGuang") in the People's Republic of China.

The relationship is comprised of an agreement under which Kodak sold its shares of the Kodak (China) Graphic Communication Co. Ltd. entity, which included the offset printing plates facility in Xiamen, China, and related assets and liabilities, to HuaGuang; a supply agreement from HuaGuang to Kodak; and a license agreement under which Kodak licensed its plates technology to HuaGuang to sell into the plates market in China.

For further information on the relationship with HuaGuang, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 of this Annual Report on Form 10-K ("MD&A") and Note 16, "Other Operating (Income) Expense, net" in the Financial Statements and Supplementary Data under Item 8 of this Annual Report on Form 10-K.

Digital Printing

The Digital Printing segment contains Electrophotographic Printing Solutions, Prosper, Versamark and Software. Digital Printing products include high-quality digital printing solutions using electrically charged toner-based technology, production press systems, consumables (primarily ink), inkjet components, software and services. Digital Printing products are distributed directly by Kodak and indirectly through dealers. The markets that the Digital Printing segment serves are highly competitive in variable printing applications like direct mail, newspapers, books, and packaging/labels. Key competitors are HP, Canon, Ricoh, and Screen.

- *Electrophotographic Printing Solutions:*
    - NEXFINITY printers produce high-quality, differentiated printing of short-run, personalized print applications, such as direct mail, books, marketing collateral and photo products.
    - DIGIMASTER printers use monochrome electrophotographic printing technology for transactional printing, short-run books, corporate documentation, manuals and direct mail. Kodak has ceased manufacturing Digimaster printers but continues to sell consumables into the installed base.
- *Prosper:*
    - The Prosper business product offerings, including the PROSPER Press systems and PROSPER Components, feature ultrafast inkjet droplet generation. This includes the PROSPER 6000 Press, which delivers a continuous flow of ink that enables constant and consistent operation, with uniform ink droplet size and accurate placement, even at very high print speeds. Applications of the PROSPER Press include publishing, commercial print, direct mail and packaging. PROSPER System Components are integrated into original equipment manufacturer ("OEM") partner products and systems. Sales of equipment that incorporate the PROSPER Writing Systems result in recurring revenue from sales of ink and other consumables and equipment service. The level of recurring revenue depends on the application for which the equipment is used, which drives the total number of pages printed and, therefore, the amount of ink usage. The business model is further supplemented by consumption of other consumables including refurbished jetting modules and service.
    - The focus of the Prosper business is on developing the next generation platform, Ultrastream, with solutions that place writing systems in OEMs products and systems as well as direct sale press products that widens its reach into applications for packaging and décor and expands the substrate range to include plastics. The Prosper business closed on the first sale of a writing system for use in a packaging application in December of 2019 with Uteco Group. Uteco Group is integrating Ultrastream in a packaging press solution.
    - The Prosper business includes Kodak Print Services. Kodak Print Services prints the Jersey Evening Post as well as the majority of U.K. national newspapers for distribution in both Jersey and Guernsey islands. The business is used to demonstrate the value of the Kodak Prosper presses to customers around the world.
- *Versamark:*
    - The KODAK VERSAMARK Products are the predecessor products to the PROSPER business. Kodak has ceased manufacturing VERSAMARK Press Systems. Users of KODAK VERSAMARK products continue to purchase ink and other consumables as well as service from Kodak. Applications of the VERSAMARK products include publishing, transactional, commercial print and direct mail.
- *Software:*
    - The Software business offers a leading suite of solutions for print production workflow, including the PRINERGY workflow production software, by providing customer value through automation, web integration and integration with other Kodak products and third-party offerings. Production workflow software is used by customers to manage digital and conventional print content from file creation to output. Production workflow software manages content and color, reduces manual errors and helps customers manage the collaborative creative process. Kodak believes it is a leader in production workflow solutions for the commercial print and packaging industries with over 15,000 systems installed in some of the largest printing and packaging establishments around the world.

- The Software business includes digital front-end controllers which manage the delivery of personalized content to digital presses while controlling color and print consistency.

Net sales for Digital Printing accounted for 23% and 24% of Kodak's total net revenue for the years ended December 31, 2020 and 2019, respectively.

Advanced Materials and Chemicals

The Advanced Materials and Chemicals segment is comprised of four lines of business: Industrial Film and Chemicals, Motion Picture, Advanced Materials and Functional Printing and Kodak Services for Business ("KSB"). Kodak's Advanced Materials and Chemicals products are distributed directly by Kodak and indirectly through dealers. Kodak Alaris, a professional and consumer still photographic film and chemicals customer, represented approximately 30% and 20% of total Advanced Materials and Chemicals segment revenues in 2020 and 2019, respectively.

The Advanced Materials and Chemicals segment includes the Kodak Research Laboratories which conduct research, develop new product or new business opportunities and file patent applications for its inventions and innovations. The Advanced Materials and Chemicals segment also manages licensing of its intellectual property to third parties and is a supporting participant for any licensing of Kodak intellectual property to a third party. Kodak maintains a large worldwide portfolio of pending applications and issued patents.

- *Industrial Film and Chemicals*:

  - Offers industrial film, including films used by the electronics industry to produce printed circuit boards, as well as professional and consumer still photographic film.

  - Includes related component businesses: Polyester Film; Solvent Recovery; and Specialty Chemicals. Specialty Chemicals include unregulated key starting materials ("KSMs") for pharmaceuticals. Kodak intends to continue organic expansion of its KSM production and is exploring opportunities to further expand its pharmaceutical offerings.

  - Offers specialty inks and dispersions to third parties.

  - Offers Coating and Product Commercialization Services: Offerings include both pilot-scale and production scale roll-to-roll coating capabilities utilizing Kodak's assets and know-how to commercialize and manufacture 3rd party products.

  - Includes Consumer Inkjet Solutions. Starting in 2013, Kodak stopped manufacturing consumer inkjet printers and focused on the sale of ink to its installed printer base. Kodak's final build of ink inventory was depleted in the second quarter of 2020.

- *Motion Picture*

  - Includes the motion picture film business serving the entertainment industry. Motion picture products are sold directly to studios, external laboratories and independent filmmakers.

  - Kodak motion picture film processing laboratories offer onsite processing services at strategic locations in the U.S. and Europe.

- *Advanced Materials*

  - Advanced Materials develops solutions for component smart materials based on the materials science inventions and innovations from the research laboratories. There are multiple applications that Kodak contemplates addressing in this category. Currently, the primary focus is on light blocking particles (Kodalux) for the textile market. In addition, a specialty material is manufactured by this group for use by a 3D printing customer.

- *Functional Printing*:

  - Functional Printing concentrates on contract manufacturing, development partnerships, and/or licensing opportunities in very high-resolution 3D printing solutions such as printed electronics. Development partnerships may include non-recurring engineering payments for Kodak's efforts to further develop such technologies into products. Also, a portfolio of products is offered to enable others to utilize functional printing.

- *IP Licensing and Analytical Services*:

  - Kodak actively seeks opportunities to leverage its patents and associated technology in licensing and/or cross-licensing deals to support both revenue growth and its ongoing businesses. While revenues from these licensing activities tend to be unpredictable in nature, this segment still carries the potential for revenue generation from intellectual property licensing and new materials businesses. Kodak also provides a wide range of analytical services to external clients at market rates.

- *Kodak Services for Business*:

  - KSB provides business process outsourcing services, scan and capture solutions, records conversion services, workflow solutions, content management, and print and managed media services that assist customers with solutions that meet their business requirements. During 2020, KSB operated exclusively in Asia, primarily in China and Hong Kong.

  - KSB was sold to Swiss Post Solutions in December 2020.

- *Kodakit*

  - Kodakit was a platform that connected businesses with professional photographers to cater to their photography needs. Customers included global hotels and online travel agencies, real estate companies, marketplaces, advertising agencies and global brands.

  - In October 2019, Kodak decided to discontinue the operation of Kodakit.

Net sales for Motion Picture and Industrial Film and Chemicals accounted for 15% and 14% of Kodak's total net revenue for the years ended December 31, 2020 and 2019, respectively.

Brand

The Brand segment includes licensing of the Kodak brand to third parties. Kodak currently licenses its brand for use with a range of products including digital, instant print and 35mm film cameras, printing and scanning consumer use devices, batteries, apparel and eyewear. Kodak intends to continue efforts to grow its portfolio of brand licenses to generate both ongoing royalty streams and upfront payments. Brand licensees use the Kodak brand on their products and use their own distribution channels.

DISCONTINUED OPERATIONS

Discontinued operations of Kodak include the Flexographic Packaging business. Refer to Note 29, "Discontinued Operations" in the Notes to Financial Statements for additional information.

RAW MATERIALS

The raw materials used by Kodak are many and varied and are generally readily available. Lithographic aluminum is the primary material used in the manufacture of offset printing plates. Kodak procures lithographic aluminum coils from several suppliers with pricing based, in part, on either prevailing market prices for aluminum or on fixed prices for aluminum agreed to up to eighteen months prior. Electronic components are used in the manufacturing of commercial printers and other electronic devices. The film and chemicals business uses many raw materials, including silver, from a broad range of suppliers. While most raw materials are generally available from multiple sources, certain key electronic components and other components included in the finished goods manufactured by Kodak and manufactured by and purchased from Kodak's third-party suppliers are obtained from single or limited sources, which subjects Kodak to supply risks. Also, tariffs imposed in the U.S. have the practical effect of reducing to a single source the potential suppliers of lithographic aluminum coils for U.S. production purposes.

SEASONALITY OF BUSINESS

Printing equipment and plate unit sales generally are higher in the fourth quarter, resulting from customer or industry budgeting practices and buying patterns.

RESEARCH AND DEVELOPMENT

Kodak's general practice is to protect its investment in research and development and its freedom to use its inventions by obtaining patents. The ownership of these patents contributes to Kodak's ability to provide industry-leading products. Kodak holds portfolios of patents in several areas important to its business, including specific technologies such as lithographic printing plates and related equipment systems; digital printing workflow and color management proofing systems; color and black-and-white electrophotographic printing systems including key press components and toners; commercial inkjet writing systems and components, presses and inks; consumer inkjet inks and media; custom and specialty materials for 3D printing, functional printing materials, material formulations, and deposition modalities; engineered microparticles for specific functions; security materials; embedded information; and color negative films, processing and print films. Each of these areas is important to existing and emerging business opportunities that bear directly on Kodak's overall business performance.

In addition to patents, Kodak's intellectual property includes know-how in many of the areas noted above, but in other businesses as well; such as, manufacturing of KSMs for the pharmaceutical industry.

Kodak's major products are not dependent upon one single, material patent. Rather, the technologies that underlie Kodak's products are supported by an aggregation of patents having various remaining lives and expiration dates. There is no individual patent, or group of patents, whose expiration is expected to have a material impact on Kodak's results of operations.

ENVIRONMENTAL PROTECTION

Kodak is subject to various laws and governmental regulations concerning environmental matters. The U.S. federal environmental legislation and state regulatory programs having an impact on Kodak include the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the NY State Chemical Bulk Storage Regulations and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the "Superfund Law").

It is Kodak's policy to carry out its business activities in a manner consistent with sound health, safety and environmental management practices, and to comply with applicable health, safety and environmental laws and regulations. Kodak continues to engage in programs for environmental, health and safety protection and control.

Based upon information presently available, future costs associated with environmental compliance are not expected to have a material effect on Kodak's capital expenditures or competitive position, although costs could be material to a particular quarter or year.

EMPLOYMENT

At the end of 2020, Kodak employed the full time equivalent of approximately 4,500 people globally, of whom approximately 1,900 were employed in the U.S. The actual number of employees may be greater because some individuals work part time.

AVAILABLE INFORMATION

Kodak files many reports with the Securities and Exchange Commission ("SEC") (www.sec.gov), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports, and amendments to these reports, are made available free of charge as soon as reasonably practicable after being electronically filed with or furnished to the SEC. They are available through Kodak's website at www.Kodak.com. To reach the SEC filings, follow the links to About Kodak, Investor Center, Financial Information and then SEC Filings.

ITEM 1A. RISK FACTORS

Kodak operates in rapidly changing economic and technological environments which present numerous risks, many of which are driven by factors it cannot control or predict. Certain factors may have a material adverse effect on its business, financial condition, and results of operations and make an investment in its securities risky. You should consider carefully the risks and uncertainties described below in addition to other information contained in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section and the consolidated financial statements and related notes. The following discussion of "risk factors" identifies Kodak's assessment of the most significant factors which may adversely affect its business, operations, financial position, stock price or future financial performance. Additional risks and uncertainties Kodak is unaware of, or currently believes are not material, may also become important factors which could adversely affect its business, operations, financial position or future financial performance.

Risks Related to Kodak's Business

If Kodak is not able to successfully implement its business plans, or experiences implementation delays in cost structure reduction, Kodak's consolidated results of operations, financial position and liquidity could be negatively affected.

Kodak's business plans are subject to a number of assumptions, projections, and analysis. If these assumptions prove to be incorrect, Kodak may be unsuccessful in executing its business plans or achieving the projected results, which could adversely impact its financial results and liquidity. In addition, Kodak continues to rationalize its workforce and streamline operations to a leaner and more focused organization aligned with its business initiatives. There are no assurances such measures will prove to be successful or the cost savings or other results it achieves through these plans will be consistent with its expectations. As a result, its results of operations, financial position and liquidity could be negatively impacted. If restructuring plans are not effectively managed, it may experience lost customer sales, product delays, additional costs and other unanticipated effects, causing harm to its business and customer relationships.

Finally, the timing and implementation of these plans require compliance with numerous laws and regulations, including local labor laws, and the failure to comply with such requirements may result in damages, fines and penalties which could adversely affect Kodak's business.

The ability to generate positive operating cash flows will be necessary for Kodak to continue to operate its business.

The positive cash flow from operations generated by Kodak in 2019 were derived from working capital improvements and individual transactions which occurred during the year and are not expected to be recurring. Kodak has not generated positive operating cash flows without supplementing such cash flow from operations with monetization transactions over the past several years. The Traditional Printing segment, Kodak's largest segment, has had, and is expected to continue to have, declining revenues. Kodak's stable and remaining growth businesses may not grow or continue to generate the same or enough cash flow to offset businesses with declining cash flows and investments needed for certain growth businesses. It may take Kodak longer to generate positive cash flow from operations than planned, which would have a material adverse effect on its liquidity and financial position. If Kodak is unable to generate positive cash flow from operations for an extended period in the future or to adequately supplement such cash flow from operations with proceeds from monetization transactions, its ability to continue as a going concern could be impaired or limited.

Continued investment, capital needs, restructuring payments, dividends and servicing the Company's debt require a significant amount of cash and it may not be able to generate sufficient cash to fund these activities, which could adversely affect its business, operating results and financial condition.

Kodak's business may not generate cash flow in an amount sufficient to enable it to pay the principal or mandatory redemption price of, or interest and dividends on, the senior secured first lien term loans (the "Term Loans") borrowed under the Credit Agreement, dated February 26, 2021, by and among the Company, the lenders party thereto (the "Term Loan Lenders"), and Alter Domus (US) LLC, as Administrative Agent (the "Credit Agreement"), the 5.0% unsecured convertible notes held by the Term Loan Lenders (the "Convertible Notes"), the 4.0% Series B Convertible Preferred Stock of the Company (the "Series B Preferred Stock"), and the 5.0% Series C Convertible Preferred Stock of the Company (the "Series C Preferred Stock"), or to fund Kodak's other liquidity needs, including working capital, capital expenditures, product development efforts, restructuring actions, strategic acquisitions, investments and alliances and other general corporate requirements. Its film manufacturing facilities are aged and without significant updates to equipment and systems will be more prone to failure. Capital improvements are planned but there is risk to manufacturing operations especially due to the complexity of the processes and technology and the loss of knowledge as employees leave who are familiar with the processes and technology. The longer these updates are delayed the higher the risk due to equipment failures, further obsolescence and additional loss of employees with the specific knowledge base.

Kodak's ability to generate cash is subject to general economic, financial, competitive, litigation, regulatory and other factors beyond its control. There are no assurances:

- Kodak's businesses will generate sufficient cash flow from operations;
- Kodak will be able to repatriate or move cash to locations where and when it is needed;
- the Company will meet all the conditions associated with borrowings or issuing letters of credit under the ABL Credit Agreement;
- Kodak will realize cost savings, earnings growth and operating improvements resulting from the execution of its business and restructuring plan;
- Kodak will not have to expend cash defending lawsuits regardless of the merits of any claims raised; or
- Future sources of funding will be available in amounts sufficient to enable funding of its liquidity needs.

If Kodak cannot fund its liquidity needs, it will have to take actions, such as reducing or delaying capital expenditures, product development efforts, strategic acquisitions, and investments and alliances; selling additional assets; restructuring or refinancing the Company's debt; or seeking additional equity capital. Such actions could increase the Company's debt, negatively impact customer confidence in its ability to provide products and services, reduce its ability to raise additional capital and delay sustained profitability. There are no assurances any of these actions could, if necessary, be taken on commercially reasonable terms, or at all, or they would satisfy Kodak's liquidity needs.

If Kodak is unable to continue successful development, funding, and commercialization of products in businesses upon which it is focused or do so within an acceptable timeframe, its financial performance could be adversely affected.

Kodak has focused its investments in print, advanced materials, and chemicals. These investment areas include offset plates and CTP devices, digital printing using commercial inkjet and electrophotography, high resolution functional printing for electronic and optical solutions, specialty chemicals (including pharmaceutical products) and smart materials for light control and 3D printing. Each of these businesses requires additional investment and may not be successful. The introduction of successful innovative products at market competitive prices and the achievement of scale are necessary for Kodak to grow these businesses, improve margins and achieve its financial objectives. Additionally, its strategy is based on a number of factors and assumptions, some of which are not within its control, such as the actions of third parties. There can be no assurance that it will be able to successfully execute all or any elements of its strategy, or that its ability to successfully execute its strategy will be unaffected by external factors. If Kodak is unsuccessful in growing its investment businesses as planned, or perceiving the needs of its target customers, its financial performance could be adversely affected.

Due to the nature of the products it sells and Kodak's worldwide distribution, Kodak is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity costs which, together with tariffs that may be imposed, may adversely impact its results of operations and financial position.

As a result of Kodak's global operating and financing activities, it is exposed to changes in currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Exchange rates and interest rates in markets in which it does business tend to be volatile and, at times, its sales and profitability can be negatively impacted across all its segments depending upon the value of the U.S. dollar and other major currencies such as the euro, the Japanese yen, the British pound and the Chinese yuan. In addition, Kodak's products contain aluminum, silver, petroleum-based or other commodity-based raw materials, the prices of which have been, and may continue to be, volatile. In the case of aluminum and other raw materials and components imported by Kodak, tariffs imposed from time to time may give rise to future cost increases. Tariffs or duties may also be imposed on exported products produced by Kodak, making such products less competitive in jurisdictions imposing such tariffs or duties. If the global economic situation remains uncertain or worsens, there could be further volatility in changes in currency exchange rates, interest rates and commodity prices, which could have negative effects on its revenue and earnings.

Weakness or worsening of global economic conditions could adversely affect Kodak's financial performance and liquidity.

The global economic environment may adversely affect sales of Kodak's products, profitability and liquidity. Global financial markets have been experiencing extreme volatility, including as a result of the global outbreak of the coronavirus formally known as COVID-19. Economic conditions could accelerate any decline in demand for products, which could also place pressure on its results of operations and liquidity.

In particular, if the coronavirus has a significant impact on the printing industry it could adversely impact the demand for Kodak's products. Certain known consequences to Kodak from the COVID-19 pandemic are disclosed in the financial statements contained in this Form 10-K and under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." The full extent to which the COVID-19 pandemic will impact Kodak's results will depend on future developments, which are highly uncertain and cannot be predicted at the time of this filing, including new information which may emerge concerning the scope and duration of the pandemic and the restrictions and other actions implemented to fight it, among others. Direct and indirect effects from the COVID-19 pandemic could have a material adverse effect on the continuity of Kodak's business operations and its results of operations and financial position, particularly if such effects have an extended duration. There is no guarantee that anticipated economic growth levels in markets which have experienced some economic strength will continue in the future, or Kodak will succeed in expanding sales in these markets.

In addition, accounts receivable and past due accounts could increase due to a decline in its customers' ability to pay as a result of an economic downturn, including as a result of the COVID 19 pandemic, and its liquidity, including its ability to use credit lines, could be negatively impacted by failures of financial instrument counterparties, including banks and other financial institutions. If global economic weakness and tightness in the credit markets exist, worsen or are attenuated, Kodak's profitability and related cash generation capability could be adversely affected and, therefore, affect its ability to meet its anticipated cash needs, impair its liquidity or increase its costs of borrowing.

Following an implementation period after the UK left the EU on 31 January 2020, and as of 1 January 2021 the UK is no longer a member of the EU single market and customs union. However, in December 2020 the UK reached a deal with the EU on certain key points, notably trade so that no duty is paid on goods moving between the UK and the EU. Additional border checks have been introduced for goods leaving and entering the UK and these have resulted in some delays early in 2021. New export / import documentation required has resulted in some incremental costs.

The uncertainty concerning Brexit has also caused global stock market volatility and currency exchange rate fluctuations that resulted in strengthening of the U.S. dollar relative to other foreign currencies in which we conduct business. There may also be broader uncertainty over the position the United States will take with respect to certain treaty and trade relationships with other countries. This uncertainty may impact (i) the ability or willingness of non-U.S. companies to transact business in the United States, including with the Company, (ii) regulation and trade agreements affecting U.S. companies, (iii) global stock markets and (iv) general global economic conditions. All of these factors are outside Kodak's control but may cause it to adjust its strategy in order to compete effectively in global markets and could adversely affect its business, financial condition, operating results and cash flows.

If Kodak is unable to successfully develop or commercialize new products or do so in a timely manner, its business, financial position and operating results may suffer.

Kodak generally sells its products in industries which are characterized by rapid technological changes, frequent new product and service introductions and changing industry standards.

Without the timely introduction of new products, services and enhancements, its products and services will become technologically obsolete over time, in which case its revenue and operating results would suffer. Therefore, its future results of operations will depend to a significant extent upon its ability to successfully commercialize new products in a timely manner. The success of its new products and services will depend on several factors, including its ability to:

- identify customer needs;
- innovate and develop new technologies, services, and applications;
- commercialize new technologies in a timely manner;
- manufacture and deliver its products in sufficient volumes and on time;
- differentiate its offerings from its competitors' offerings;
- price its products and services competitively;
- anticipate its competitors' development of new products, services or technological innovations;
- work successfully alongside its partners; and
- control product quality in its manufacturing processes.

As a result of these and other factors, products currently in development by Kodak (for example, UltraStream technology, new generations of Sonora offset plates, and small particle technology) may or may not be successfully commercialized in a timely manner, or at all. In connection with new products, Kodak will face risks relating to talent acquisition, construction, obtaining regulatory approvals, cost overruns, delays, product development and market development, among others. If any of its key products cannot be successfully or timely commercialized, its operating results could be adversely affected. Moreover, it cannot guarantee any investment made in developing products will be recouped, even if it is successful in commercializing those products, which could have a material adverse effect on its business, financial position and operating results.

If Kodak's commercialization and manufacturing processes fail to prevent issues with product reliability, yield and quality, its product launch plans may be delayed, its financial results may be adversely impacted, and its reputation may be harmed.

In developing, commercializing and manufacturing Kodak's products and services it must adequately address reliability and prevent yield and other quality issues, including defects in its engineering, design and manufacturing processes, as well as defects in third-party components included in its products. Because Kodak's products are sophisticated and complicated to develop and commercialize with rapid advances in technologies, the occurrence of defects may increase, particularly with the introduction of new product lines.

Unanticipated issues with product performance may delay product launch plans which could result in additional expenses, lost revenue and earnings. Although it has established internal procedures to minimize risks which may arise from product quality issues, there can be no assurance it will be able to eliminate or mitigate occurrences of these issues and associated liabilities. Product reliability, yield and quality issues can impair its relationships with new or existing customers and adversely affect its brand image; product quality issues can result in recalls, warranty, or other service obligations and litigation; and its reputation as a producer of high quality products could suffer, all of which could adversely affect its business as well as its financial results.

If the reputation of Kodak or its brand erodes significantly, it could have a material impact on its financial results.

Kodak's reputation, and the reputation of its brand, form the foundation of its relationships with key stakeholders and other constituencies, including customers, suppliers and consumers. The quality and safety of Kodak's products are critical to its business. Kodak's products have worldwide recognition, and its financial success is directly dependent on the success of its product offering. One aspect of Kodak's business is licensing others to use Kodak's brand in connection with the sale of such licensees' products and services, and activities by such licensees may be perceived by the market as being activities of Kodak.

The success of Kodak's brand can suffer if its or its licensees' marketing plans, product initiatives or activities do not have the desired impact on the brand's image or ability to attract customers. Kodak's results could also be negatively impacted if its brand suffers substantial harm to its reputation due to significant product reliability and quality issues, and product-related litigation. Additionally, negative or inaccurate postings or comments on social media or networking websites about Kodak, its licensees or its brand could generate adverse publicity which could damage the reputation of the brand. Kodak takes measures to research licensees prior to entering into agreements, assesses the quality of licensee products, and maintains strict requirements to govern licensees use of the brand. Kodak also devotes significant time and resources to programs consistent with its corporate values and commitments that are designed to protect and preserve its reputation, such as social responsibility and environmental sustainability. If these programs are not executed as planned or suffer negative publicity, Kodak's reputation and financial results could be adversely impacted.

Increased competition, including price competition, could have a material adverse impact on Kodak's revenue, gross margins, cash flow and market share.

The markets in which Kodak does business are highly competitive with large, entrenched, and well financed industry participants, many of which are larger than Kodak. In addition, it encounters aggressive price competition for many of its products and services from numerous companies globally. Any of its competitors may:

- foresee the course of market developments more accurately than it does;
- sell superior products and provide superior services or offer a broader variety of products and services;
- have the ability to produce or supply similar products and services at a lower cost;
- have better access to materials and supplies and the ability to acquire materials and supplies at a lower cost;
- develop stronger relationships with its suppliers or customers;
- adapt more quickly to new technologies or evolving customer requirements than it does; or
- have access to capital markets or other financing sources on more favorable terms than it can obtain.

As a result, Kodak may not be able to compete successfully with its competitors. Finally, it may not be able to maintain its operating costs or prices at levels which would allow it to compete effectively. Kodak's results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures. If its products, services and pricing are not sufficiently competitive with current and future competitors, it could also lose market share, adversely affecting its revenue, gross margins and cash flow.

An inability to provide competitive financing arrangements to Kodak's customers or extension of credit to customers whose creditworthiness deteriorates could adversely impact its revenue, profitability and financial position.

The competitive environment in which Kodak operates may require it to facilitate or provide financing to its customers. Customer financing arrangements may cover all or a portion of the purchase price invoices for its products and services. It may also assist customers in obtaining financing from banks and other sources. Its success may be dependent, in part, upon its ability to provide customer financing on competitive terms and on its customers' creditworthiness. Tightening of credit in the global financial markets can adversely affect the ability of Kodak's customers to obtain financing for significant purchases, which may result in a decrease in, or cancellation of, orders for its products and services. If Kodak is unable to provide competitive financing solutions to its customers or if it extends credit to customers whose creditworthiness deteriorates, its revenues, profitability and financial position could be adversely impacted.

The loss of one or more of Kodak's key personnel, or its failure to attract and retain other highly qualified personnel in the future, could harm its business.

In order for it to be successful, Kodak must continue to attract, retain and motivate executives and other key employees, including technical, managerial, marketing, sales, research and support positions. Hiring and retaining qualified executives, research and engineering professionals, and qualified sales representatives, particularly in Kodak's targeted growth markets, are critical to its future. It may be unable to attract and retain highly qualified management and employees, particularly if it does not offer employment terms competitive with the rest of the market. Failure to attract and retain qualified individuals, key leaders, executives and employees, or failure to develop and implement a viable succession plan, could result in inadequate depth of institutional knowledge or skill sets, which could adversely affect its business.

If Kodak cannot effectively anticipate or rapidly respond to technology trends and develop and market new products to respond to changing customer needs and preferences, its revenue, earnings and cash flow could be adversely affected.

Kodak serves imaging/print needs for business markets, including graphic communications, packaging, enterprise services, and printed electronics. Its success in these markets depends on its ability to offer differentiated solutions and technologies to capture market share and grow scale. To enable this, it must continually develop and introduce new products and services in a timely manner to keep pace with technological developments and achieve customer acceptance. In addition, the services and products it provides to customers may not or may no longer meet the needs of its customers as the business models of its customers evolve. Its customers may decide to outsource their imaging needs or may purchase imaging services and needs from other suppliers. In addition, it is difficult to predict successfully the products and services its customers will demand. The success of Kodak's business depends in part on its ability to identify and respond promptly to changes in customer preferences, expectations and needs. If it does not timely assess and respond to changing customer expectations, preferences and needs, its financial condition, results of operations or cash flows could be adversely affected.

If Kodak is unable to timely anticipate new technology trends, develop improvements to its current technology to address changing customer preferences, and effectively communicate its businesses, products, and the markets it serves, its revenue, earnings and cash flow could be adversely affected. The success of Kodak's technology development efforts may be affected by the development efforts of its competitors, which may have more financial and other resources to better ascertain technology trends, changing customer preferences, and changing business expectations or models. Kodak's assessment and response may as a result be incomplete or inferior when compared to its competitors, which could adversely affect its product roadmaps and associated revenue streams.

Kodak has reduced the scope of its corporate-focused research and development activities. If its investment in research and product development is inadequate, its response to changing customer needs and changing market dynamics may be too slow and this may adversely affect revenue streams from new products and services.

Kodak makes investments in new products and services that may not achieve expected returns.

Commercial success depends on many factors, including innovativeness, developer support, and effective distribution and marketing. If customers do not perceive Kodak's latest offerings as providing significant new functionality or other value, they may reduce their purchases of new products or upgrades, unfavorably affecting revenue. Kodak may not achieve significant revenue from new product, service, and distribution channel investments for several years, if at all.

New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins Kodak has experienced historically. Developing new technologies is complex. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect Kodak's revenue.

Kodak relies on third-party suppliers and service providers to support its manufacturing, logistics, and business operations and faces the risks associated with reliance on external business partners.

Kodak relies on third-party suppliers for goods and services to support its manufacturing, logistics, and business operations. To the extent it relies on third-parties, it faces the risks that those third parties may not be able to:

- develop manufacturing methods appropriate to Kodak's products;
- maintain an adequate control environment;
- quickly respond to changes in customer demand for Kodak's products;
- obtain supplies and materials necessary to deliver goods or services to Kodak; or
- mitigate the impact of labor shortages and/or other disruptions.

Suppliers may choose to unilaterally withhold products, components or services. In addition, Kodak may experience shortages in supply and disruptions in service and supply as a result of unexpected demand, transportation and logistical limitations, and/or disruptions or production difficulties at its suppliers, such as disruptions due to fires, medical epidemics, other natural disasters or events outside of a supplier's control. In addition, disruptions could result from a reduction in the number of its suppliers due to their own financial difficulties or a reduction in the products offered by such suppliers. As a result of the loss of any supplier, or a substantial decrease in the availability of products from its suppliers, Kodak may be unable to meet its customer commitments, its costs could be higher than planned, and its cash flows and the reliability of its products could be negatively impacted. Kodak will vigorously enforce its contractual rights under such circumstances, but there is no guarantee it will be successful in preventing or mitigating the effects of unilateral actions by its suppliers.

Other supplier problems that Kodak could encounter include electronic component shortages, excess supply, interruption of IT services, risks related to the duration and termination of its contracts with suppliers for components and materials, non-competitive pricing due to tariffs, and risks related to the ability to obtain products, components or services from single source suppliers on favorable terms or at all. The realization of any of these risks, should alternative third-party relationships not be available or established, could cause interruptions in supply or increases in costs which might result in Kodak's inability to meet customer demand for its products, damage to its relationships with its customers, and reduced market share, all of which could adversely affect its results of operations and financial condition.

Any significant negative change in the payment terms that Kodak has with its suppliers could adversely affect its liquidity. There is a risk that Kodak's key suppliers could respond to any actual or apparent decrease in or any concern with its financial results or liquidity by requiring or conditioning their sale of goods or services to Kodak on more stringent or more costly payment terms, such as by requiring standby letters of credit, earlier or advance payment of invoices, payment upon delivery, or shorter payment terms. Kodak's need for additional liquidity could significantly increase and its supply could be materially disrupted if a significant portion of its key suppliers and vendors took one or more of the actions described above, which could have a material adverse effect on its sales, customer satisfaction, cash flows, liquidity and financial position.

Business disruptions could seriously harm Kodak's future revenue and financial condition and increase its costs and expenses. Worldwide operations could be subject to earthquakes, power shortages, telecommunications failures, cyber-attacks, terrorism and other physical security threats, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, political or economic instability, and other natural or manmade disasters or business interruptions, for which Kodak is predominantly self-insured. The occurrence of any of these business disruptions could seriously harm its revenue and financial condition and increase its costs and expenses.

The ongoing outbreak of the coronavirus formally known as COVID-19 has resulted in travel restrictions, disruptions to suppliers' performance and delivery, as well as the temporary shutdown of many businesses.

Certain of Kodak's critical business functions, including its manufacturing and field service operations, cannot be performed remotely, and an inability of Kodak's employees to physically work at its or its customers locations due to government restrictions, health concerns or illness may disrupt its operations, perhaps significantly. Kodak has experienced some disruptions in its manufacturing and logistics operations due to the coronavirus outbreak. The full extent to which the coronavirus outbreak continues to impact Kodak's results will depend on future developments, which are highly uncertain and cannot be predicted at the time of this filing, including new information which may emerge concerning the coronavirus and the actions taken to contain the virus or treat its impact, among others. Complications from the coronavirus outbreak could have a material adverse effect on the continuity of our business operations and our results of operations and financial position.

In addition, some areas, including parts of the east and west coasts of the United States, have previously experienced, and may experience in the future, major power shortages and blackouts. These blackouts could cause disruptions to Kodak's operations or the operations of its suppliers, distributors and resellers, or customers. Kodak has operations including research and development facilities in geographically disparate locations, such as Israel, Japan, China, Canada and Germany.

The impact of these risks is greater in areas where products are manufactured at a sole or limited number of location(s), and where the sourcing of materials is limited to a sole or limited base of suppliers, since any material interruption in operations in such locations or suppliers could impact Kodak's ability to provide a particular product or service for a period of time.

Kodak's inability to effectively complete and manage strategic transactions could adversely impact its business performance, including its financial results.

As part of Kodak's strategy, it may be engaged in discussions with third parties regarding possible investments, acquisitions, strategic alliances, joint ventures, divestitures, asset sales, spin-offs and outsourcing transactions and may enter into agreements relating to such transactions in order to further its business objectives. In order to successfully pursue its strategic transaction strategy, it must identify suitable sellers, buyers and partners and successfully complete transactions, some of which may be large and complex, and manage post-closing issues such as the elimination of any remaining post-sale costs related to divested businesses. Transaction risk can be more pronounced for larger and more complicated transactions or when multiple transactions are pursued simultaneously. There are no assurances Kodak will be able to consummate any strategic transactions which it undertakes or, if consummated, Kodak will achieve the benefits sought to be achieved from such strategic transactions. If Kodak fails to identify and successfully complete transactions that further its strategic objectives, it may be required to expend resources to develop products and technology internally, it may be at a competitive disadvantage or it may be adversely affected by negative market perceptions. Any of these factors could have an adverse effect on its revenue, gross margins and profitability. In addition, unpredictability surrounding the timing of such transactions could adversely affect its financial results.

Kodak may pursue acquisitions or combinations which could fail or present unanticipated problems for its business in the future, which would adversely affect its ability to realize the anticipated benefits of those transactions or increase the price it would be required to pay.

Kodak may seek to enter into transactions which may include acquiring or combining with other businesses. It may not be able to identify suitable acquisition or combination opportunities or finance and complete any particular acquisition or combination successfully. Furthermore, acquisitions and combinations involve a number of risks and challenges, including:

- the ability to obtain required regulatory and other approvals;
- the need to integrate acquired or combined operations with its business;
- potential loss of key employees;
- difficulty in evaluating operating costs, infrastructure requirements, environmental and other liabilities and other factors beyond its control;
- wrong, inaccurate or changing business assumptions on which such acquisitions or combinations are predicated;
- potential lack of operating experience in new business or geographic areas;
- an increase in its expenses and working capital requirements;
- management's attention may be temporarily diverted; and
- the possibility it may be required to issue a substantial amount of additional equity or debt securities or assume additional debt in connection with any such transactions.

Any of these factors could adversely affect its ability to achieve anticipated levels of cash flows or realize synergies or other anticipated benefits from a strategic transaction. Furthermore, the market for transactions is highly competitive, which may adversely affect its ability to find transactions which fit its strategic objectives or increase the price it would be required to pay (which could decrease the benefit of the transaction or hinder its desire or ability to consummate the transaction). Strategic transactions may occur at any time and may be significant in size relative to its assets and operations.

Cyber-attacks or other data security incidents that disrupt Kodak's operations or result in the breach or other compromise of proprietary of confidential information about its workforce, its customers, or other third parties could disrupt its business, harm its reputation, cause it to lose customers, and expose it to costly regulatory enforcement and litigation.

To effectively manage Kodak's global business, it depends on secure and reliable information technology systems with accurate data. These systems and their underlying infrastructure are provided by a combination of Kodak and third-parties, and if unavailable or unreliable, could disrupt Kodak's operations, causing delays or cancellation of customer orders, impeding the manufacturing or delivery of products, delaying the reporting of financial results, or impacting other business processes critical to running its business.

Kodak's IT systems contain critical information about its business, including intellectual property and confidential information of its customers, business partners, and employees. Cyber-attacks or defects in its systems could result in this proprietary information being disclosed or modified, which could cause significant damage to its business or its reputation.

Kodak has system controls and security measures in place that are designed to protect its IT systems against intentional or unintentional disruptions of its operations or disclosure of confidential information, but it may not be able to implement solutions that result in stopping or detecting all of these threats to its internal information systems or those of its third-party providers. A breach of Kodak's security measures could result in unauthorized access to and misuse of its information, corruption of data, or disruption of operations, any of which could have a material adverse impact on its business.

Kodak also provides IT-based products and services to its customers, and operates services used by its customers and hosted by Kodak, both businesses and consumers, and a breach of its security or reliability measures, or those of its third-party service providers, could negatively impact its customers' operations or data privacy.

Attacks on IT systems continue to grow in frequency, complexity and sophistication, and Kodak is regularly targeted by unauthorized parties using malicious tactics, code and viruses.

Kodak has programs in place to prevent, detect and respond to data or cyber security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, are increasingly more complex and sophisticated and may be difficult to detect for long periods of time, Kodak may be unable or fail to anticipate these techniques or implement adequate or timely preventive or responsive measures.

Failure to comply with anti-corruption laws and regulations, anti-money laundering laws and regulations, economic and trade sanctions, and similar laws could have a materially adverse effect on Kodak's reputation, results of operations or financial condition, or have other adverse consequences.

Regulators worldwide are exercising heightened scrutiny with respect to anti-corruption, economic and trade sanctions, and anti-money laundering laws and regulations. Such heightened scrutiny has resulted in more aggressive investigations and enforcement of such laws and more burdensome regulations, any of which could adversely impact Kodak's business. Kodak has a global operating presence, including in numerous developing economies where companies and government officials are more likely to engage in business practices that are prohibited by domestic and foreign laws and regulations, including the United States Foreign Corrupt Practices Act and the U.K. Bribery Act.

Such laws generally prohibit improper payments or offers of payments to foreign government officials and leaders of political parties, and in some cases, to other persons, for the purpose of obtaining or retaining business. Kodak is also subject to economic and trade sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, which prohibit or restrict transactions or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially designated, including narcotics traffickers and terrorists or terrorist organizations, among others. In addition, Kodak is subject to anti-money laundering laws and regulations.

Kodak has implemented policies and procedures to monitor and address compliance with applicable anti-corruption, economic and trade sanctions and anti-money laundering laws and regulations, and it periodically reviews, upgrades and enhances certain of its policies and procedures. However, there can be no assurance that its employees, consultants or agents will not take actions in violation of its policies for which it may be ultimately responsible, or that its policies and procedures will be adequate or will be determined to be adequate by regulators. Any violations of applicable anti-corruption, economic and trade sanctions or anti-money laundering laws or regulations could limit certain of Kodak's business activities until they are satisfactorily remediated and could result in civil and criminal penalties, including fines, which could damage its reputation and have a materially adverse effect on its results of operation or financial condition.

Failure to comply with privacy, data protection and cyber security laws and regulations could have a materially adverse effect on Kodak's reputation, results of operations or financial condition.

Kodak receives, processes, transmits and stores information relating to identifiable individuals (personal information), both in its role as a technology provider and as an employer. As a result, Kodak is subject to numerous U.S. federal and state and foreign laws and regulations relating to personal information. These laws have been subject to frequent changes, and new legislation in this area may be enacted at any time.
More recent examples of data privacy laws include the EU's General Data Protection Regulation (GDPR), California's Consumer Privacy Act (CCPA) and Privacy Rights Act (CPRA), and Brazil's General Data Protection Law (LGPD).

Recently enacted laws and regulations, as well as any other change to existing laws, the introduction of new laws in this area, or the failure to comply with existing laws that are applicable, may subject Kodak to, among other things, additional costs or changes to its business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on its ability to obtain and process information and allegations by its customers and clients that it has not performed its contractual obligations. At the same time, the risk of cyber-attacks is relevant to the requirements regarding storage, transfer, sharing and handling of personal information.

This environment demands Kodak continuously improve its design and coordination of security controls and contractual arrangements across its businesses and geographies. Despite these efforts, it is possible its security controls over personal data, its training of employees and vendors on data privacy and data security, and other practices it follows may not prevent the improper disclosure of personal information. Improper disclosure of this information could harm its reputation or subject it to liability under laws which protect personal data, resulting in increased costs or loss of revenue.

If Kodak cannot protect the intellectual property rights on which its business depends, or if third parties assert it violates their intellectual property rights, its revenue, earnings, expenses and liquidity may be adversely impacted.

A key differentiator for Kodak in many of its businesses is its technological advantage over competitors' products and solutions. Its technological advantage is supported by Kodak's intellectual property rights. Patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and non-disclosure, confidentiality and other types of agreements with Kodak's employees, customers, suppliers and other parties, may not be effective in establishing, maintaining, protecting and enforcing Kodak's intellectual property rights.

Any of Kodak's direct or indirect intellectual property rights could be challenged, invalidated, circumvented, infringed, diluted, disclosed or misappropriated, or such intellectual property rights may not be sufficient to permit it to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly product redesign efforts, discontinuance of certain product offerings or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same degree as the laws of the United States.

Therefore, in certain jurisdictions, Kodak may be unable to protect its proprietary technology adequately against unauthorized third party copying, infringement or use, which could adversely affect its competitive position. Also, some of Kodak's business and some of its products rely on key technologies developed or licensed by third parties and, because of the rapid pace of technological change in the information technology industry, it may not be able to obtain or continue to obtain licenses and technologies from relevant third parties on reasonable terms, or at all.

Kodak also licenses third parties to use its trademarks. In an effort to preserve its trademark rights, Kodak enters into license agreements with these third parties which govern the use of its trademarks and require its licensees to abide by quality control standards with respect to the goods and services they provide under the trademarks. Although Kodak makes efforts to police the use of its trademarks by its licensees, there can be no assurance these efforts will be sufficient to ensure the licensees abide by the terms of their licenses. In the event Kodak's licensees fail to do so, its trademark rights could be diluted and its reputation harmed by its licensees' activities. Also, failure by Kodak and its licensees to sufficiently exploit any of Kodak's trademarks in any markets could erode Kodak's trademark rights with respect to the relevant trademarks. Because the laws and enforcement regimes of certain countries do not protect proprietary rights to the same degree as those in the United States, in certain jurisdictions Kodak may be unable to adequately prevent such unauthorized uses, which could result in impairment of its trademark rights.

Kodak has made substantial investments in new, proprietary technologies and has filed patent applications and obtained patents to protect its intellectual property rights in these technologies as well as the interests of its licensees.

There can be no assurance Kodak's patent applications will be approved, any patents issued will be of sufficient scope or strength to provide it with meaningful protection, or such patents will not be challenged by third parties. Furthermore, Kodak may fail to accurately predict all of the countries where patent protection will ultimately be desirable, and if it fails to timely file a patent application in any such country, it may be precluded from doing so at a later date. The patents issuing may vary in scope of coverage depending on the country in which such patents issue.

In addition, the intellectual property rights of others could inhibit Kodak's ability to conduct its business. Other companies may hold patents on technologies used in Kodak's industries and some of these companies may be aggressively seeking to expand, enforce or license their patent portfolios. Third parties may claim Kodak and its customers, licensees or other parties indemnified by it are infringing upon their intellectual property rights. Such claims may be made by competitors seeking to block or limit Kodak's access to certain markets. Additionally, certain individuals and groups have purchased intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from large companies like Kodak. Even if it believes the claims are without merit, these claims may have the following negative impacts on its business:

- claims can be time consuming and costly to defend and may distract management's attention and resources;
- claims of intellectual property infringement may require it to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting it from marketing or selling certain of its products;
- even if it has an agreement with a third party to indemnify it against such costs, the indemnifying party may be unable to uphold such party's contractual obligations; and
- if it cannot or does not license the infringed technology at all, license the technology on reasonable terms or substitute similar technology from another source, its revenue and earnings could be adversely impacted.

Finally, Kodak uses open source software in connection with some of its products and services. Companies which incorporate open source software into their products have, from time to time, faced claims challenging the ownership of open source software and/or compliance with open source license terms. As a result, Kodak could be subject to suits by parties claiming ownership of what it believes to be open source software or noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose Kodak's source code or pay damages for breach of contract could be harmful to its business results of operations and financial condition.

Kodak's future pension and other postretirement benefit plan costs and required level of contributions could be unfavorably impacted by changes in actuarial assumptions, market performance of plan assets and obligations imposed by legislation or pension authorities which could adversely affect its financial position, results of operations, and cash flow.

Kodak has significant defined benefit pension and other postretirement benefit obligations.

The funded status of its U.S. and non-U.S. defined benefit pension plans (and other postretirement benefit plans), and the related cost reflected in its financial statements, are affected by various factors subject to an inherent degree of uncertainty. Key assumptions used to value these benefit obligations, funded status and expense recognition include the discount rate for future payment obligations, the long term expected rate of return on plan assets, salary growth, healthcare cost trend rates, mortality trends, and other economic and demographic factors. Significant differences in actual experience, or significant changes in future assumptions or obligations imposed by legislation or pension authorities, could lead to a potential future need to contribute cash or assets to Kodak's plans in excess of currently estimated contributions and benefit payments and could have an adverse effect on Kodak's consolidated results of operations, financial position or liquidity.

In past years, Kodak has experienced increases in the costs of these defined benefit pension and postretirement benefit obligations as a result of macro-economic factors beyond its control, including increases in health care costs, declines in investment returns on pension plan assets, and changes in discount rates and mortality rates used to calculate pension and related liabilities. At least some of these macro-economic factors may again put pressure on the cost of providing pension and medical benefits. There can be no assurance it will succeed in limiting cost increases. In addition, continued upward pressure, including any as a result of new legislation, could reduce the profitability of its businesses.

Kodak may be required to recognize impairments in the value of its goodwill and/or other long-lived assets which could adversely affect its results of operations.

Upon emergence from bankruptcy, Kodak applied fresh start accounting pursuant to which the reorganization value was allocated to the individual assets and liabilities based on their estimated fair values. The excess reorganization value over the fair value of identified tangible and intangible assets is reported as goodwill. In connection with fresh start, Kodak also determined the fair value of its other long-lived assets, including intangible assets. The determination of reorganization value, equity value of the Company's common stock and fair value of assets and liabilities is dependent on various estimates and assumptions, including financial projections and the realization of certain events. Kodak tests goodwill and indefinite lived intangible assets for impairment annually or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Kodak evaluates other long-lived assets for impairments whenever events or changes in circumstances indicate the carrying value may not be recoverable. Impairments could occur in the future if Kodak's expected future cash flows decline, market or interest rate environments deteriorate, or if carrying values change materially compared with changes in their respective fair values.

Kodak's businesses experience seasonality of sales. Therefore, lower demand for Kodak's products or increases in costs during periods which are expected to be at peak in seasonality may have a pronounced negative effect on its results of operations.

Equipment and consumables sales generally exhibit higher levels in the fourth quarter due to the seasonal nature of placements, resulting from customer or industry budgeting practices. As a result, a sequential quarter-to-quarter comparison is not a good indication of Kodak's performance or how it will perform in the future. In addition, adverse developments during what are expected to be peak periods in seasonality, such as lower-than-anticipated demand for its products, an internal systems failure, increases in materials costs, or failure of or performance problems with one of its key logistics, components supply, or manufacturing partners, could have a material adverse impact on its financial condition and operating results. Tight credit markets which limit capital investments or a weak economy which decreases print demand could negatively impact equipment or consumable sales. These external developments are often unpredictable and may have an adverse impact on its business and results of operations.

If Kodak fails to manage distribution of its products and services properly, its revenue, gross margins and earnings could be adversely impacted.

Kodak uses a variety of distribution methods to sell and deliver its products and services, including direct sales, third-party resellers and distributors. Successfully managing the interaction of direct and indirect channels across customer segments for its products and services is complex. Since each distribution method has distinct risks and financial implications, Kodak's failure to achieve the most advantageous delivery model for its products and services could adversely affect its revenue and earnings.

Kodak's future results could be harmed if it is unsuccessful in its sales in emerging markets.

Because Kodak is seeking to expand its sales and number of customer relationships outside the United States, including in emerging markets in Asia, Latin America and Eastern Europe, Kodak's business is subject to risks associated with doing business internationally, such as:

- support of multiple languages;
- recruitment of sales and technical support personnel with the skills to design, manufacture, sell and supply products;
- compliance with governmental regulation of imports and exports, including obtaining required import or export approval for its products;
- complexity of managing international operations;
- exposure to foreign currency exchange rate fluctuations;
- commercial laws and business practices which may favor local competition and the imposition of tariffs on products or raw materials imported into or exported from the U.S.;
- multiple, potentially conflicting, and changing governmental laws, regulations and practices, including differing export, import, tax, anti-corruption, anti-dumping, economic sanction, labor, and employment laws;
- difficulties in collecting accounts receivable;
- limitations or restrictions on the repatriation of cash;
- limitations or reductions in protection of intellectual property rights;
- complications in logistics and distribution arrangements; and
- political or economic instability.

There can be no assurance Kodak will be able to market and sell its products in all of its targeted markets. If its efforts are not successful, its business growth and results of operations could be harmed.

As a global company, Kodak is subject to regulatory requirements and laws in the jurisdictions in which it operates, and any alleged non-compliance with these requirements or laws could result in an adverse financial or reputational impact.

Kodak is subject to environmental laws and regulations. Failure to comply with such laws and regulations or liabilities imposed as a result of such laws and regulations could have an adverse effect on its business, results of operations and financial condition.

Kodak is subject to environmental laws and regulations world-wide that govern, for example, the discharge of pollutants, the management of hazardous materials, the cleanup of contaminated sites, and the composition and end-of-life management of its products.

Non-compliance with applicable laws or liability incurred without regard to fault could have a material adverse effect on its business, results of operations and financial condition. The cost of complying with such laws could have a material adverse effect on its business, results of operations and financial condition. Any uncertainties related to environmental conditions or obligations at Kodak's properties may impact its ability to further develop or sell such properties.

Kodak may have additional tax liabilities.

Kodak is subject to income taxes in the U.S. and in many foreign jurisdictions. Significant judgment is required in determining Kodak's worldwide provision for income taxes. In the course of its business, there are transactions and calculations where the ultimate tax determination is uncertain.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution.

Management's ongoing assessments of the outcomes of these issues and related tax positions require judgment, and although management believes that adequate provisions have been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings and cash flow of Kodak.

Kodak's business, financial position, results of operations, cash flows and reputation may be negatively impacted by legal matters.

Kodak has various contingencies which are not reflected on its balance sheet, including those arising as a result of being involved from time to time in a variety of claims, lawsuits, investigations, remediations and proceedings concerning commercial, tax, tort, customs, employment, health and safety and intellectual property matters, licensee activities, and compliance with various domestic and international laws and regulations. Should developments in any of these matters cause a change in its determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on its business, financial position, results of operations, and cash flows.

On July 28, 2020, the U.S. International Development Finance Corporation (the "DFC") announced (the "DFC Announcement") the signing of a non-binding letter of interest to provide a subsidiary of the Company with a potential $765 million loan (the "DFC Loan") to support the launch of Kodak Pharmaceuticals, an initiative that would manufacture pharmaceutical ingredients for essential generic drugs (the "DFC Pharmaceutical Project"). The DFC Announcement and circumstances surrounding it prompted congressional investigations, an SEC investigation and a New York Attorney General's investigation. A number of lawsuits have been filed or threatened alleging various securities law violations and breaches of fiduciary duties based on circumstances surrounding the DFC Announcement. If the findings of the ongoing investigations are unfavorable or the Company is not successful in defending the lawsuits associated with the DFC Announcement, Kodak's reputation could be damaged, its existing business could be adversely affected, and it may incur significant costs which may not be fully covered by insurance.

Regulations related to "conflict minerals" may require Kodak to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing Kodak's products.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of Congo ("DRC") and adjoining countries.

As a result, in August 2012, the SEC adopted rules requiring disclosure related to sourcing of specified minerals, known as "conflict minerals," which are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. Kodak has designed its overall conflict minerals policies and procedures to be consistent with the guidance issued by the Organization for Economic Co-operation and Development ("OECD") and continues to perform due diligence on its supply chain. Kodak filed its most recent Conflict Minerals Disclosure report for the reporting period from January 1, 2019 to December 31, 2019 on May 29, 2020. As of the date of the report, Kodak determined certain of its products contain such specified minerals but was unable to determine whether or not such minerals originate from the DRC or an adjoining country. Kodak may incur additional costs to comply with these disclosure requirements, including costs related to determining the sources of the specified minerals used in its products, in addition to the cost of any changes to products, processes, or sources of supply as a consequence of such verification activities, which may adversely affect its business.

In addition, the number of suppliers who provide "conflict-free" minerals may be limited, which may make it difficult to satisfy customers who require all of the components of its products be certified as conflict-free, which could place it at a competitive disadvantage if it is unable to do so. Because Kodak's supply chain is complex, it may also not be able to sufficiently verify the origins of the relevant minerals used in its products through its due diligence procedures, which may harm its reputation.

Risks Related to the Company's Indebtedness and Access to Capital Markets

There can be no assurance the Company will be able to comply with the terms of its various credit facilities.

A breach of any of the financial or other covenants contained in the cash collateralized Letter of Credit Facility Agreement (the "LC Credit Agreement"), Asset Based Revolving Credit Agreement (the "ABL Credit Agreement"), Term Loan Credit Agreement or the Convertible Notes, (together, the "Credit Agreements") could result in an event of default under these facilities.

If any default or event of default occurs under the LC Credit Agreement or ABL Credit Agreement and the Company is not able to either cure it or obtain a waiver from the requisite lenders under the LC Credit Agreement and ABL Credit Agreement, the administrative agent under the LC Credit Agreement and ABL Credit Agreement may, and at the request of the requisite lenders for that facility must, declare all of the Company's outstanding obligations under the LC Credit Agreement and ABL Credit Agreement, together with accrued interest and fees, to be immediately due and payable. In addition, the agent under the LC Credit Agreement and ABL Credit Agreement may, and at the request of the requisite lenders must, terminate the lenders' commitments under that facility and cease making further loans. If any default or event of default occurs under the Term Loan Credit Agreement or Convertible Notes and the Company is not able to either cure it or obtain a waiver from the holders of the Term Loan Credit Agreement or Convertible Notes, such holders may declare all of the Company's outstanding obligations under the Term Loan Credit Agreement and

Convertible Notes, together with accrued interest and fees, to be immediately due and payable. If applicable, the administrative agent under the LC Credit Agreement, ABL Credit Agreement and Term Loan Credit Agreement and the collateral agent for the Convertible Notes could institute foreclosure proceedings against the pledged assets. Any of these outcomes would likely have an adverse effect on the Company's operations and its ability to satisfy its obligations as they come due.

On March 6, 2020 Kodak obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant in the ABL Credit Agreement that may be deemed to have occurred in relation to the going concern explanatory paragraph contained in the audit report on Kodak's financial statements as of and for the year ended December 31, 2019. The additional liquidity provided by the financing transactions which closed on February 26, 2021, the extension of the maturity date of the ABL Credit Agreement, and the repurchase and exchange of the Series A Preferred Stock alleviated the substantial doubt about Kodak's ability to continue as a going concern within one year after the date its financial statements are issued (March 16, 2021) and therefore a waiver from the agent and lenders under the ABL Credit Agreement was not required for the financial statements as of and for the year ended December 31, 2020. For more information on the reporting covenants under the Credit Agreements and the potential impact of the explanatory paragraph in the audit report refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources of Liquidity."

The current non-investment grade status and Kodak's financial condition may adversely impact Kodak's commercial operations, increase its liquidity requirements and increase the cost of refinancing opportunities. It may not have adequate liquidity to post required amounts of additional collateral.

The Company's corporate family credit rating is currently below investment grade and there are no assurances its credit ratings will improve, or they will not decline, in the future. In addition, the Company may not continue to maintain credit ratings from the recognized rating agencies.

Its credit ratings and financial condition may affect the evaluation of its creditworthiness by trading counterparties and lenders, which could put it at a disadvantage to competitors with higher or investment grade ratings.

In carrying out its commercial business strategy, the current non-investment grade credit ratings have resulted and will likely continue to result in requirements that Kodak either prepay obligations or post significant amounts of collateral to support its business.

Should its ratings continue at their current levels, or should its ratings be further downgraded, it would expect these negative effects to continue and, in the case of a downgrade, become more pronounced. In particular, given the Company's current credit ratings it would be required, if requested, to provide up to $3 million of additional letters of credit to the issuers of certain surety bonds to fully collateralize such bonds.

The availability of borrowings and letters of credit under the ABL Credit Agreement and LC Credit Agreement is limited by the amount of various types of assets and, under certain circumstances, the administrative agent under the ABL Credit Agreement will have greater control over Kodak's cash.

Availability under the Company's ABL Credit Agreement is based on the amount of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment less specified reserves as described in Note 9, "Debt and Finance Leases" to the consolidated financial statements. Kodak's U.S. Accounts Receivable and Inventory levels have declined over the past four years, and Machinery and Equipment for purposes of the ABL Credit Agreement amortizes down by $1 million per quarter.

Availability under the Company's LC Credit Agreement is based on cash collateral in an amount greater than or equal to 103% of the aggregate amount of letters of credit issued and outstanding at any given time (the "LC Cash Collateral").

If Eligible Receivables, Eligible Inventory and Eligible Machinery and Equipment continue to decline and an asset base cannot be maintained to support the $42 million of letters of credit outstanding under the ABL Credit Agreement and the $11 million of Excess Availability required under the ABL Credit Agreement, or if LC Cash Collateral is not maintained to support the 103% of the $49 million of letters of credit outstanding under the LC Credit Agreement, the Company would be required to remain in compliance with the ABL Credit Agreement's Fixed Charge Coverage Ratio and operate under cash dominion by the administrative agent under the ABL Credit Agreement.

Additional LC Cash Collateral would be classified as restricted cash and would not be available to support ongoing working capital and investment needs.

If the administrative agent under the ABL Credit Agreement executed cash dominion, it would increase operational complexities for the Company. An event of default would occur under these circumstances if the Company is unable to remain in compliance with the ABL Credit Agreement's Fixed Charge Coverage Ratio and operate under cash dominion by the administrative agent under the ABL Credit Agreement.

The Company's substantial monetary obligations require a portion of its cash flow be used to fund other obligations rather than be invested in the business and could adversely affect its ability to fund its operations.

The Company's indebtedness under the Credit Agreements and its other obligations could have important negative consequences to the Company and investors in its securities. These include the following:

- it may not be able to satisfy all of its obligations, including, but not limited to, its obligations under the Credit Agreements, which may cause a cross-default or cross-acceleration on other debt it may have incurred;
- it could have difficulties obtaining necessary financing in the future for working capital, capital expenditures, debt

service requirements, refinancing or other purposes;

- it will have to use a significant part of its cash flow or cash balances to make payments on its debt and Series B Preferred Stock and to satisfy the other obligations set forth above, which may reduce the capital available for operations and expansion; and
- adverse economic or industry conditions may have more of a negative impact.

The Company cannot be sure cash generated from its business will be as high as it expects, or its expenses will not be higher than it expects. Because a portion of its expenses are fixed in any given year, its operating cash flow margins are highly dependent on revenues, which are largely driven by customer demand. A lower amount of cash generated from its business or higher expenses than expected, when coupled with its debt obligations, could adversely affect its ability to fund its operations.

Kodak may desire additional capital funding and such capital may not be available to it and/or may be limited.

Kodak may desire to raise additional capital, including to pursue additional growth opportunities, strategic transactions or additional reorganization initiatives or refinance or redeem outstanding debt or preferred stock. Because of Kodak's current non-investment grade credit rating and financial condition, and/or general conditions in the financial and credit markets, its access to the capital markets may be limited.

Kodak's ability to obtain capital and the costs of such capital are dependent on numerous factors, including:

- covenants in the Credit Agreements;
- obtaining a consent from the holders of Series B and C Preferred Stock for the issuance of additional preferred shares which rank senior or *pari passu* to the Series B and C Preferred Stock;
- investor confidence in Kodak and the markets in which it operates;
- its financial performance and projected financial performance and the financial performance and projected financial performance of its subsidiaries;
- its levels of debt and redemption obligations;
- its ability to generate positive cash flow;
- its ability to consummate monetization transactions including asset sales;
- its requirements for posting collateral under various commercial agreements;
- its current non-investment grade credit rating;
- its long-term business prospects; and
- general economic and capital market conditions.

Kodak may not be successful in obtaining additional capital for these or other reasons. An inability to access capital may limit its ability to capitalize on growth or efficiency opportunities or refinancings it would otherwise like to pursue.

Risks Related to the Company's Common Stock

The conversion of the Series B Preferred Stock, Series C Preferred Stock and Convertible Notes into shares of the Company's common stock may dilute the value for the current holders of the Company's common stock.

The 1,000,000 outstanding shares of the Company's Series B Preferred Stock are convertible into shares of the Company's common stock at a conversion rate of 9.5238 shares of common stock per share of Series B Preferred Stock, the 750,000 outstanding shares of the Company's Series C Preferred Stock (expected to increase to 1,000,000 outstanding shares) are convertible into shares of the Company's common stock at a conversion rate of 10 shares of common stock per share of Series C Preferred Stock, and the Convertible Notes are convertible into shares of the Company's common stock at a conversion rate of 100 shares of common stock per $1,000 principal amount of Convertible Notes. The outstanding shares of Series C Preferred Stock and outstanding principal amount of the Convertible Notes are expected to increase as a result of the payment of dividends and interest in kind at a rate of 5.0% per annum. As a result of the conversion of any issued and outstanding Series B Preferred Stock, Series C Preferred Stock or Convertible Notes (collectively, the "Convertible Securities"), the Company's existing shareholders will own a smaller percentage of its outstanding common stock. Based on the capitalization of the Company as of February 26, 2021 after giving effect to the issuance of the Convertible Securities, the conversion of all Convertible Securities would result in the issuance to holders thereof of approximately 22% of the outstanding common stock after giving effect to such conversion. Further, additional shares of common stock may be issuable pursuant to certain other features of the Convertible Securities, with such issuances being further dilutive to existing holders of common stock.

If Convertible Securities are converted into common stock, holders of such converted common stock will be entitled to the same dividend and distribution rights as holders of the common stock currently authorized and outstanding. As such, another dilutive effect resulting from the conversion of any issued and outstanding Convertible Securities will be a dilution to dividends and distributions.

Holders of the Company's common stock will not realize any dilution in their ownership, dividend or distribution rights solely as a result of the reservation of any shares of common stock for issuance upon conversion of the Convertible Securities or for issuance of additional shares of common stock pursuant to certain other features of the Convertible Securities, but will experience such dilution to the extent additional shares of common stock are issued in the future as described above.

The holder of the Series C Preferred Stock own a large portion of the voting power of the Company's outstanding securities, and the holders of the Series C Preferred Stock and Convertible Notes each have the right to nominate one member for election to the Company's Board. As a result, these holders may influence the composition of the Board and future actions taken by the Board.

The holder of the Company's Series C Preferred Stock are entitled to vote upon all matters upon which holders of the Company's common stock have the right to vote and is entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series C Preferred Stock could be converted at the then applicable conversion rate.

Assuming the issuance of all shares of Series C Preferred Stock under contract to be issued, the holder of the Series C Preferred Stock would hold approximately 11% of the voting power of the Company on an as-converted basis. As a result, this holder may have the ability to influence future actions by the Company requiring shareholder approval.

The holder of the Series C Preferred Stock also has the right to nominate one member for election to the Company's board of directors (the "Board"). This nomination right expires upon the earlier to occur of the third anniversary of the initial issuance of the Series C Preferred Stock or the holder ceasing to directly or indirectly hold at least a majority of the shares of Series C Preferred Stock purchased or the common stock received upon the conversion of such shares, and is exclusive to the initial holder and does not transfer with the Series C Preferred Stock.

Also, an affiliate of the Term Loan Lenders has the right to nominate one member for election to the Board until the third anniversary of the initial issuance of the Term Loans or until the Term Loan Lenders cease to hold at least 50% of the original principal amount of the Term Loans and commitments under the Credit Agreement, whichever is earlier. Until the Term Loan Lenders cease to hold at least 50% of the original principal amount of the Term Loans and commitments under the Credit Agreement, at any time that the director nominated by the affiliate of the Term Loan Lenders is not serving on the Board, such affiliate will have the right to designate a non-voting observer to the Board.

Also, if dividends on the Series B Preferred Stock are in arrears for six or more consecutive or non-consecutive dividend periods, the holders of the Series B Preferred Stock will be entitled to nominate one director at the next annual shareholder meeting and all subsequent shareholder meetings until all accumulated dividends on the Series B Preferred Stock have been paid or set aside. As a result, the presence of directors on the Board nominated by the current holder of Series C Preferred Stock or an affiliate of the Term Loan Lenders or nominated in the future by the holders of Series B Preferred Stock would enable such holders and lenders to influence the composition of the Board and, in turn, potentially influence and impact future actions taken by the Board.

The Company has registered, and has a duty to register, the resale of a large portion of its outstanding securities. The resale of the Company's common stock, or the perception that such resale may occur, may adversely affect the price of its common stock.

In compliance with a Registration Rights Agreement to which the Company is a party, it has registered the resale of an aggregate of approximately 16.5 million shares of outstanding common stock. The Company is also a party to Registration Rights Agreements pursuant to which it is obligated to register for resale the approximately 22 million shares of common stock issuable upon conversion of the Convertible Securities. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of the Company's common stock to decline. Under the terms of the Registration Rights Agreements to which the Company is subject, certain of the counterparties to such Registration Rights Agreements can, in certain circumstances, require the Company to participate in an underwritten public offering of the registered securities. Any shares sold in a registered resale will be freely tradable without restriction under the Securities Act. While the Company cannot predict the size of future resales or distributions of its common stock, if there is a perception that such resales or distributions could occur, or if the holders of the Company's securities registered for resale sell a large number of the registered securities, the market price for the Company's common stock could be adversely affected.

The resale of a significant portion of the Company's securities or certain accumulations or transfers of the Company's securities could result in a change of control of the Company and the loss of favorable tax attributes.

Holders of the Convertible Securities and holders of large blocks of the Company's common stock collectively have a significant influence over matters presented to the Company's shareholders for approval, including election of members to the Board and change of control transactions. In addition, the holders of such securities collectively would be able to cause a significant change in the ownership of the Company by selling a sufficient portion of the Company's securities held by them. If such a transaction, in combination with other transactions in securities of the Company which have already occurred or future issuances of securities by the Company, were to result in an "ownership change" as determined under Section 382 of the Internal Revenue Code of 1986, as amended, then the Company's ability to offset taxable income with tax attributes generated prior to the ownership change date could be limited, possibly substantially. Certain accumulations or transfers of the Company's outstanding securities not involving these holders, could also cause such an "ownership change". For more information on the Company's tax attributes refer to Note 18, "Income Taxes". The interests of the holders of the Convertible Securities and holders of large blocks of the Company's common stock may not always coincide with the interests of the other holders of our common stock.

The Company's stock price has been and may continue to be volatile.

The market price of the Company's common stock has fluctuated substantially, experienced extreme volatility in the context of the DFC Announcement and may continue to fluctuate significantly. Future announcements or disclosures concerning the Company, its strategic initiatives (including the potential DFC Loan and any announcement concerning any initiatives concerning pharmaceuticals), its sales and profitability, quarterly variations in actual or anticipated operating results or comparable sales, any failure to meet analysts' expectations, sales of large blocks of its common stock and developments concerning the investigations, lawsuits and claims relating to the DFC Announcement, among other factors, could cause the market price of its common stock to fluctuate substantially.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Kodak's worldwide headquarters is located in Rochester, New York.

Kodak owns 11 million square feet and leases, as a lessee, approximately 4 million square feet of space that includes administrative, research and development, manufacturing and marketing facilities in several worldwide locations. Out of the owned space, Kodak leases out approximately 1 million square feet to third party tenants. The leases are for various periods and are generally renewable.

Kodak's principal manufacturing facilities, by segment, are listed below. Properties in a location may be shared by all segments operating in that location.

Digital Printing	***Traditional Printing***	***Advanced Materials and Chemicals***
Rochester, New York, USA	Rochester, New York, USA	Rochester, New York, USA
Dayton, Ohio, USA	Columbus, Georgia, USA	Xiamen, China
Vancouver, Canada (software development)	Osterode, Germany	
Shanghai, China (software development)	Gunma, Japan	
	Shanghai, China	
	Vancouver, Canada	

Regional distribution centers are located in various places within and outside of the United States.

Research and development is headquartered at the Kodak Research Laboratories which is part of the Eastman Business Park in Rochester, New York, where Kodak conducts research and files patent applications with fundamental inventions. Other U.S. research and development groups are located in Dayton, Ohio and Columbus, Georgia. Outside the U.S., research and development groups are located in Canada, Israel, Germany, Japan and China. The research and development groups work in close cooperation with manufacturing units and marketing organizations to develop new products and applications to serve both existing and new markets.

Kodak has excess capacity in some locations. Kodak is pursuing monetizing its excess capacity by selling or leasing the associated properties.

ITEM 3. LEGAL PROCEEDINGS

On August 13, 2020 Tiandong Tang commenced a class action lawsuit against the Company, its Executive Chairman and Chief Executive Officer and its Chief Financial Officer in Federal District Court in the District of New Jersey, and on August 26, 2020 Jimmie A. McAdams and Judy P. McAdams commenced a class action lawsuit against the Company and its Executive Chairman and Chief Executive Officer in Federal District Court in the Southern District of New York (collectively, the "Securities Class Actions"). The Securities Class Actions seek damages and other relief based on alleged violations of federal securities laws in the context of the DFC Announcement of the potential DFC Loan and DFC Pharmaceutical Project discussed under Item 1A. Risk Factors above. Since the filing of the Securities Class Actions, procedural activities have been ongoing relating to the determination of venue and lead plaintiff. The Company intends to vigorously defend itself against the Securities Class Actions.

In addition to the Securities Class Actions, on December 29, 2020 Robert Garfield commenced a class action lawsuit against the Company and each of the members of its Board of Directors in the Superior Court of Mercer County, New Jersey seeking equitable relief and damages in favor of the Company based on alleged breaches of fiduciary duty by the Company's Board of Directors associated with alleged false and misleading proxy statement disclosure (the "Fiduciary Class Action"). The Company has also received three requests under New Jersey law demanding, among other things, that the Company take certain actions in response to alleged breaches of fiduciary duty relating to option grants and securities transactions in the context of the DFC Announcement and alleged proxy statement disclosure deficiencies. The Company has responded to and engaged in discussions concerning these requests, and its response and discussions may serve as the basis for the requestors to bring shareholder derivative lawsuits (any such lawsuits, collectively with the Fiduciary Class Action, the "Fiduciary Matters"). The Company intends to vigorously defend the Fiduciary Matters.

The DFC Announcement has also prompted investigations by several congressional committees, the SEC and the New York Attorney General's office. The Company is cooperating in those investigations.

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor.

The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes and income taxes. Kodak's Brazilian operations are disputing these matters and intend to vigorously defend their position. Kodak routinely assesses these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2020, Kodak's Brazilian operations maintained accruals of approximately $3 million for claims aggregating approximately $117 million inclusive of interest and penalties where appropriate. In connection with assessments and litigation in Brazil, local regulations may require Kodak's Brazilian operations to post security for a portion of the amounts in dispute. Generally, any encumbrances of the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business.

Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products. These matters are in various stages of investigation and litigation and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations. Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

ITEM 4. MINE SAFETY DISCLOSURES

None.

INFORMATION ABOUT ITS EXECUTIVE OFFICERS

Pursuant to General Instructions G (3) of Form 10-K, the following list is included as an unnumbered item in Part I of this report in lieu of being included in the Proxy Statement for the Annual Meeting of Shareholders.

Name	Age	Positions Held
James V. Continenza	58	Executive Chairman and Chief Executive Officer
David E. Bullwinkle	46	Chief Financial Officer and Senior Vice President
Roger W. Byrd	55	General Counsel, Secretary and Senior Vice President
John O'Grady	57	Vice President
Eric H. Samuels	53	Chief Accounting Officer and Corporate Controller
Terry R. Taber	66	Vice President
Randy D. Vandagriff	58	Vice President

The executive officers' biographies follow:

James V. Continenza

James V. Continenza leads the transformation of Kodak as Executive Chairman and Chief Executive Officer. He was appointed Executive Chairman by the Board of Directors on February 20, 2019 and was appointed Chief Executive Officer by the Board of Directors on July 27, 2020. Continenza joined the Board of Directors of Kodak in April 2013 and became Chairman of the Board in September 2013.

Continenza brings a proven track record of guiding leading technology companies through transformations. Since September 2012, Continenza has served as the Chairman and Chief Executive Officer of Vivial Inc., a privately held marketing technology and communications company. He has also held leadership roles at STi Prepaid, LLC, a telecommunications company; Anchor Glass Container Corp., a leading manufacturer of glass containers; Teligent, Inc., a provider of communications services including voice, data, and internet access; Lucent Technologies Product Finance, a global leader in telecom equipment; and AT&T.

In addition to his management experience, Continenza currently serves on the board of Cenveo Corporation, an industry leader in transformative publishing solutions. He has also served on the boards of Datasite LLC (formerly known as Merrill Corp.), NII Holdings, Inc., Tembec, Inc. and Neff Corporation. He also serves or has served on the boards of a number of private companies.

David E. Bullwinkle

Dave Bullwinkle is the Chief Financial Officer and Senior Vice President of Kodak. The Board of Directors elected Bullwinkle to this position effective July 2016. Effective November 6,2018, Bullwinkle is President of the Eastman Business Park Division. Bullwinkle is responsible for advancing the growth strategy for Eastman Business Park and leading Kodak's worldwide finance, corporate development, internal audit and purchasing teams. Bullwinkle reports to Executive Chairman Jim Continenza.

Bullwinkle joined Kodak in 2004 and has worked in several financial management roles at the company including Worldwide BU Controller, Assistant Corporate Controller and External Reporting Manager. He served as the Director of Corporate Financial Planning and Analysis and Vice President, Finance at Kodak from November 2010 to June 2016, and Director of Investor Relations from August 2013 to June 2016.

Prior to joining Kodak, Bullwinkle worked as the Manager of Financial Reporting at Birds Eye Foods, Inc. and previously at PricewaterhouseCoopers from 1996 to 2002 in various roles including serving as an Assurance Manager.

Bullwinkle has an MBA from St. John Fisher College and Bachelor of Science in Accounting degree from SUNY Geneseo. Bullwinkle is also a Certified Public Accountant in the State of New York.

Roger W. Byrd

Roger Byrd was appointed General Counsel, Secretary and Senior Vice President of Kodak in January 2019. He is responsible for leading the company's global legal function and for providing legal guidance to senior leadership and the Board of Directors. He also oversees the corporate development function. Byrd reports to Executive Chairman Jim Continenza.

Byrd joined Kodak in 2015 as Assistant General Counsel and Vice President, Legal Department and while at Kodak has focused on M&A and financing transactions, joint ventures, and other strategic initiatives. Byrd has also been active in providing credit agreement compliance, securities reporting and corporate governance support to the Company. The Board of Directors elected him to Senior Vice President and Secretary in January 2019.

Prior to joining Kodak, Byrd was a Partner at Nixon Peabody LLP. During his 23-year career at Nixon Peabody, he represented a broad range of clients in connection with a variety of M&A, financing and other corporate transactions. Byrd also served as General Counsel at Choice One Communications, Inc. from 2005 – 2006, a competitive local exchange carrier.

Byrd received a B.S. degree in accounting from Bob Jones University and a J.D. from Duke University School of Law.

John O’Grady

Effective January 2020, John O’Grady is Senior Vice President of Print, with senior responsibilities relating to the Traditional Printing segment. He reports to Executive Chairman Jim Continenza.

From April 24, 2018 to January 2020, O'Grady was President, Print Systems Division, which served graphic arts and commercial print customers with printing plates, computer to plate imaging solutions, electrophotographic printing solutions, OEM toner, and equipment services. From December 1, 2017 to April 24, 2018, O'Grady was President of Consumer Imaging Division. In this role, he was responsible for motion picture and commercial films, synthetic chemicals, and consumer products, including products from Kodak brand licensees. From January 2016 to December 2017, O'Grady was General Manager, Worldwide Sales, Print Systems Division, responsible for managing the sales, service and regional marketing for the Print Systems Division on a worldwide basis in addition to the go-to-market back office operations for Kodak. From January 2015 to December 2015, O'Grady was Managing Director of the Europe, United States and Canada, Australia and New Zealand (EUCAN) Region. From December 2010 to December 2014, he was Managing Director, U.S. & Canada Region. From December 2008 to December 2010, O'Grady was Regional Managing Director, Europe, Africa and Middle East Region (EAMER) and Chairman Eastman Kodak Sàrl, and from May 2007 to December 2008, he was Managing Director, EAMER, Consumer Businesses. O’Grady has served as a corporate vice president since March 2007, including as a senior vice president from August 2016 through February 2020.

O'Grady joined Kodak in 1997 and has held key business development and regional management positions in Kodak's digital imaging businesses.

Prior to joining Kodak, O'Grady had a 12-year career at Verbatim.

O'Grady graduated from the University of Limerick in Ireland with a B.S. degree in Electronics.

Eric H. Samuels

Eric Samuels was appointed Corporate Controller and Chief Accounting Officer in July 2009. Samuels previously served as the Company’s Assistant Corporate Controller and brings to his position more than 20 years of leadership experience in corporate finance and public accounting. He joined Kodak in 2004 as Director, Accounting Research and Policy. Samuels reports to Chief Financial Officer David Bullwinkle.

Prior to joining Kodak, Samuels had a 14-year career in public accounting during which he served as a senior manager at KPMG LLP's Department of Professional Practice (National Office) in New York City. Prior to joining KPMG in 1996, he worked in Ernst & Young's New York City office.

Samuels has a B.S. degree in business economics from the State University of New York College at Oneonta. He is a Certified Public Accountant in New York and a member of the American Institute of Certified Public Accountants.

Terry R. Taber, PhD

Terry Taber has served as Kodak's Chief Technical Officer since January 2009. Effective January 2020, he is a Senior Vice President of Advanced Materials and Chemicals. He reports to Executive Chairman Jim Continenza.

From May 1, 2017 to January 2020, Taber was named President of the Advanced Materials and 3D Printing Technology Division which contained the research laboratories and included licensing as well as new business development activities related to Kodak's patents and proprietary technology, and focused on opportunities in smart material applications, printed electronics markets and 3D printing materials.

From January 1, 2015 to May 1, 2017, Taber was named President of the Intellectual Property Solutions Division. From January 2007 to December 2008 he was the Chief Operating Officer of Kodak's Image Sensor Solutions ("ISS") business, a leading developer of advanced CCD and CMOS sensors serving imaging and industrial markets, and prior to Taber's role with ISS, he held a series of senior positions in Kodak's research and development and product organizations. Taber has served as a corporate vice president since December 2008, including as a senior vice president from December 2010 through February 2020.

During his more than 40 years at Kodak, Taber has been involved in new materials research, product development and commercialization, manufacturing, and executive positions in R&D and business management.

Taber's early responsibilities included research on new synthetic materials, an area in which he holds several patents, program manager for several film products, worldwide consumer film business product manager, Associate Director of R&D and director of Materials & Media R&D.

Taber received a B.S. degree in Chemistry from Purdue University and a Ph.D. in Organic Chemistry from the California Institute of Technology. He also received an M.S. in General Management from MIT as a Kodak Sloan Fellow. In past board service, he was a founding Board Member of the Innovation & Material Sciences Institute and served on the Executive Advisory Board of FIRST Rochester (For Inspiration and Recognition of Science and Technology). Taber currently serves on the George Eastman Museum Board, effective June 2018. He also serves on the Executive Committee of the Greater Rochester Chamber of Commerce and on the Board of Trustees for Roberts Wesleyan College and Northeastern Seminary.

Randy D. Vandagriff

Effective January 2020, Randy D. Vandagriff is Senior Vice President of Print, with senior responsibilities relating to the Digital Print segment. He reports to Executive Chairman Jim Continenza.

From May 1, 2017 to January 2020 Vandagriff was President, Enterprise Inkjet Systems Division, responsible for delivering commercial inkjet technology, printers and solutions to the market. Vandagriff has spent his 37-year career innovating inkjet technology for the printing market. From January 2004 to August 2012, Vandagriff was Vice President, Research and Development for Kodak Versamark, responsible for leading a worldwide R&D organization responsible for developing four generations of inkjet technologies and delivering industry-leading performance, including Kodak Stream and Ultrastream inkjet technologies. From January 2015 to May 2017, Vandagriff led the Kodak Creo Server business located in Tel Aviv, Israel. He has served as a corporate vice president since May 2017.

In addition to his strong product development capabilities, Vandagriff has traveled internationally, working with key Kodak customers to successfully implement commercial inkjet into their production processes. His respected knowledge, broad background, and deep industry network has contributed to making Kodak the world's leader in high volume variable printing solutions.

Vandagriff holds an MBA degree from the University of Phoenix and a Bachelor of Science in Mechanical Engineering from Wright State University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "KODK".

There were 2,082 shareholders of record of common stock on December 31, 2020.

Information regarding securities authorized for issuance under equity compensation plans is included in Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" under the caption "Equity Compensation Plan Information."

DIVIDEND INFORMATION

No dividends on common stock were declared or paid during 2020 or 2019.

Dividends for common shareholders may be restricted under Kodak's Term Loan Credit Agreement, ABL Credit Agreement, the Series B Preferred Stock and the Series C Preferred Stock.

ISSUER PURCHASES OF EQUITY SECURITIES DURING THE QUARTER ENDED DECEMBER 31, 2020

There were no issuer purchases of equity securities with an effective date in the quarter ended December 31, 2020.

ITEM 6. SELECTED FINANCIAL DATA

Kodak is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Kodak for the years ended December 31, 2020 and 2019. All references to Notes relate to Notes to the Financial Statements in Item 8. "Financial Statements and Supplementary Data."

CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report on Form 10-K includes "forward–looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995.

Forward–looking statements include statements concerning Kodak's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and business trends and other information that is not historical information. When used in this document, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "predicts," "forecasts," "strategy," "continues," "goals," "targets" or future or conditional verbs, such as "will," "should," "could," or "may," and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward–looking statements. All forward–looking statements, including management's examination of historical operating trends and data, are based upon Kodak's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks and uncertainties described in more detail in this report on Form 10–K under the headings "Business," "Risk Factors," "Legal Proceedings" and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources," and in other filings the Company makes with the SEC from time to time, as well as the following:

- Kodak's ability to improve and sustain its operating structure, cash flow, profitability and other financial results;
- Kodak's ability to achieve cash forecasts, financial projections, and projected growth;
- Kodak's ability to achieve the financial and operational results contained in its business plans;
- Kodak's ability to comply with the covenants in its various credit facilities;
- Kodak's ability to fund continued investments, capital needs and restructuring payments and service its debt and Series B Preferred Stock and Series C Preferred Stock;
- The impact of the global economic environment or medical epidemics such as the COVID-19 pandemic;
- The impact of the investigations, litigations and claims arising out of the circumstances surrounding the DFC Announcement;
- Changes in foreign currency exchange rates, commodity prices, interest rates and tariff rates;
- Kodak's ability to effectively anticipate technology trends and develop and market new products, solutions and technologies;
- Kodak's ability to effectively compete with large, well-financed industry participants;
- Continued sufficient availability of borrowings and letters of credit under the ABL Credit Agreement and L/C Facility Agreement, Kodak's ability to obtain additional financing if and as needed and Kodak's ability to provide or facilitate financing for its customers;
- The performance by third parties of their obligations to supply products, components or services to Kodak and the ability to address supply chain disruptions and continue to obtain raw materials and components available from single sources of supply; and
- Kodak's ability to effect strategic transactions, such as acquisitions, strategic alliances, divestitures and similar transactions, or to achieve the benefits sought to be achieved from such strategic transactions.

There may be other factors that may cause Kodak's actual results to differ materially from the forward–looking statements. All forward–looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this report on Form 10-K and are expressly qualified in their entirety by the cautionary statements included in this document. Kodak undertakes no obligation to update or revise forward–looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, except as required by law.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Kodak's revenue transactions include sales of products (such as components and consumables for use in Kodak, and other manufacturers' equipment, specialty materials and film-based products), equipment, software, services, integrated solutions, and intellectual property and brand licensing. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including the allocation of transaction price to the various performance obligations and determination of the stand-alone selling price of each performance obligation. For equipment sales, revenue recognition may depend on completion of installation based on the type of equipment, level of customer specific customization and other contractual terms. In instances in which the agreement with the customer contains a customer acceptance clause, revenue is deferred until customer acceptance is obtained, provided the customer acceptance clause is considered to be substantive.

At the time revenue is recognized, Kodak also records reductions to revenue for customer incentive programs. Such incentive programs include cash and volume discounts and promotional allowances. For those incentives that require the estimation of sales volumes or redemption rates, such as for volume rebates, Kodak uses historical experience and both internal and customer data to estimate the sales incentive at the time revenue is recognized. In the event that the actual results of these items differ from the estimates, adjustments to the sales incentive accruals are recorded. Future market conditions and product transitions may require Kodak to take actions to increase customer incentive offers, possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

Valuation and Useful Lives of Long-Lived Assets, Including Goodwill and Intangible Assets

Kodak performs a test for goodwill impairment annually and whenever events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its' carrying amount.

Goodwill is tested for impairment at a level of reporting referred to as a reporting unit, which is an operating segment or one level below an operating segment (a component) if the component constitutes a business for which discrete financial information is available and regularly reviewed by segment management.

As a result of the change in segments that became effective as of January 1, 2020, Kodak's goodwill reporting units changed. The Digital Printing segment has three goodwill reporting units: Electrophotographic Printing Solutions, Prosper and Versamark, and Software. The Advanced Materials and Chemicals segment has two goodwill reporting units: Motion Picture and Industrial Films and Chemicals, and Advanced Materials and Functional Printing. The Traditional Printing segment, Brand segment and Eastman Business Park segment each have one goodwill reporting unit.

As of December 31, 2019, the goodwill balance of $12 million under the prior year segment reporting structure was comprised of $6 million for the Brand, Film and Imaging segment and $6 million for the Kodak Software segment, which had only one reporting unit (Software). The goodwill in the Brand, Film and Imaging segment was reported in the Consumer Products reporting unit.

The goodwill previously reported in the Consumer Products goodwill reporting unit was transferred to the Brand goodwill reporting unit using a relative fair value allocation to affected reporting units. Goodwill previously reported in the Software reporting unit was transferred to the Digital Printing segment and remains in its own reporting unit. As of December 31, 2020, goodwill is recorded in the Brand and Software reporting units.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Kodak estimates the fair value of its reporting units using the guideline public company method and discounted cash flow method. To estimate fair value utilizing the guideline public company method, Kodak applies valuation multiples, derived from the operating data of publicly-traded benchmark companies, to the same operating data of the reporting units. The valuation multiples are based on earnings before interest, taxes, depreciation and amortization ("EBITDA"). To estimate fair value utilizing the discounted cash flow method, Kodak establishes an estimate of future cash flows for each reporting unit and discounts those estimated future cash flows to present value.

Kodak performed a quantitative test of impairment for all reporting units for its annual goodwill impairment test as of December 31, 2020. Kodak utilized the discounted cash flow method and guideline public company method to estimate the fair value of reporting units with goodwill. For these reporting units, Kodak selected equal weighting of the guideline public company method and the discounted cash flow method as the valuation approaches produced comparable ranges of fair value. Fair values for the other reporting units were estimated using the discounted cash flow method only.

To estimate fair value utilizing the discounted cash flow method, Kodak established an estimate of future cash flows for the period ranging from January 1, 2021 to December 31, 2025 and discounted the estimated future cash flows to present value. The expected cash flows were derived from earnings forecasts and assumptions regarding growth and margin projections, as applicable. The discount rates are estimated based on an after-tax weighted average cost of capital (“WACC”) for each reporting unit reflecting the rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium for each reporting unit reflecting the risk associated with the overall uncertainty of the financial projections. Discount rates of 14% to 30% were utilized in the valuation based on Kodak’s best estimates of the after-tax WACC of each reporting unit.

A terminal value was included for all reporting units at the end of the cash flow projection period to reflect the remaining value that the reporting unit is expected to generate. The terminal value was calculated using either the constant growth method (“CGM”) based on the cash flows of the final year of the discrete period or the H-model, which assumes the growth during the terminal period starts at a higher rate and declines in a linear manner over a specified transition period toward a stable growth rate.

Based upon the results of Kodak’s December 31, 2020 analysis, Kodak concluded that the fair value of the reporting units substantially exceeded their carrying values, therefore no impairment of goodwill was indicated. Impairment of goodwill could occur in the future if a reporting unit’s fair value changes significantly, if Kodak’s market capitalization significantly declines, if a reporting unit’s carrying value changes materially compared with changes in its fair values, or as a result of changes in operating segments or reporting units.

Kodak performed interim tests of impairment for goodwill as of June 30, 2020 due to the continued uncertainty regarding the negative impact of the COVID-19 pandemic on its operations, and as of March 31, 2020, due to the decline in market capitalization as of that date since the last goodwill impairment test (December 31, 2019) and the uncertainty regarding the negative impact of the COVID-19 pandemic at that time. Kodak utilized the discounted cash flow method to estimate the fair value of all reporting units for both tests. Kodak established an estimate of future cash flows for the period ranging from July 1, 2020 to December 31, 2024 for the June 30, 2020 interim test, and April 1, 2020 to December 31, 2024 for the March 31, 2020 interim test. The future cash flows were discounted to present value. The expected cash flows were derived from earnings forecasts and assumptions regarding the timing and impact of the COVID-19 pandemic on each reporting unit as of each applicable interim test date. The discount rates are estimated based on an after-tax WACC for each reporting unit reflecting the rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium for each reporting unit reflecting the risk associated with the overall uncertainty of the financial projections. Discount rates of 16% to 55% were utilized in the June 30, 2020 valuation, and 21% to 55% for the March 31, 2020 valuation, both based on Kodak’s best estimates of the after-tax WACC of each reporting unit as of the applicable valuation date.

A terminal value was included for all reporting units at the end of the cash flow projection period to reflect the remaining value that the reporting unit is expected to generate. The terminal value was calculated using either the CGM based on the cash flows of the final year of the discrete period or the H-model, which assumes the growth during the terminal period starts at a higher rate and declines in a linear manner over a specified transition period toward a stable growth rate.

Based upon the results of Kodak’s June 30, 2020 and March 31, 2020 analyses, no impairment of goodwill was indicated. No interim impairment test for goodwill was performed as of September 30, 2020.

The carrying value of the indefinite-lived intangible asset related to the Kodak trade name is evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired.

Kodak performed its annual test of impairment for the Kodak trade name as of December 31, 2020. The fair value of the Kodak trade name was valued using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from January 1, 2021 to December 31, 2025, including a terminal year with growth rates ranging from -4.5% to 2.5%; (b) an after-tax royalty rate of 0.4% of expected net sales determined with regard to comparable market transactions and profitability analysis; and (c) discount rates ranging from 16% to 30%, which were based on the after-tax WACC.

Based on the results of Kodak’s December 31, 2020 assessment, the fair value of the Kodak trade name exceeded its carrying value. Impairment of the Kodak trade name could occur in the future if expected revenues decline or if there are significant changes in the discount rates or royalty rates. A one percent increase in the discount rate and a 10% miss in expected revenues would impact the fair value of the Kodak trade name by $3 million.

Kodak performed an interim impairment test of the Kodak trade name as of June 30, 2020 and March 31, 2020. The fair value of the Kodak trade name was valued using the income approach, specifically the relief from royalty method based on the following significant assumptions: (a) forecasted revenues ranging from July 1, 2020 to December 31, 2024 for the June 30, 2020 interim test, and April 1, 2020 to December 31, 2024 for the March 31, 2020 interim test, both valuations included a terminal year with growth rates ranging from -3% to 2.5% (b) an after-tax royalty rate of 0.4% of expected net sales, and (c) discount rates ranging from 16% to 25% for the June 30, 2020 interim test, and 23% to 32% for the March 31, 2020 interim test. The discount rates are based on the after-tax WACC.

Based on the results of Kodak's March 31, 2020 assessment, the carrying value of the Kodak trade name exceeded its fair value and Kodak recorded a pre-tax impairment charge of $3 million. Based on the results of Kodak's June 30, 2020 assessment, the fair value of the Kodak trade name exceeded its' carrying value. No interim impairment test for the Kodak tradename was deemed necessary as of September 30, 2020.

Long-lived assets other than goodwill and indefinite-lived intangible assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. When evaluating long-lived assets for impairment, the carrying value of an asset group is compared to its estimated undiscounted future cash flows. An impairment is indicated if the estimated future cash flows are less than the carrying value of the asset group. The impairment is the excess of the carrying value over the fair value of the long-lived asset group. Kodak updated its estimate of undiscounted cash flows for each asset group as of June 30, 2020 and March 31, 2020 using a probability weighted approach in determining the likelihood of possible adverse impacts from the COVID-19 pandemic as of each applicable interim test date. In addition, Kodak updated its estimate of undiscounted cash flows for each asset group as of December 31, 2020. Based on the results of the impairment tests, no impairments were recorded.

The value of property, plant, and equipment is depreciated over its expected useful life in such a way as to allocate it as equitably as possible to the periods during which services are obtained from their use, which aims to distribute the value over the remaining estimated useful life of the unit in a systematic and rational manner. An estimate of useful life not only considers the economic life of the asset, but also the remaining life of the asset to the entity. Impairment of long-lived assets other than goodwill and indefinite lived intangible assets could occur in the future if expected future cash flows decline or if there are significant changes in the estimated useful life of the assets.

Series A Preferred Stock and Convertible Notes Embedded Conversion Features and Term Extension Derivatives

On November 15, 2016, the Company issued 2,000,000 shares of Series A Preferred Stock no par value per share. On May 24, 2019, the Company issued $100 million aggregate principal amount of Convertible Notes. The Company concluded that the Series A Preferred Stock and Convertible Notes are considered more akin to debt-type instruments and that the economic characteristics and risks of the embedded conversion features and term extension at the Company's option (in the case of the Convertible Notes), except where the conversion price is increased to the liquidation preference in the case of the Series A Preferred Stock, were not considered clearly and closely related to the Series A Preferred Stock or the Convertible Notes. Accordingly, these embedded features were bifurcated from the Series A Preferred Stock and Convertible Notes and separately accounted for on a combined basis at fair value as two single derivatives. The Company allocated $43 million of the net Series A Preferred Stock proceeds to the Series A Preferred Stock derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which reduced the original carrying value of the Series A Preferred Stock. The Company allocated $14 million of the net Convertible Notes proceeds to the Convertible Notes derivative liability based on the aggregate fair value of the embedded features on the date of issuance which reduced the original carrying value of the Convertible Notes. The derivatives are being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations. With the conversion of the Convertible Notes in the third quarter of 2020, the Convertible Notes derivative liability expired. The fair value of the Convertible Notes derivative was a liability of $51 million at December 31, 2019 and was reported in Other long-term liabilities in the Consolidated Statement of Financial Position. The fair value of the Series A Preferred Stock derivative as of December 31, 2020 was a liability of $9 million which is reported in Other current liabilities and as of December 31, 2019 was a liability of $1 million which is included in Other long-term liabilities in the accompanying Consolidated Statement of Financial Position.

The fair value of the embedded conversion features derivative is calculated using unobservable inputs (Level 3 fair measurements). The value of the Optional Conversion associated with the Series A Preferred Stock is calculated using a binomial lattice model.

The following table presents the key inputs in the determination of fair value for the Series A Preferred Stock embedded conversion features derivative:

	Valuation Date December 31, 2020	Valuation Date December 31, 2019
Total value of embedded derivative liability (in millions)	$ 9	$ 1
Kodak's closing stock price	8.14	4.65
Expected stock price volatility	133.44%	104.61%
Risk free rate	0.10%	1.58%
Yield on the preferred stock	11.97%	16.27%

The Fundamental Change and Reorganization Conversion values at issuance were calculated as the difference between the total value of the Series A Preferred Stock and the sum of the net present value of the cash flows if the Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion values reduce the value of the embedded conversion features derivative liability. Other than events which alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflects the value as of the issuance date, amortized for the passage of time.

Taxes

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak's assets and liabilities.

Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. Kodak has considered forecasted earnings, future taxable income, the geographical mix of earnings in the jurisdictions in which Kodak operates and prudent and feasible tax planning strategies in determining the need for these valuation allowances. As of December 31, 2020, Kodak has net deferred tax assets before valuation allowances of approximately $1,081 million and a valuation allowance related to those net deferred tax assets of approximately $1,112 million, resulting in net deferred tax liabilities of approximately $31 million.

Kodak considers both positive and negative evidence, in determining whether a valuation allowance is needed by territory, including, but not limited to, whether particular entities are in three-year cumulative income positions. As of March 31, 2020, Kodak determined that it was more likely than not that deferred tax assets outside the U.S. which were not offset with valuation allowances as of March 31, 2020 would not be realized due to reductions in estimates of future profitability as a result of the COVID-19 pandemic in locations outside the U.S. Accordingly, Kodak recorded a provision of $167 million associated with the establishment of a valuation allowance on those deferred tax assets. During 2019, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced sales volumes and profits in locations outside the U.S. and accordingly recorded a provision of $19 million associated with the establishment of a valuation allowance on those deferred tax assets.

Kodak may be able to make the determination that the realization of deferred tax assets in certain foreign jurisdictions is more likely than not in the future. Kodak will continue to evaluate whether valuation allowances are needed, at a jurisdictional level, in future reporting periods. It is possible that sufficient positive evidence, including sustained profitability, may become available in future periods with respect to one or more jurisdictions to reach a conclusion that all or part of the valuation allowance with respect to such jurisdictions could be reversed.

Utilization of net operating losses ("NOL") and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of five percent stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period. The Company has a relatively high concentration of stockholders that hold 5% or more of the outstanding stock. Future transactions, when combined with reported transactions within the testing period could aggregate an ownership change during the testing period in excess of 50 percentage points. A Section 382 ownership change would significantly impair Kodak's ability to utilize NOLs and tax credits in the U.S. As of December 31, 2020, Kodak had available U.S. NOL carry-forwards for income tax purposes of approximately $1,309 million and unused foreign tax credits of $358 million. Any impairment of these tax attributes would be fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which would result in no net tax provision.

Kodak has deferred tax liabilities of $22 million and $19 million for potential taxes on undistributed earnings, including foreign withholding taxes, as of December 31, 2020 and 2019, respectively.

In general, the amount of tax expense or benefit from continuing operations is determined without regard to the tax effects of other categories of income or loss, such as Other comprehensive (loss) income. However, an exception to this rule applies when there is a loss from continuing operations and income from items outside of continuing operations that must be considered. This exception requires that income from discontinued operations, extraordinary items, and items charged or credited directly to other comprehensive income be considered in determining the amount of tax benefit that results from a loss in continuing operations. This exception affects the allocation of the tax provision amongst categories of income.

Kodak operates within multiple taxing jurisdictions worldwide and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time for resolution. Management's ongoing assessments of the outcomes of these issues and related tax positions require judgment, and although management believes that adequate provisions have been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provisions would be reduced, thus having a positive impact on earnings.

Pension and Other Postretirement Benefits

Kodak's defined benefit pension and other postretirement benefit costs and obligations are estimated using several key assumptions. These assumptions, which are reviewed at least annually by Kodak, include the discount rate, long-term expected rate of return on plan assets ("EROA"), salary growth, healthcare cost trend rate, mortality trends and other economic and demographic factors. Actual results that differ from Kodak's assumptions are recorded as unrecognized gains and losses and are amortized to earnings over the estimated future service period of the active participants in the plan or, if the plan is almost entirely inactive, the average remaining lifetime expectancy of inactive participants, to the extent such total net unrecognized gains and losses exceed 10% of the greater of the plan's projected benefit obligation or the calculated value of plan assets. Significant differences in actual experience or significant changes in future assumptions would affect Kodak's pension and other postretirement benefit costs and obligations.

Asset and liability modeling studies are utilized by Kodak to adjust asset exposures and review a liability hedging program through the use of forward-looking correlation, risk and return estimates.

Those forward-looking estimates of correlation, risk and return generated from the modeling studies are also used to estimate the EROA. The EROA is estimated utilizing a forward-looking building block model factoring in the expected risk of each asset category, return and correlation over a five to seven-year horizon, and weighting the exposures by the current asset allocation.

Historical inputs are utilized in the forecasting model to frame the current market environment with adjustments made based on the forward-looking view. Kodak aggregates investments into major asset categories based on the underlying benchmark of the strategy. Kodak's asset categories include broadly diversified exposure to U.S. and non-U.S. equities, U.S. and non-U.S. government and corporate bonds, inflation-linked bonds, commodities and absolute return strategies. Each allocation to these major asset categories is determined within the overall asset allocation to accomplish unique objectives, including enhancing portfolio return, providing portfolio diversification, or hedging plan liabilities.

The EROA, once set, is applied to the calculated value of plan assets in the determination of the expected return component of Kodak's pension expense. Kodak uses a calculated value of plan assets, which recognizes gains and losses in the fair value of assets over a four-year period, to calculate expected return on assets. At December 31, 2020, the calculated value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately $4.1 billion and the fair value of the assets of Kodak's major U.S. and non-U.S. defined benefit pension plans was approximately $4.4 billion. Asset gains and losses that are not yet reflected in the calculated value of plan assets are not included in amortization of unrecognized gains and losses.

Kodak reviews its EROA assumption annually. To facilitate this review, every three years, or when market conditions change materially, Kodak's larger plans will undertake asset allocation or asset and liability modeling studies. The weighted average EROA used to determine the 2020 net pension expense for major U.S. and non-U.S. defined benefit pension plans was 6.00% and 3.27%, respectively.

Generally, Kodak bases the discount rate assumption for its significant plans on high quality corporate bond yields in the respective countries as of the measurement date. Specifically, for its U.S., Canadian, Euro-zone and UK plans, Kodak determines a discount rate using a cash flow model to incorporate the expected timing of benefit payments and an AA-rated corporate bond yield curve. For Kodak's U.S. plans, the Citigroup Above Median Pension Discount Curve is used. For Kodak's other non-U.S. plans, discount rates are determined by comparison to published local high-quality bond yields or indices considering estimated plan duration and removing any outlying bonds, as warranted.

Kodak uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows.

The salary growth assumptions are determined based on Kodak's long-term actual experience and future and near-term outlook. The healthcare cost trend rate assumptions are based on historical cost and payment data, the near-term outlook and an assessment of the likely long-term trends.

The following table illustrates the sensitivity to a change to certain key assumptions used in the calculation of expense for the year ending December 31, 2021 and the projected benefit obligation ("PBO") at December 31, 2020 for Kodak's major U.S. and non-U.S. defined benefit pension plans:

(in millions)	Impact on 2021 Pre-Tax Pension Expense Increase (Decrease)		Impact on PBO December 31, 2020 Increase (Decrease)	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in assumption:				
25 basis point decrease in discount rate	$ 6	$ 1	$ 99	$ 34
25 basis point increase in discount rate	(3)	—	(74)	(25)
25 basis point decrease in EROA	8	2	N/A	N/A
25 basis point increase in EROA	(8)	(2)	N/A	N/A

Total pension income from continuing operations before special termination benefits, curtailments and settlements for the major defined benefit pension plan in the U.S. was $91 million for 2020 and is expected to be approximately $86 million in 2021. Pension income from continuing operations before special termination benefits, curtailments and settlements for the major non-U.S. defined benefit pension plans was less than $1 million for 2020 and is projected to be $3 million of expense in 2021.

Workers' Compensation

Kodak self-insures and participates in high-deductible insurance programs with retention and per occurrence deductible levels for claims related to workers' compensation. The estimated liability for workers' compensation is based on actuarially estimated, discounted cost of claims, including claims incurred but not reported. Historical loss development factors are utilized to project the future development of incurred losses, and the amounts are adjusted based on actual claim experience, settlements, claim development trends, changes in state regulations and judicial interpretations.

A 25 basis-point change in the discount rate would have had a $2 million impact on the expense and net liability as of December 31, 2020.

Stock Compensation

Officers, directors and employees of the Company and its consolidated subsidiaries are eligible to receive awards. The principal awards issued are non-qualified stock options and restricted stock units. Stock options are at exercise prices equal to or greater than the closing price of Kodak's stock on the date of grant and expire seven years after the grant date. Stock-based compensation awards granted under Kodak's stock incentive plan are generally subject to a three-year vesting period from the date of grant, or a later date as determined by the Executive Compensation Committee.

Compensation expense is recognized over the service or performance period for each separately vesting tranche of the award and is adjusted for actual forfeitures before vesting. Kodak assesses the likelihood that performance-based shares will be earned based on the probability of meeting the performance criteria. For those performance-based awards that are deemed probable of achievement, expense is recorded, and for those awards that are deemed not probable of achievement, no expense is recorded. Kodak assesses the probability of achievement each quarter.

The fair value of restricted stock units is based on the closing market price of the Company's stock on the grant date.

Kodak generally utilizes the Black-Scholes option valuation model to estimate the fair value of stock options. The expected term of options granted is the period of time the options are expected to be outstanding and is calculated using a simplified method based on the option's vesting period and original contractual term. The historical volatility of the Company's stock is used to estimate expected volatility. The risk-free rate is based on the yield on U.S. Treasury notes with a term equal to the option's expected term.

Given the volatility of the Company's stock price in the third quarter of 2020, the Company utilized a lattice-based valuation model to value time-based vesting awards granted July 27, 2020 and a Monte Carlo simulation valuation model to value options granted on July 27, 2020 which vested upon conversion of the Convertible Notes.

Inventories

Inventories are stated at the lower of cost or market. Carrying values of excess and obsolete inventories are reduced to net realizable value. Judgment is required to assess the ultimate demand for and realizable value of inventory. The analysis of inventory carrying values considers several factors including length of time inventory is on hand, historical sales, product shelf life, product life cycle, product category, and product obsolescence.

Accounts Receivable Reserves

Accounts receivable reserves are based on historical collections experience as well as reserves for specific receivables deemed to be at risk for collection. The collectability of customer receivables is reviewed on an ongoing basis considering past due invoices and the current creditworthiness of each customer. Judgment is required in assessing the ultimate realization of accounts receivables.

New Accounting Pronouncements

A description of new accounting pronouncements is contained in Note 1, "Summary of Significant Accounting Policies".

OVERVIEW

Revenue declined $213 million (17%) from 2019 to 2020. Currency impacted revenue favorably in 2020 compared to 2019 ($9 million).

Segments within the print industry and the film industry face competition from digital substitution. Kodak's strategy is to:

- Focus product investment in core competency areas of print, advanced materials and chemicals, leveraging Kodak's proprietary technologies to deliver technologically advanced products in the product goods packaging, graphic communications, and functional printing markets;
- Grow revenues through a focus on customers across Kodak's print divisions, increasing overall share;
- Promote the use of film and expand the applications of Kodak's film and chemicals to best utilize the existing infrastructure; and
- Continue to streamline processes to drive cost reductions and improve operating leverage.

A discussion of opportunities and challenges related to Kodak's strategy follows:

- The COVID-19 pandemic had a material impact on 2020 revenues and earnings. The duration and extent of demand declines and recovery is unclear. Kodak has worked closely with government officials in the jurisdictions where it operates to keep its manufacturing facilities open. The manufacturing facilities have generally been operating at below normal capacity during the pandemic to date. Kodak has endeavored to address the recommended actions of government and health authorities to protect employees world-wide, with particular measures in place for those working in plants and distribution facilities. Kodak intends to continue to work with government authorities and implement employee safety measures so that the manufacturing and distribution of products during the pandemic can continue. However, uncertainty resulting from the pandemic could result in an unforeseen disruption to Kodak's operations or supply chain. Kodak reduced operating costs, largely beginning in the second quarter of 2020, through the use of temporary furloughs and pay cuts (approximately $25 million in 2020) for its employees and direct government assistance around the world reimbursing certain salary and benefits of employees (approximately $8 million in 2020). The furloughs and pay cuts were maintained through the end of 2020 and largely ended in January 2021.

- Traditional Printing's digital plate products include traditional digital plates and KODAK SONORA Process Free Plates. SONORA Process Free Plates allow Kodak customers to skip the plate processing step prior to mounting plates on a printing press. This improvement in the printing process saves time and costs for customers. Also, SONORA Process Free Plates reduce the environmental impact of the printing process because they eliminate the use of chemicals (including solvents), water and power that is otherwise required to process a traditional plate. While traditional digital plate offerings are experiencing volume and pricing pressure, innovations in Kodak product lines which command premium prices, such as SONORA Process Free Plates, are expected to offset some of the long-term price erosion in the market and manufacturing efficiencies. Traditional Printing's revenues accounted for 58% of Kodak's total revenues in 2020. Traditional Printing's revenues declined $135 million (19%) in 2020. The prior year period included $13 million of intellectual property licensing revenue associated with the strategic relationship established with HuaGuang in September 2019. Excluding the $13 million of licensing revenue, 2020 revenues declined $122 million, primarily reflecting volume and pricing declines. Segment earnings declined by $27 million (56%) compared to the prior year period, reflecting the license revenue in the prior year, the impact of reduced volumes on manufacturing costs and revenue partially offset by operating cost reductions through the use of temporary furloughs and pay cuts.

  None of the Traditional Printing segment's manufacturing facilities were ordered to close by governmental authorities. Many of the segment's customers around the globe continued to operate, but at decreased volumes. Therefore, demand for the segment's products declined. The Traditional Printing segment may also be impacted by supply chain disruptions and travel restrictions. With the decline in customer demand, manufacturing volumes were reduced. The duration and extent of demand declines and recovery is unclear. Manufacturing employees were temporarily furloughed, as necessary, under reduced production plans. The segment utilized furloughs and pay-cuts for non-manufacturing employees in a way which allowed continued operation and product development.

- In Digital Printing, the legacy Versamark business is expected to continue to decline as a percentage of the segment's total revenue as the Prosper business continues to grow. The Prosper Inkjet Systems business is expected to continue to build profitability, excluding the negative impacts during the COVID-19 pandemic. Investment in the next generation technology, Ultrastream, is focused on the ability to place Ultrastream writing systems in OEM and hybrid applications. Digital Printing revenue declined $52 million (18%) in 2020, primarily reflecting volume declines. Despite the revenue declines, segment earnings only declined $1 million (11%) from 2019 to 2020 driven by cost reductions.

  None of the Digital Printing segment's manufacturing facilities were ordered to close by governmental authorities. Many of the segment's customers around the globe continued to operate, but at decreased volumes. Therefore, demand for the segment's products

declined. The Digital Printing segment may also be impacted by supply chain disruptions and travel restrictions. With the decline in customer demand, manufacturing volumes were reduced.
The duration and extent of demand declines and recovery is unclear. Manufacturing employees were temporarily furloughed, as necessary, under reduced production plans. The segment utilized furloughs and pay-cuts for non-manufacturing employees in a way which allowed continued operation and product development.

- Advanced Materials and Chemicals revenue declined $28 million (14%) from 2019 to 2020. The segment loss improved $11 million (32%) from 2019 to 2020 due to price increases on consumer still photographic film and solvents as well as operating cost reductions. Kodak plans to continue to promote the use of film to utilize as much film manufacturing capacity as possible.

  Advanced Materials and Chemicals has experienced adverse impacts from the COVID-19 pandemic, most notably in Motion Picture where the industry has been heavily impacted and productions in affected regions had been suspended. None of the Advanced Materials and Chemicals segment's manufacturing facilities were ordered to close by governmental authorities. However, each of the segment's product lines was impacted by lowered demand and may also be impacted by supply chain disruptions and travel restrictions. The duration and extent of demand declines and recovery is unclear. Manufacturing volumes were reduced due to the customer demand decline in the near-term. Manufacturing employees were temporarily furloughed, as necessary, under reduced production plans.

- Kodak is working to organically expand its KSM production at Eastman Business Park in Rochester, New York while exploring alternatives to obtain necessary cGMP and FDA certification to make regulated KSMs and active pharmaceutical ingredients ("APIs") and otherwise utilize its assets and technology in the healthcare space. Depending on its assessment of the business opportunity and availability of capital, Kodak may also explore alternative means to further expand its chemical manufacturing operations for purposes of producing materials to support the healthcare industry. A portion of the capital raised by the Company on February 26, 2021 is being used to fund these exploratory activities and may be used to fund expansion opportunities that the Company considers attractive.

- Film and related component manufacturing operations and Kodak Research Laboratories utilize capacity at Eastman Business Park ("EBP"), which helps cost absorption for both Kodak operations and tenants at Eastman Business Park.

- Kodak plans to capitalize on its intellectual property through new business or licensing opportunities, focusing on opportunities in smart material applications and printed electronics markets and also pursuing limited opportunities in 3D printing materials.

DETAILED RESULTS OF OPERATIONS

Net Revenues from Continuing Operations by Reportable Segment

	Year Ended December 31,	
	2020	2019
(in millions)		
Traditional Printing	$ 592	$ 727
Digital Printing	241	293
Advanced Materials and Chemicals	172	200
Brand	13	12
Total of reportable segments	1,018	1,232
Other	11	10
Consolidated total	$ 1,029	$ 1,242

Segment Operational EBITDA and Consolidated Loss from Continuing Operations Before Income Taxes

(in millions)	Year Ended December 31, 2020	2019
Traditional Printing	$ 21	$ 48
Digital Printing	(10)	(9)
Advanced Materials and Chemicals	(23)	(34)
Brand	11	8
Other	1	(1)
Depreciation and amortization	(37)	(55)
Restructuring costs and other	(17)	(16)
Stock-based compensation	(15)	(7)
Consulting and other costs (1)	(9)	(7)
Idle costs (2)	(3)	(5)
Former CEO separation agreement compensation	—	(2)
Other operating income (expense), net, excluding income from transition services agreement (3)	7	(22)
Interest expense (4)	(12)	(16)
Pension income excluding service cost component (4)	98	104
Loss on early extinguishment of debt	(2)	—
Other charges, net (4)	(386)	(46)
Consolidated loss from continuing operations before income taxes	$ (376)	$ (60)

(1) Consulting and other costs are primarily professional services and internal costs associated with certain corporate strategic initiatives and investigations, including the divestiture of FPD and debt refinancing in 2019.

(2) Consists of third-party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.

(3) $6 million of income from the transition services agreement with the purchaser of FPD ("Purchaser") was recognized in the each of the years ended December 31, 2020 and 2019. The income was reported in Other operating (income) expense, net in the Consolidated Statement of Operations. Other operating (income) expense, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.

(4) As reported in the Consolidated Statement of Operations.

Kodak increased employee benefit reserves by approximately $4 million in 2020 reflecting an increase in workers' compensation reserves ($7 million) partially offset by a decrease in postemployment benefit reserves ($3 million). In 2019 workers' compensation reserves increased by approximately $3 million. The increase in reserves in 2020 impacted gross profit and SG&A each by approximately $2 million. The increase in reserves in 2019 impacted gross profit by approximately $2 million and SG&A by approximately $1 million.

RESULTS OF OPERATIONS

	Year Ended December 31, 2020	% of Sales	Year Ended December 31, 2019	% of Sales	$ Change vs. 2019
Revenues	$ 1,029		$ 1,242		(213)
Cost of revenues	894		1,060		(166)
Gross profit	135	13%	182	15%	(47)
Selling, general and administrative expenses	172	17%	211	17%	(39)
Research and development costs	34	3%	42	3%	(8)
Restructuring costs and other	17	2%	16	1%	1
Other operating (income) expense, net	(14)	-1%	15	1%	(29)
Loss from continuing operations before interest expense, pension income excluding service cost component, loss on early extinguishment of debt, other charges, net and income taxes	(74)	(7%)	(102)	(8%)	28
Interest expense	12	1%	16	1%	(4)
Pension income excluding service cost component	(98)	(10%)	(104)	(8%)	6
Loss on early extinguishment of debt	2	0%	—	—	2
Other charges, net	386	38%	46	4%	340
Loss from continuing operations before income taxes	(376)	(37%)	(60)	(5%)	(316)
Provision for income taxes	168	16%	31	2%	137
Loss from continuing operations	(544)	(53%)	(91)	(7%)	(453)
Earnings from discontinued operations, net of income taxes	3	0%	207	17%	(204)
NET (LOSS) EARNINGS	$ (541)	(53%)	$ 116	9%	(657)

Revenues
For the year ended December 31, 2020, revenues decreased by approximately $213 million compared with the same period in 2019. Volume declines and pricing and product mix within Traditional Printing ($112 million and $16 million, respectively) and volume declines in Digital Printing and Advanced Materials and Chemicals ($58 million and $42 million, respectively) drove the revenue declines. The revenue declines were offset by improved pricing and product mix in Advanced Materials and Chemicals ($14 million) and favorable mix of products in Digital Printing ($4 million) and favorable foreign currency ($9 million). The prior year period also included intellectual property licensing revenue ($13 million) associated with the HuaGuang relationship entered into in September 2019. See segment discussions for additional details.

Gross Profit
Gross profit for 2020 decreased by approximately $47 million. The decrease reflected volume declines, unfavorable pricing and product mix as well as increased costs in Traditional Printing ($13 million, $16 million and $4 million, respectively), volume declines and increased costs in Advanced Materials and Chemicals (each $11 million), volume declines and unfavorable costs in Digital Printing ($5 million and $13 million, respectively) partially offset by favorable pricing and product mix in Advanced Materials and Chemicals ($14 million), favorable mix of products in Digital Printing ($4 million) and lower depreciation and amortization expenses ($17 million). The prior year period also included intellectual property licensing revenue ($13 million) associated with the HuaGuang relationship entered into in September 2019. See segment discussions for additional details.

Selling, General and Administrative Expenses
Consolidated SG&A for 2020 decreased $39 million primarily due to lower investment in selling and marketing activities driven by cost reduction efforts ($48 million). The temporary furloughs and pay cuts provided approximately $7 million of the $48 million reduction in 2020. Temporary government assistance programs provided approximately $3 million. Additional savings were provided by headcount reductions. The savings provided by the lower investment in selling and marketing activities was partially offset by increased stock compensation expense ($10 million) as discussed in Note 23, Stock-Based Compensation and an increase of $2 million in consulting and project costs with the internal and external investigations that started in the third quarter of 2020. The 2019 period also included $2 million of compensation related to the former CEO separation agreement while the 2020 period included increased bad debt expense primarily attributed to increased collection risk related to the COVID-19 pandemic ($3 million).

Research and Development Costs
Consolidated R&D expenses decreased $8 million in 2020 primarily due primarily due to cost reduction efforts.

Restructuring Costs and Other
These costs, as well as the restructuring costs reported in Cost of revenues, are discussed under the "Restructuring Costs and Other" section in this MD&A.

Other Operating (Income) Expense, Net
For details, refer to Note 16, "Other Operating (Income) Expense, Net."

Other Charges, Net
The change in Other charges, net was primarily driven by the embedded conversion features derivative liability associated with the Convertible Notes. Refer to Note 14, "Financial Instruments" and Note 17, "Other Charges, Net".

Pension Income
For details, refer to Note 20, "Retirement Plans."

Provision for Income Taxes
The Provision for income taxes in the year-to-date period was primarily driven by the $167 million provision associated with the establishment of a valuation allowance on deferred tax assets outside the U.S. Refer to Note 18, "Income Taxes".

Discontinued Operations
Discontinued operations of Kodak include the Flexographic Packaging segment. Refer to Note 29, "Discontinued Operations" in the Notes to Financial Statements for additional information.

TRADITIONAL PRINTING SEGMENT

Revenues

	Year Ended December 31,		
	2020	2019	$ Change
Revenues	$ 592	$ 727	$ (135)
Operational EBITDA	21	48	(27)
Operational EBITDA as a % of revenues	4%	7%	

Revenues
The decrease in Traditional Printing revenues of approximately $135 million primarily reflected volume and pricing declines ($97 million and $16 million, respectively) in Prepress Solutions consumables and volume declines in Prepress Solutions service ($6 million) and equipment ($10 million) offset by favorable pricing and product mix ($2 million) in Prepress equipment and favorable foreign currency ($6 million). In addition, the prior year period included $13 million of intellectual property licensing revenue associated with the HuaGuang relationship. The volume declines were primarily driven by COVID-19 pandemic related declines in customer demand.

Operational EBITDA
Traditional Printing Operational EBITDA declined approximately $27 million primarily due to volume and pricing declines ($11 million and $16 million, respectively) in Prepress Solutions consumables, volume declines in Prepress service ($3 million) and higher manufacturing costs driven by unfavorable cost absorption from the volume declines ($10 million) partially offset by lower SG&A expenses ($22 million) driven by headcount reductions, temporary furloughs and pay cuts as well as lower aluminum costs in the current year ($8 million). In addition, the prior year period included $13 million of intellectual property licensing revenue associated with the HuaGuang relationship and $2 million of cost reductions due to retroactive exemptions from U.S. tariffs imposed on aluminum purchases in 2018. The U.S tariffs were imposed on aluminum purchases in 2018 and were included as part of the cost of plates sold in 2018.

DIGITAL PRINTING SEGMENT

	Year Ended December 31,		
	2020	2019	$ Change
Revenues	$ 241	$ 293	$ (52)
Operational EBITDA	(10)	(9)	(1)
Operational EBITDA as a % of revenues	-4%	-3%	

Revenues
The decrease in Digital Printing revenues of approximately $52 million primarily reflected volume declines in Electrophotographic Printing Solutions consumables and service ($27 million), Electrophotographic Printing Solutions equipment ($14 million), PROSPER consumables and service ($5

million), PROSPER systems ($3 million) and Software ($4 million) as well as product mix in PROSPER systems ($3 million), all of which were driven by the decline in customer demand due to the COVID-19 pandemic.
There were also volume declines in VERSAMARK service and consumables ($10 million) due to both declines in the installed base of VERSAMARK systems and the COVID 19 pandemic. The declines were partially offset by improved volume and favorable product mix in PROSPER components ($5 million and $3 million, respectively) and favorable product mix in Electrophotographic Printing Solutions equipment ($2 million) and well as favorable foreign currency ($2 million).

Operational EBITDA
The decrease in Digital Printing Operational EBITDA of $1 million was driven by higher manufacturing costs in Electrophotographic Printing Solutions ($14 million), primarily due to unfavorable cost absorption from the volume declines in Electrophotographic Printing Solutions consumables and service ($4 million). There were also volume declines in Software ($4 million), VERSAMARK service and consumables ($3 million) and PROSPER consumables and service ($2 million) partially offset by improved volume and favorable product mix in PROSPER components ($3 million and $2 million, respectively), volume changes in Electrophotographic Printing Solutions equipment ($3 million), favorable costs in Software ($3 million), favorable product mix in VERSAMARK equipment ($2 million) and lower SG&A costs ($11 million) driven by headcount reductions, temporary furloughs and pay cuts.

ADVANCED MATERIALS AND CHEMICALS SEGMENT

	Year Ended December 31,		
	2020	2019	$ Change
Revenues	$ 172	$ 200	$ (28)
Operational EBITDA	(23)	(34)	11
Operational EBITDA as a % of revenues	-13%	-17%	

Revenues
The decrease in Advanced Materials and Chemicals revenues of approximately $28 million is the result of volume declines in Motion Picture ($16 million) driven by productions halted as a result of the pandemic, Industrial Film and Chemicals ($11 million) primarily due to the COVID-19 pandemic's impacts on its customers, and Consumer Inkjet Solutions ($7 million) driven by lower sales of ink to the existing installed base of printers. Additionally, current year revenues for KSB declined ($5 million) primarily due to operations in Asia being impacted by the COVID-19 pandemic, and the prior year period included revenues from Kodakit ($4 million) which ceased operations in January 2020. Partially offsetting these impacts was improved pricing in Industrial Film and Chemicals ($13 million) driven by higher pricing in professional and consumer still photographic film and solvents.

Operational EBITDA
Advanced Materials and Chemicals Operational EBITDA improved approximately 11 million primarily due to favorable pricing ($13 million) in Industrial Film and Chemicals. Also contributing to the improvement were lower selling and administrative expenses ($14 million) driven by headcount reductions, temporary furloughs and pay cuts as well as lower R&D costs ($5 million). Partially offsetting were volume declines in Motion Picture ($5 million) and Consumer Inkjet Solutions ($4 million) as well as unfavorable cost impacts in Industrial Film and Chemicals ($8 million) and Motion Picture ($3 million) driven by unfavorable cost absorption.

RESTRUCTURING COSTS AND OTHER

2020

Restructuring actions taken in 2020 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales and other administrative functions.

As a result of these actions, for the year ended December 31, 2020 Kodak recorded $17 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

Kodak made cash payments related to restructuring of approximately $15 million for the year ended December 31, 2020.

The restructuring actions implemented in 2020 are expected to generate future annual cash savings of approximately $24 million. These savings are expected to reduce future annual Cost of revenues and SG&A expenses by $9 million and $15 million, respectively. Kodak expects the majority of the annual savings to be in effect by the end of 2021 as actions are completed.

2019

For the year ended December 31, 2019 Kodak recorded $16 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

LIQUIDITY AND CAPITAL RESOURCES

Kodak's products are sold and serviced in numerous countries across the globe with more than half of sales generated outside the U.S. Current global economic conditions are highly volatile due to the COVID-19 pandemic. The conversion of accounts receivable to cash is taking longer and collection risk has increased since before the pandemic. The economic uncertainty surrounding the COVID-19 pandemic is an additional complexity in Kodak's plans to return to sustainable positive cash flow. To mitigate the economic impacts of the pandemic Kodak employed temporary furloughs and pay reductions and adjusted manufacturing volumes to meet changing expectations around production requirements.
The Company is also seeking to take advantage of any available government incentives around the world in response to the COVID-19 pandemic such as employee related tax deferrals or holidays, wage subsidies and loan programs including those under the U.S. CARES Act, although the Company has not yet been able to take advantage of any loan programs and may not qualify for any loans under the programs created under the U.S. CARES Act. Many of the available government incentives for which the Company qualifies are in the form of deferrals of payments that will be required to be paid in the future.

	As of December 31,	
(in millions)	2020	2019
Cash, cash equivalents and restricted cash	$ 256	$ 290

Cash Flow Activity

	Year Ended December 31,		
(in millions)	2020	2019	Year-Over-Year Change
Cash flows from operating activities:			
Net cash (used in) provided by in operating activities	$ (35)	$ 12	$ (47)
Cash flows from investing activities:			
Net cash (used in) provided by investing activities	(13)	311	(324)
Cash flows from financing activities:			
Net cash provided by (used in) financing activities	10	(298)	308
Effect of exchange rate changes on cash and restricted cash	4	(2)	6
Net (decrease) increase in cash, cash equivalents, restricted cash and cash in assets held for sale	$ (34)	$ 23	$ (57)

Operating Activities
Net cash (used in) provided by operating activities declined $47 million for the year ended December 31, 2020 as compared with the prior year primarily due to increased cash use for accounts payable and other liabilities, including the payment of $6 million of interest upon the conversion of the Convertible Notes, partially offset by higher reductions of accounts receivable in 2020 and lower cash operating losses. Additionally, cash used in operations in 2019 benefitted from the allocation of $10 million of the proceeds from the divestiture of FPD as consideration for a brand license, the allocation of $13 million of the proceeds from entering the relationship with HuaGuang as consideration for an intellectual property license receipt and the receipt of a $15 million prepayment for transition services, products, and other services as a part of the divestiture of FPD.

Investing Activities
Net cash (used in) provided by investing activities decreased $324 million for the year ended December 31, 2020 as compared to the prior year due to proceeds from the sale of FPD in the prior year.

Financing Activities
Net cash provided by (used in) financing activities improved $308 million in the year ended December 31, 2020 as compared to the prior year driven by the current year proceeds received from option exercises, the prior year repayment of the Company's term credit agreement and the prior year payment of contingent consideration partially offset by the issuance of the Convertible Notes and the proceeds from the RED – Rochester borrowing and the current year payment of preferred stock dividends.

Sources of Liquidity
Available liquidity includes cash balances and the unused portion of the ABL Credit Agreement. The amount of available liquidity is subject to fluctuations and includes cash balances held by various entities worldwide. At December 31, 2020 and 2019, approximately $99 million and $72 million, respectively, of cash and cash equivalents were held within the U.S. and approximately $97 million and $161 million, respectively, of cash and cash equivalents were held outside the U.S.

Cash balances held outside of the U.S. are generally required to support local country operations, may have high tax costs or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Kodak utilizes cash balances outside the U.S. to fund needs in the U.S. through the use of intercompany loans. As of December 31, 2020 and 2019 outstanding intercompany loans to the U.S. were $449 million and $408 million, respectively, which includes short-term intercompany loans from Kodak's international finance center of $150 million and $110 million.

In China, where approximately $34 million and $89 million, respectively, of cash and cash equivalents were held as of December 31, 2020 and 2019, there are limitations related to net asset balances that impact the ability to make cash available to other jurisdictions in the world. On May 12, 2020, a Chinese subsidiary of Kodak transferred approximately $70 million to a U.S. subsidiary of Kodak in an inter-company transaction.

ABL Credit Agreement

On January 27, 2020 Kodak exercised its right under the Amended and Restated Credit Agreement (the "ABL Credit Agreement") to permanently reduce lender commitments, reducing the commitments from $150 million to $120 million. As a result, the minimum Excess Availability decreased to $15 million from the previous minimum of $18.75 million. (Refer to the Amended and Restated Credit Agreement section of Note 9, "Debt and Finance Leases", for the definition of Excess Availability).

On March 27, 2020, the Company and the subsidiaries of the Company that are guarantors (the "Subsidiary Guarantors") entered into Amendment No. 3 to the ABL Credit Agreement (the "Amendment") with the Lenders and Bank of America, N.A., as administrative and collateral agent. The Amendment decreased the available asset-based revolving loans (the "ABL Loans") and letters of credit from an aggregate amount of up to $120 million to $110 million, subject to the Borrowing Base.

As a result of the additional reduction in lender commitments, the minimum Excess Availability decreased to $13.75 million from the previous amount of $15 million.

The changes provided by the Amendment to the Excess Availability and Equipment Availability combined with increases in Eligible Receivables and Eligible Inventory allowed the Company to decrease Eligible Cash by $13 million at the time of the Amendment without causing Excess Availability to fall below the minimum required.

The Amendment also changed Equipment Availability from (i) the lesser of 75% of Net Orderly Liquidation Value of Eligible Equipment or $6 million to (ii) the lesser of 70% of Net Orderly Liquidation Value of Eligible Equipment or $14.75 million as of March 31, 2020. The Equipment Availability was $14.75 million for September 30, 2020. The $14.75 million amount decreases by $1 million per quarter starting on July 1, 2020 until maturity or the amount is decreased to $0, whichever comes first.

The Company had issued approximately $90 million and $80 million of letters of credit under the ABL Credit Agreement as of December 31, 2020 and 2019, respectively. Under the ABL Credit Agreement the Company is required to maintain Excess Availability above 12.5% of lender commitments ($13.75 million at December 31, 2020). If Excess Availability is below 12.5% of lender commitments the Company has the ability to fund amounts into the Eligible Cash account which will increase Excess Availability for purposes of the previous month-end compliance reporting. The Company had approximately $20 million of Excess Availability under the ABL Credit Agreement for the December 31, 2020 compliance reporting and $22 million of Excess Availability under the ABL Credit Agreement as of December 31, 2019. To maintain Excess Availability of greater than 12.5% of lender commitments ($13.75 million and $18.75 million as of December 31, 2020 and 2019, respectively), Kodak funded $35 million and $22 million to the Eligible Cash account held with the ABL Credit Agreement Administrative Agent as of December 31, 2020 and 2019, respectively, which is classified as Restricted Cash in the Consolidated Statement of Financial Position.

Under the ABL Credit Agreement, if Excess Availability falls below 12.5% of lender commitments, Kodak may, in addition to the requirement to be in compliance with a minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Kodak intends to continue to maintain Excess Availability above the minimum threshold which may require additional funding of Eligible Cash. In addition to Eligible Cash, the borrowing base is supported by Eligible Receivables, Eligible Inventory and Eligible Equipment. To the extent the assets supporting the borrowing base decline, if the remaining assets included in the borrowing base are not sufficient to support the required Excess Availability amount, additional funding of Eligible Cash may be required. Since Excess Availability was greater than 12.5% of lender commitments Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0. As of December 31, 2020 Fixed Charges (as defined in the ABL Credit Agreement) exceeded EBITDA by approximately $37 million, therefore the Fixed Charges Coverage Ratio was less than 1.0 to 1.0. See "February 26, 2021 Financing Transactions" below for a summary of subsequent amendments to the ABL Credit Agreement.

Other Collateral Requirements

The New York State Workers' Compensation Board ("NYSWCB") requires security deposits related to self-insured workers' compensation obligations. The security deposit required by NYSWCB is based on actuarial calculations of the Company's obligations and company specific factors such as its declining workforce and reducing exposure. The NYSWCB calculation also includes a financial contingency based on the employer's credit rating and a calculation of unallocated loss adjustment expenses. In 2020 the NYSWCB waived these charges to provide employers some relief while they endure the economic impacts of COVID. The waived security deposits amounted to $16.7 million in 2020. The increase to the

security deposit required by NYSWCB in 2020, not including the waived amounts, was $14.9 million. The Company has agreed to post additional collateral of approximately $3 million for each of the next five years to satisfy the current security deposit obligation.
The collateral obligation can be satisfied by issuing letters of credit or through other means. The amount of security deposit required by NYSWCB will be re-calculated annually. Therefore, the amount of additional collateral required may change each year.

As a result of the Company's current credit ratings, during the second quarter of 2020 two surety bond holders notified the Company they required approximately $9 million of incremental collateral.
The Company reduced the surety bond value by approximately $9 million in July 2020 with an equivalent increase to an existing letter of credit with the New York Workers' Compensation board. The Company could be required to provide up to $3 million of letters of credit to the issuers of certain surety bonds in the future to fully collateralize the bonds.

On September 1, 2019 Kodak established a strategic relationship with HuaGuang in the People's Republic of China. The relationship is comprised of an agreement under which Kodak sold its shares of the Kodak (China) Graphic Communication Co. Ltd. entity which included the offset printing plates facility in Xiamen, China, and related assets and liabilities, to HuaGuang, a supply agreement for HuaGuang to help Kodak fulfill customer demand and a license agreement under which Kodak licensed its plates technology, including its Sonora Process Free plates technology, to HuaGuang with the intent of expanding the plates market in China. Upon the establishment of the relationship, Kodak received net cash proceeds of $30 million, of which $13 million was received in the United States. As part of the arrangement, Kodak established an escrow of $14 million in China to secure minimum payments required under the supply agreement.

February 26, 2021 Financing Transactions

On February 26, 2021 the Company entered into a five-year Term Credit Agreement (the "Term Loan Credit Agreement"), a Series C Preferred Stock Purchase Agreement (the "Purchase Agreement"), a Securities Purchase Agreement (the "Securities Purchase Agreement"), and a Series A Preferred Stock Repurchase and Exchange Agreement (the "Repurchase and Exchange Agreement").

The Term Loan Credit Agreement provides for an initial term loan in the amount of $225 million and a commitment to provide delayed draw term loans in an aggregate principal amount of up to $50 million on or before February 26, 2023. The term loan bears interest at a rate of 8.5% per annum payable in cash and 4.0% per annum payable "in-kind" or in cash at the Company's option, for an aggregate interest rate of 12.5% per annum. The Purchase Agreement provides for the sale of a total of $100 million of Series C Preferred Stock, with an initial sale of $75 million of Series C Preferred Stock and an additional $25 million of this series of preferred stock subject to Hart-Scott-Rodino Antitrust Improvements Act clearance. The Series C Preferred Stock provides for cumulative dividends payable quarterly "in-kind" in the form of additional shares of Series C Preferred Stock at a rate of 5.0% per annum. The Securities Purchase Agreement provides for the issuance of an aggregate of one million shares of common stock for a purchase price of $10.00 in cash per share for an aggregate purchase price of $10 million and $25 million aggregate principal amount of the Company's newly issued 5.0% unsecured convertible promissory notes due May 28, 2026 to the lenders under the Term Loan Credit Agreement. The convertible notes bear interest at a rate of 5.0% per annum, which will be payable in cash on the maturity date and in additional shares of Common Stock on any conversion date. With the proceeds from these transactions, the Company repurchased one million shares of the Series A Preferred Stock under the terms of the Repurchase and Exchange Agreement for $100 million plus accrued and unpaid dividends. In addition, Kodak has issued one million shares of Series B Preferred Stock in exchange for the remaining Series A Preferred Stock. The Series B Preferred Stock provides for cumulative dividends payable quarterly in cash at a rate of 4.0% per annum. The Company received net proceeds of approximately $235 million on February 26, 2021, before fees of approximately $10 million, as a result of these transactions.

On February 26, 2021 the Company also entered into a cash collateralized Letter of Credit Facility Agreement for up to $50 million and amended its ABL Credit Agreement to decrease the commitments from $110 million to $90 million and to extend the maturity date to February 26, 2024, or the date that is 90 days prior to the earliest scheduled maturity date or mandatory redemption date of any of the Company's outstanding term loan, convertible notes, Series B Convertible Preferred Stock, Series C Convertible Preferred Stock or any refinancing of any of the foregoing. Pursuant to the Letter of Credit Facility Agreement, the Letter of Credit Lenders committed to issue letters of credit on the Company's behalf in an aggregate amount of up to $50 million, provided that the Company posts cash collateral in an amount greater than or equal to 103% of the aggregate amount of letters of credit issued and outstanding at any given time (the "L/C Cash Collateral"). The term of the Letter of Credit Facility Agreement is three years, subject to the same automatic springing maturity as the Amended ABL Credit Agreement. The balance on deposit as of February 26, 2021 in the L/C Cash Collateral account was approximately $49 million, of which approximately $14 million was deposited into the L/C Cash Collateral account from proceeds of the financing transactions described herein and the remainder of which was cash collateral previously used to secure letters of credit under the ABL Credit Agreement. The amendment to the ABL Credit Agreement also removed Eligible Cash from the Borrowing Base. Therefore, amounts funded into the Eligible Cash account will no longer increase Excess Availability for purposes of the month-end compliance reporting. The ABL Amendment also adds a requirement, tested quarterly, that the Company maintain Minimum Liquidity (as defined in the Amended ABL Credit Agreement) of at least $80 million, and a corresponding requirement is contained in the Letter of Credit Facility Agreement.

Other Sources/Uses of Cash Related to Financing Transactions

The holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.5% per annum. Until the third quarter of 2018 all dividends owed on the Series A Preferred Stock were declared and paid when due. No quarterly dividend was declared in the third or fourth quarters of 2018 or the first and second quarters of 2019. The Company declared quarterly cash dividends in the third and fourth quarters of 2019 and each quarter of 2020 that were paid when due. In July 2020, the Company declared and paid the four quarterly dividends that were in arrears in the aggregate amount of $11 million. Due to exercises of stock options primarily by ex-employees, the Company received approximately $33 million, net of tax payments, in 2020.

Defined Benefit Pension and Postretirement Plans
Kodak made contributions (funded plans) or paid net benefits (unfunded plans) totaling approximately $17 million relating to its defined benefit pension and postretirement benefit plans in 2020. For 2021, the forecasted contribution (funded plans) and net benefit payment (unfunded plans) requirements for its defined benefit pension and postretirement plans are approximately $17 million.

Capital Expenditures
Cash flows from investing activities included $17 million for capital expenditures for the year ended December 31, 2020. Kodak expects approximately $15 million to $25 million of cash flows for investing activities from capital expenditures for the year ending December 31, 2021, before consideration of any investment Kodak may make utilizing proceeds from the February 26, 2021 financing transactions. Kodak plans to invest some of the proceeds from those financing transactions in growth opportunities in Kodak's core businesses of print, advanced materials and chemicals as well as corporate infrastructure investments expected to contribute to improvements in cash flow.

U.S. International Development Finance Corporation Non-Binding Letter of Interest
On July 28, 2020 the U.S. International Development Finance Corporation signed a non-binding letter of interest to provide a subsidiary of the Company with a potential $765 million loan to support the launch of Kodak Pharmaceuticals, an initiative that would manufacture pharmaceutical ingredients for essential generic drugs. The DFC Loan would be for facility upgrades and construction, provide working capital, and finance other necessary direct expenditures supporting the launch of Kodak Pharmaceuticals. The signing of the letter of interest indicated Kodak's successful completion of the DFC's initial screening, which would be followed by standard due diligence conducted by the DFC before financing would be formally committed. The application process for the DFC Loan was put on hold when investigations were commenced with respect to the circumstances surrounding the DFC Announcement. While the letter of interest with the DFC has never been formally terminated and the Company has not received any communication from the DFC rejecting its application, given the time that has elapsed and the recent changes in administration at the federal government and the DFC the Company is operating on the basis that the DFC Loan as envisioned at the time of the DFC Announcement will not proceed. The Company remains interested in working with the DFC and other governmental agencies to leverage its assets and technology to on-shore manufacturing of pharmaceutical and other healthcare materials. As described under "Overview" above, the Company is also continuing to explore expanding further into the pharmaceutical space on a smaller scale than contemplated by the DFC Loan using other sources of capital, including a portion of the capital raised by the Company on February 26, 2021.

Off-Balance Sheet Arrangements

In connection with the settlement of certain of the Company's historical environmental liabilities at EBP and in accordance with the terms of the associated settlement agreement ("Amended EBP Settlement Agreement"), in the event the historical EBP liabilities exceed $99 million, the Company will become liable for 50% of the portion above $99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

Kodak issues indemnifications in certain instances when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners.

Further, the Company indemnifies its directors and officers who are, or were, serving at the Company's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Additionally, the fair value of the indemnifications that Kodak issued during the year ended December 31, 2020 was not material to Kodak's financial position, results of operations or cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Kodak is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Eastman Kodak Company

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Eastman Kodak Company (the Company) as of December 31, 2020, the related consolidated statements of operations, comprehensive (loss) income, equity (deficit) and cash flow for the year ended December 31, 2020, and the related notes and schedule for the year ended December 31, 2020 appearing in Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Income Taxes Valuation Allowance
Description of the Matter	As discussed in Note 18 to the consolidated financial statements, as of March 31, 2020 the Company recorded a provision of $167 million associated with the establishment of a valuation allowance for deferred taxes at locations outside the U.S. and, at December 31, 2020, the Company had deferred tax assets related to deductible temporary differences and carryforwards of $1,113 million and a $1,112 million valuation allowance. The Company records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. Management's analysis of the realizability of its deferred tax assets was significant to our audit because the amounts and disclosures are material to the consolidated financial statements and involved complex audit judgment.

How We Addressed the Matter in Our Audit

As part of our audit procedures over the valuation allowance, we evaluated the Company's assessment of the realizability of deferred tax assets, including management's evaluation of the sources of taxable income considered in determining whether a valuation allowance is required and management's assessment of all available evidence, both positive and negative, to determine the amount of the valuation allowance. We involved our tax professionals to evaluate the application of tax law in the Company's assessment and the resultant valuation allowance. We also tested the Company's scheduling of the timing and amount of reversal of taxable temporary differences.

Accounting for Conversion of Convertible Notes

Description of the Matter

As discussed in Notes 9 and 14 of the consolidated financial statements, on May 24, 2019 the Company issued in the aggregate $100 million in 5% Secured Convertible Notes due 2021 (the "Convertible Notes"). The Convertible Notes contained conversion features and a term extension option that were not considered clearly and closely related to the Convertible Notes. Accordingly, these embedded features were bifurcated from the Convertible Notes and separately accounted for on a combined basis at fair value as a single derivative liability. All of the Convertible Notes were converted to shares of the Company's common stock in two separate conversion transactions with effective dates of August 3, 2020 and September 30, 2020. The embedded conversion features and term extension option were revalued as of the effective dates of the conversion transactions and resulted in the recognition of an aggregate of $416 million in net expense recorded within Other charges, net, in the Consolidated Statement of Operations for the year ended December 31, 2020.

Auditing management's evaluation of the transactions was especially challenging due to the complexity in assessing the key inputs used in the valuation of the bifurcated embedded features as of the effective dates of the conversion transactions. Additionally, the fair value of the embedded derivative was sensitive to changes in these key inputs which required judgement in evaluating their reasonableness.

How We Addressed the Matter in Our Audit

To test the accounting for the conversion transactions, our audit procedures included, among others, inspection of the contract, the conversion notices received from the Convertible Note holders, and testing completeness and accuracy of the data used as well as management's application of the relevant accounting guidance. We also involved our valuation specialists to evaluate the Company's determination of the fair value of the Convertible Notes inclusive of the embedded features, including testing the appropriateness of the methodology and underlying inputs used and assessing the reasonableness of those inputs. We also evaluated the Company's presentation of the net expense recognized on the conversion transactions in its Consolidated Statement of Operations and the Company's disclosures included in Notes 9 and 14 related to the fair value of the embedded features.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

Rochester, New York
March 16, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

Opinion on the Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

Opinion on the Financial Statements

We have audited the consolidated statement of financial position of Eastman Kodak Company and its subsidiaries (the "Company") as of December 31, 2019, and the related consolidated statements of operations, comprehensive (loss) income, equity (deficit) and cash flow for the year ended December 31, 2019, including the related notes and schedule of valuation and qualifying accounts for the year ended December 31, 2019 appearing under Item 15(1) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 (not presented herein) to the consolidated financial statements, the Company has limitations on its ability to repatriate cash held outside the U.S. to other jurisdictions, experienced recent operating losses and negative cash flow from operations, redemption dates in 2021 for debt and preferred stock and significant cash requirements to fund ongoing operations and other obligations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1 (not presented herein). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Rochester, New York
March 17, 2020, except for the change in composition of reportable segments discussed in Note 27 to the consolidated financial statements, as to which the date is March 16, 2021

We served as the Company's auditor from at least 1924 to 2020. We have not been able to determine the specific year we began serving as auditor of the Company.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues		
Sales	$ 806	$ 979
Services	223	263
Total net revenues	1,029	1,242
Cost of revenues		
Sales	743	877
Services	151	183
Total cost of revenues	894	1,060
Gross profit	135	182
Selling, general and administrative expenses	172	211
Research and development costs	34	42
Restructuring costs and other	17	16
Other operating (income) expense, net	(14)	15
Loss from continuing operations before interest expense, pension income excluding service cost component, loss on early extinguishment of debt, other charges, net and income taxes	(74)	(102)
Interest expense	12	16
Pension income excluding service cost component	(98)	(104)
Loss on early extinguishment of debt	2	—
Other charges, net	386	46
Loss from continuing operations before income taxes	(376)	(60)
Provision for income taxes	168	31
Loss from continuing operations	(544)	(91)
Earnings from discontinued operations, net of income taxes	3	207
NET (LOSS) EARNINGS	$ (541)	$ 116
Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	$ (9.83)	$ (2.58)
Discontinued operations	0.06	4.81
Total	$ (9.77)	$ 2.23
Number of common shares used in basic and diluted (loss) earnings per share	57.4	43.0

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

(in millions)

	Year Ended December 31,	
	2020	2019
NET (LOSS) EARNINGS	$ (541)	$ 116
Other comprehensive loss, net:		
Currency translation adjustments and other	(16)	6
Pension and other postretirement benefit plan obligation activity, net of tax	(13)	(12)
Other comprehensive loss, net attributable to Eastman Kodak Company	(29)	(6)
COMPREHENSIVE (LOSS) INCOME, NET	$ (570)	$ 110

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

	As of December 31, 2020	As of December 31, 2019
ASSETS		
Cash and cash equivalents	$ 196	$ 233
Trade receivables, net of allowances of $10 and $8	177	208
Inventories, net	206	215
Restricted cash - current portion	7	12
Other current assets	39	36
Current assets held for sale	2	2
Total current assets	627	706
Property, plant and equipment, net	152	181
Goodwill	12	12
Intangible assets, net	39	47
Operating lease right-of-use assets	48	49
Restricted cash	53	45
Deferred income taxes	—	147
Other long-term assets	317	228
TOTAL ASSETS	**$ 1,248**	**$ 1,415**
LIABILITIES, REDEEMABLE, CONVERTIBLE PREFERRED STOCK AND EQUITY		
Accounts payable, trade	$ 118	$ 153
Short-term borrowings and current portion of long-term debt	2	2
Current portion of operating leases	12	12
Other current liabilities	164	201
Total current liabilities	296	368
Long-term debt, net of current portion	17	109
Pension and other postretirement liabilities	406	378
Operating leases, net of current portion	49	48
Other long-term liabilities	212	231
Total liabilities	980	1,134
Commitments and contingencies (Note 12)		
Redeemable, convertible Series A preferred stock, no par value, $100 per share liquidation preference	191	182
Equity		
Common stock, $0.01 par value	—	—
Additional paid in capital	1,152	604
Treasury stock, at cost	(9)	(9)
Accumulated deficit	(620)	(79)
Accumulated other comprehensive loss	(446)	(417)
Total equity	77	99
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY	**$ 1,248**	**$ 1,415**

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)

(in millions, except share data)

	Common Stock (1)	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Series A Redeemable Convertible Preferred Stock
Equity (deficit) as of December 31, 2018	$ —	$ 617	$ (200)	$ (411)	$ (9)	(3)	$ 173
Net earnings	—	—	116	—	—	116	—
Adjustments due to ASU 2016-02	—	—	5	—	—	5	—
Other comprehensive loss (net of tax):							
Currency translation adjustments	—	—	—	6	—	6	—
Pension and other postretirement liability adjustments	—	—	—	(12)	—	(12)	—
Series A preferred stock cash dividends	—	(11)	—	—	—	(11)	—
Series A preferred stock deemed dividends	—	(9)	—	—	—	(9)	9
Stock-based compensation	—	7	—	—	—	7	—
Equity (deficit) as of December 31, 2019	$ —	$ 604	$ (79)	$ (417)	$ (9)	$ 99	$ 182
Net loss	—	—	(541)	—	—	(541)	—
Other comprehensive loss (net of tax):							
Currency translation adjustments	—	—	—	(16)	—	(16)	—
Pension and other postretirement liability adjustments	—	—	—	(13)	—	(13)	—
Series A preferred stock cash and accrued dividends	—	(11)	—	—	—	(11)	—
Series A preferred stock deemed dividends	—	(9)	—	—	—	(9)	9
Conversion of Convertible Notes		520				520	
Stock option exercises		29				29	
Stock-based compensation	—	19	—	—	—	19	—
Equity (deficit) as of December 31, 2020	$ —	$ 1,152	$ (620)	$ (446)	$ (9)	$ 77	$ 191

(1) There are 60 million shares of no par value preferred stock authorized, 2 million of which have been issued.

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW

(in millions)	Year Ended December 31, 2020	2019
Cash flows from operating activities:		
Net (loss) earnings	$ (541)	$ 116
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	37	55
Pension and other postretirement income	(77)	(91)
Change in fair value of embedded derivatives in the Series A Preferred Stock and the Convertible Notes	382	42
Asset impairments	3	6
Stock based compensation	15	7
Non-cash changes in workers' compensation and postemployment reserves	4	3
Net gains on sales of businesses/assets	(10)	(201)
Loss on early extinguishment of debt	2	—
Provision for deferred income taxes	160	21
Decrease in trade receivables	33	21
Decrease in inventories	12	11
(Decrease) increase in trade accounts payable	(36)	25
Decrease in liabilities excluding borrowings	(26)	(10)
Other items, net	7	7
Total adjustments	506	(104)
Net cash (used in) provided by operating activities	(35)	12
Cash flows from investing activities:		
Additions to properties	(17)	(15)
Net proceeds from sales of businesses/assets, net	2	326
Net proceeds from return of equity investment	2	—
Net cash (used in) provided by investing activities	(13)	311
Cash flows from financing activities:		
Proceeds from stock option exercises	33	—
Repayment of emergence credit facilities	—	(395)
Proceeds from issuance of convertible notes	—	98
Proceeds from other borrowings	—	14
Payment of contingent consideration related to the sale of a business	—	(10)
Preferred stock dividend payments	(22)	(3)
Finance lease payments	(1)	(2)
Net cash provided by (used in) financing activities	10	(298)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	(2)
Net (decrease) increase in cash, cash equivalents, restricted cash and cash in assets held for sale	(34)	23
Cash, cash equivalents, restricted cash and cash in assets held for sale, beginning of period	290	267
Cash, cash equivalents and restricted cash, end of period [(1)]	$ 256	$ 290

(1) Refer to Note 2, “Cash, Cash Equivalents and Restricted Cash” for a breakdown of cash, cash equivalents and restricted cash.

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(in millions)

SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31, 2020	2019
Cash paid for interest and income taxes was:		
Interest	$ 8	$ 21
Income taxes (net of refunds)	$ 8	$ 17

The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following is a description of the significant accounting policies of Kodak.

When used in this report, unless otherwise indicated by the context, "EKC" or the "Company" means the parent company, Eastman Kodak Company, and "Kodak" refers to the consolidated group,

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of EKC and all companies directly or indirectly controlled by EKC, either through majority ownership or otherwise. Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity.

GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes Kodak will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

As of December 31, 2020 and 2019, Kodak had approximately $196 million and $233 million of cash and cash equivalents, respectively. $99 million and $72 million was held in the U.S. as of December 31, 2020 and 2019, respectively, and $97 million and $161 million were held outside the U.S. Cash balances held outside the U.S. are generally required to support local country operations and may have high tax costs or other limitations that delay the ability to repatriate, and therefore may not be readily available for transfer to other jurisdictions. Outstanding inter-company loans to the U.S. as of December 31, 2020 and 2019 were $449 million and $408 million, respectively, which includes short-term intercompany loans from Kodak's international finance center of $150 million and $110 million as of December 31, 2020 and 2019, respectively. In China, where approximately $34 million and $89 million of cash and cash equivalents was held as of December 31, 2020 and 2019, respectively, there are limitations related to net asset balances that may impact the ability to make cash available to other jurisdictions in the world. On May 12, 2020, a Chinese subsidiary of Kodak transferred approximately $70 million to a U.S. subsidiary of Kodak in an inter-company transaction. Kodak had a net decrease in cash, cash equivalents and restricted cash of $34 million for the year ended December 31, 2020 and a net increase in cash, cash equivalents, restricted cash and cash in assets held for sale of $23 million for the year ended December 31, 2019. Kodak used cash of $35 million in operating activities for year ended December 31, 2020 and generated cash from operating activities of $12 million for the year ended December 31, 2019. Cash flow from operations in 2019 benefitted from working capital improvements and individual transactions that occurred during the year.

U.S. GAAP requires an evaluation of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued. Initially, this evaluation does not consider the potential mitigating effect of management's plans that have not been fully implemented. When substantial doubt exists, management evaluates the mitigating effect of its plans if it is probable that (1) the plans will be effectively implemented within one year after the date the financial statements are issued, and (2) when implemented, the plans will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued or prior to the conditions or events that create the going concern risk.

As of December 31, 2020 and 2019 Kodak was facing liquidity challenges due to operating losses and low or negative cash flow from operations. As of December 31, 2020 Kodak had $90 million of letters of credit issued under the Amended and Restated Credit Agreement (the "ABL Credit Agreement") which had a maturity date of May 26, 2021. The Series A Preferred Stock of $200 million was required to be redeemed on November 15, 2021 if not converted prior to then. Additionally, Kodak has significant cash requirements to fund ongoing operations, restructuring programs, pension and other postretirement obligations, and other obligations. Kodak's plans to return to sustainable positive cash flow include growing revenues profitably, reducing operating expenses, simplifying the organizational structure, generating cash from selling and leasing underutilized assets and paring investment in new technology by eliminating or delaying product development programs. Additionally, the Company looks to implement ways to reduce collateral needs in the U.S. to free-up cash for use in operations.

Kodak's products are sold and serviced in numerous countries across the globe with more than half of sales generated outside the United States. Current global economic conditions are highly volatile due to the COVID-19 pandemic. The economic uncertainties surrounding the COVID-19 pandemic are adding complexity to Kodak's plans to return to sustainable positive cash flow.

To mitigate the economic impacts of the pandemic Kodak employed temporary furloughs and pay reductions during 2020 and has been modifying manufacturing volumes as expectations of demand change.

On February 26, 2021 the Company entered into a five-year Term Credit Agreement (the "Term Loan Credit Agreement"), a Series C Preferred Stock Purchase Agreement (the "Purchase Agreement"), a Securities Purchase Agreement (the "Securities Purchase Agreement"), and a Series A Preferred Stock Repurchase and Exchange Agreement (the "Repurchase and Exchange Agreement").

The Term Loan Credit Agreement provides for an initial term loan in the amount of $225 million and a commitment to provide delayed draw term loans in an aggregate principal amount of up to $50 million on or before February 26, 2023. The Purchase Agreement provides for the sale of a total of $100 million of Series C Preferred Stock with an initial sale of $75 million of Series C Preferred Stock and an additional $25 million of this series of preferred stock subject to Hart-Scott-Rodino Antitrust Improvements Act clearance. The Securities Purchase Agreement provides for the issuance of an aggregate of one million shares of common stock for a purchase price of $10.00 in cash per share for an aggregate purchase price of $10 million and $25 million aggregate principal amount of the Company's newly issued 5.0% unsecured convertible promissory notes due May 28, 2026 to the lenders under the Term Loan Credit Agreement. With the proceeds from these transactions, the Company repurchased one million shares of the Series A Preferred Stock under the terms of the Repurchase and Exchange Agreement for $100 million plus accrued and unpaid dividends. In addition, Kodak has issued one million shares of Series B Preferred Stock in exchange for the remaining Series A Preferred Stock. The Company received net proceeds of approximately $235 million on February 26, 2021, before fees of approximately $10 million, as a result of these transactions.

If any shares of Series C Preferred Stock have not been converted prior to 91 days following the fifth anniversary of the initial issuance of the Series C Preferred Stock, the Company will be required to redeem such shares at a redemption price equal to the liquidation preference of the redeemed shares plus the amount of accrued and unpaid dividends thereon; however, the holders of the Series C Preferred Stock have the right to extend such date by up to two years. If any shares of Series B Preferred Stock have not been converted prior to 91 days following the fifth anniversary of the initial issuance of the Series B Preferred Stock, the Company will be required to redeem such shares at a redemption price equal to the liquidation preference of the redeemed shares plus the amount of accrued and unpaid dividends thereon.

On February 26, 2021 the Company also entered into a cash collateralized Letter of Credit Facility Agreement for up to $50 million and amended its ABL Credit Agreement to decrease the commitments from $110 million to $90 million and extend the maturity date to February 26, 2024, or the date that is 90 days prior to the earliest scheduled maturity date or mandatory redemption date of any of the Company's outstanding term loan, convertible notes, Series B Preferred Stock, Series C Preferred Stock or any refinancings of any of the foregoing.

The recent history of negative operating cash flow, maturity of the ABL Credit Agreement in 2021, redemption date in 2021 for the Series A Preferred Stock, increased challenges in managing cash during the COVID-19 pandemic and general lack of certainty regarding the return to positive cash flow raised substantial doubt about Kodak's ability to continue as a going concern as of December 31, 2019. The additional liquidity provided by the financing transactions which closed on February 26, 2021, the extension of the maturity date of the ABL Credit Agreement, and the repurchase and exchange of the Series A Preferred Stock alleviated the substantial doubt about Kodak's ability to continue as a going concern within one year after the date these financial statements are issued (March 16, 2021).

RECLASSIFICATIONS

Certain amounts for prior periods have been reclassified to conform to the current period classification due to Kodak's new organization structure as of January 2020. Refer to Note 27, "Segment Information" for additional information

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at year end and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

FOREIGN CURRENCY

For most subsidiaries and branches outside the U.S., the local currency is the functional currency. The financial statements of these subsidiaries and branches are translated into U.S. dollars as follows: assets and liabilities at year-end exchange rates; revenue, expenses and cash flows at average exchange rates; and shareholders' equity at historical exchange rates. For those subsidiaries for which the local currency is the functional currency, the resulting translation adjustment is recorded as a component of Accumulated other comprehensive loss in the accompanying Consolidated Statement of Financial Position.

For certain other subsidiaries and branches outside the U.S., operations are conducted primarily in U.S. dollars, which is therefore the functional currency. Monetary assets and liabilities of these foreign subsidiaries and branches, which are recorded in local currency, are remeasured at year-end exchange rates, while the related revenue, expense, and gain and loss accounts, which are recorded in local currency, are remeasured at average exchange rates. Non-monetary assets and liabilities, and the related revenue, expense, and gain and loss accounts, are remeasured at historical exchange rates. Adjustments that result from the remeasurement of the assets and liabilities of these subsidiaries are included in Other charges, net in the accompanying Consolidated Statement of Operations.

The effects of foreign currency transactions, including related hedging activities, are included in Other charges, net, in the accompanying Consolidated Statement of Operations.

CASH EQUIVALENTS

All highly liquid investments with a remaining maturity of three months or less at date of purchase are considered to be cash equivalents.

INVENTORIES

Inventories are stated at the lower of cost or net realizable value. The cost of all of Kodak's inventories is determined by the average cost method, which approximates current cost. Kodak provides inventory reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, net of accumulated depreciation. Kodak capitalizes additions and improvements while maintenance and repairs are charged to expense as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to net (loss) earnings.

Kodak calculates depreciation expense using the straight-line method over the assets' estimated useful lives, which are as follows:

	Estimated Useful Lives
Buildings and building improvements	5-40
Land improvements	4-20
Leasehold improvements	3-20
Equipment	3-20
Tooling	1-3
Furniture and fixtures	5-10

Kodak depreciates leasehold improvements over the shorter of the lease term or the assets' estimated useful life.

GOODWILL

Goodwill is not amortized but is required to be assessed for impairment at least annually and whenever events or changes in circumstances occur that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

When testing goodwill for impairment, Kodak may assess qualitative factors for some or all of its reporting units to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If Kodak determines based on this qualitative test of impairment that it is more likely than not that a reporting unit's fair value is less than its carrying amount or elects to bypass the qualitative assessment for some or all of its reporting units, then a quantitative goodwill impairment test is performed to test for a potential impairment of goodwill. The amount of goodwill impairment, if any, is calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Refer to Note 5, "Goodwill and Other Intangible Assets".

WORKERS' COMPENSATION

Kodak self-insures and participates in high-deductible insurance programs with retention and per occurrence deductible levels for claims related to workers' compensation. The estimated liability for workers' compensation is based on actuarially estimated, discounted cost of claims, including claims incurred but not reported. Historical loss development factors are utilized to project the future development of incurred losses, and the amounts are adjusted based on actual claim experience, settlements, claim development trends, changes in state regulations and judicial interpretations. Refer to Note 7, "Other Current Liabilities" and Note 8, "Other Long-Term Liabilities" for the estimated liabilities. Amounts recoverable from insurance companies or third parties are estimated using historical experience and estimates of future recoveries. Estimated recoveries are not offset against the related accrual. The amount recorded for the estimated recoveries at December 31, 2020 and 2019 was $21 million each year, of which $18 million is reported in Other long-term assets in the Consolidated Statement of Financial Position each year. The remaining $3 million at each year end is reported in Other current assets in the Consolidated Statement of Financial Position.

LEASES

Kodak as lessee

Kodak determines if an arrangement is a lease at inception. The primary criteria used to classify transactions as operating or finance leases are: (1) whether the ownership transfers at the end of the lease, (2) whether the lease term is equal to or greater than 75% of the economic life of the asset, and (3) whether the present value of the minimum lease payments is equal to or greater than 90% of the fair value of the asset at inception of the lease. Kodak does not have leases that include assets of a specialized nature, generally does not provide residual value guarantees or have any leases for which the exercise of end-of-lease purchase options is reasonably assured at lease inception.

Right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets are adjusted for prepayments and lease incentives. Variable lease payments are also excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred.

Kodak's lease agreements are primarily for real estate space and vehicles. Arrangements for goods and services are also assessed to determine if the arrangement contains a lease at its inception. Operating leases are included within Operating lease right-of-use assets, Current portion of operating leases and Operating leases, net of current portion in the Consolidated Statement of Financial Position. Finance leases are included in Property, plant and equipment, net, Short-term borrowings and current portion of long-term debt and Long-term debt, net of current portion in the Consolidated Statement of Financial Position.

When available, the rate implicit in the lease is used to discount lease payments to present value; however, many leases do not provide a readily determinable implicit rate. Therefore, Kodak applies its incremental borrowing rate to discount the lease payments at lease commencement. The incremental borrowing rate is the rate of interest that EKC would have to pay to borrow, on a collateralized basis, over a similar term. Lease renewal or extension options and/or termination options are factored into the determination of lease payments only if reasonably certain to be exercised.

Rental expense related to operating leases is recognized on a straight-line basis over the lease term. The lease agreements have both lease and non-lease components. Kodak does not separate lease and non-lease components of contracts for real estate leases but does separate lease and non-lease components for equipment leases.

Kodak as Lessor

Kodak places its own equipment at customer sites under sales-type and operating lease arrangements. Arrangements classified as sales-type leases with revenue recognition at inception generally transfer title to the equipment by the end of the lease term or have a lease term that is for a major part of the remaining economic life of the equipment; and collectability is considered probable. If the arrangement meets the criteria for a sales-type lease but collectability is not considered probable, Kodak will not derecognize the asset and will record all payments received as a liability until the earlier of collectability becoming probable or the termination of the lease. Arrangements that do not meet the sales-type lease criteria are classified as operating leases with revenue recognized over the term. Contracts with customers may include multiple performance obligations including equipment, optional software licenses and service agreements. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price.

The Eastman Business Park segment's core operations are to lease real estate. Kodak also leases underutilized portions of other real estate properties to third parties under both operating lease and sublease agreements. Payments received under operating lease agreements as part of the Eastman Business Park segment are recognized on a straight-line basis over the term and are reported in Revenues in the Consolidated Statement of Operations. Payments received under lease and sublease agreements for underutilized space are recognized on a straight-line basis and reported as cost reductions in Cost of revenues, SG&A expenses, R&D costs and Other charges, net.

Renewal options and/or termination options are factored into the determination of lease payments if considered probable. Kodak does not separate lease and non-lease components of contracts for real estate leases but does separate lease and non-lease components for equipment leases.

Equipment subject to operating leases consists of equipment rented to customers. Equipment subject to operating leases is included in Property, plant and equipment, net in the Consolidated Statement of Financial Position and is depreciated to estimated residual value over its expected useful life. Equipment operating lease terms and depreciable lives generally vary from 3 to 7 years.

REVENUE

Kodak's revenue transactions include sales of products (such as components and consumables for use in Kodak and other manufacturers' equipment and film-based products), equipment, software, services, integrated solutions, intellectual property and brand licensing; and real estate management activities. Revenue from services includes extended warranty, customer support and maintenance agreements, consulting, business process services, training and education.

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration Kodak expects to be entitled to in exchange for those goods or services.

For product sales (such as plates, film, inks, chemicals and other consumables) revenue is recognized when control has transferred from Kodak to the buyer, which may be upon shipment or upon delivery to the customer site, based on contract terms or legal requirements in certain jurisdictions. Service revenue is recognized using the time-based method ratably over the contractual period as it best depicts when the customer receives the benefit from the service. Service revenue for time and materials-based agreements is recognized as services are performed.

Equipment is generally dependent on, and interrelated with, the underlying operating system (firmware) and cannot function without the operating system. In these cases, the hardware and software license are accounted for as a single performance obligation. Contracts with customers may include multiple performance obligations including equipment and optional software licenses and service agreements. Service agreements may be prepaid or paid over-time and range from three months to six years. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price. Kodak applies the residual allocation method for sales of certain complex, highly customized equipment due to significant variability in pricing. Standalone selling prices are based on the prices charged to customers or using expected cost-plus margin.

For non-complex equipment installations and software sales (Prepress and PROSPER Components and Software) businesses revenue is recognized when control of each distinct performance obligation has transferred from Kodak to the buyer, which is generally met when the equipment or software is delivered and installed at the customer site as delivery and installation generally occur within the same period. For complex equipment installations or integrated software solutions (PROSPER Presses, Electrophotographic Printing Solutions Printers, Software) revenue is deferred until receipt of customer acceptance and control has transferred to the buyer.

Software licenses are sold both in bundled equipment arrangements as discussed above or on a stand-alone basis (Software). Software licenses are generally perpetual and are usually sold with post-contract support services ("PCS") which are considered distinct performance obligations as the customer's use of the existing software is not dependent upon future upgrades. Kodak recognizes software revenue at the time that the customer obtains control over the software which generally occurs upon installation while revenue allocated to the PCS is recognized over the service period.

In service arrangements such as consulting or business process services (Kodak Services for Business) where final acceptance by the customer is required, revenue is deferred until all acceptance criteria have been met and Kodak has a legal right to payment.

Kodak's licensing revenue is comprised of software licenses as discussed above, licenses to use functional intellectual property (e.g. patents and technical know-how) and licenses to use symbolic intellectual property (e.g. brand names and trademarks) (Advanced Materials and Chemicals and Brand businesses). The timing and the amount of revenue recognized from the licensing of intellectual property depends upon a variety of factors, including the nature of the performance obligations (functional vs. symbolic licenses), specific terms of each agreement, and the payment terms. Aside from software licenses discussed above, Kodak's functional licenses generally provide the right to use functional intellectual property; therefore, non-sales/usage-based revenue is recognized when the customer has the right to use the intellectual property while sales and usage-based royalties are recognized in the period the related sales and usage occurs. Revenue for symbolic licenses such as brand licenses are recognized over time.

Real estate management revenue consists primarily of income from tenant leases, including rent and utilities, as well as facility management services and hosting onsite events. Usage based revenue is recognized as earned while tenant lease income is recognized on a straight-line basis over the lease term (Refer to Leases; Kodak as Lessor above).

Deferred revenue is recorded when cash payments are received in advance of satisfying performance obligations such as deposits required in advance on equipment orders, prepaid service contracts, prepaid tenant lease income or prepaid royalties on intellectual property arrangements. Interest expense is imputed for payments received greater than one year in advance of performance.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. Kodak applies the practical expedient with respect to implied financial components and only imputes interest for payment terms greater than one year.
Sales and usage-based taxes are excluded from revenues. Certain customers may receive cash-based incentives or credits, which are accounted for as variable consideration. Kodak estimates these amounts based on the expected amount to be provided to customers.

Kodak expenses sales commissions when incurred if the amortization period would be one year or less. These costs are recorded in Selling, general and administrative expenses. Kodak accrues the estimated cost of post-sale obligations, including basic product warranties, at the time of revenue recognition. Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales.

Kodak does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less or for which revenue is recognized at the amount to which Kodak has the right to invoice for services performed. Performance obligations with an original expected length of greater than one year generally consist of deferred service contracts, operating leases and licensing arrangements. As of December 31, 2020, there was approximately $70 million of unrecognized revenue from unsatisfied performance obligations. Approximately 30% of the revenue from unsatisfied performance obligations is expected to be recognized in 2021, 25% in 2022, 15% in 2023 and 30% thereafter.

RESEARCH AND DEVELOPMENT COSTS

R&D costs, which include costs incurred in connection with new product development, fundamental and exploratory research, process improvement, product use technology and product accreditation, are expensed in the period in which they are incurred.

ADVERTISING

Advertising costs are expensed as incurred and are included in Selling, general and administrative expenses in the accompanying Consolidated Statement of Operations. Advertising expenses amounted to $2 million and $5 million for the years ended December 31, 2020 and 2019, respectively.

SHIPPING AND HANDLING COSTS

Amounts charged to customers and costs incurred by Kodak related to shipping and handling are included in net sales and cost of sales, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS

The carrying values of long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The recoverability of the carrying values of long-lived assets is assessed by first grouping long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, by estimating the undiscounted future cash flows that are directly associated with and that are expected to arise from the use of and eventual disposition of such asset group. Kodak estimates the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, Kodak records an impairment charge to the extent the carrying value of the long-lived asset exceeds its fair value. Kodak determines fair value through quoted market prices in active markets or, if quoted market prices are unavailable, through the performance of internal analyses of discounted cash flows.

The remaining useful lives of long-lived assets are reviewed in connection with the assessment of recoverability of long-lived assets and the ongoing strategic review of the business and operations. If the review indicates that the remaining useful life of the long-lived asset has changed significantly, the depreciation on that asset is adjusted to facilitate full cost recovery over its revised estimated remaining useful life.

The carrying values of indefinite-lived intangible assets are evaluated for potential impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Refer to Note 5, “Goodwill and Other Intangible Assets.”

INCOME TAXES

Kodak recognizes deferred tax liabilities and assets for the expected future tax consequences of operating losses, credit carry-forwards and temporary differences between the carrying amounts and tax basis of Kodak’s assets and liabilities. Kodak records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. For discussion of the amounts and components of the valuation allowances as of December 31, 2020 and 2019, refer to Note 18, “Income Taxes.”

The undistributed earnings of Kodak’s foreign subsidiaries are not considered permanently reinvested. Kodak has recognized a deferred tax liability (net of related foreign tax credits) on the foreign subsidiaries’ undistributed earnings.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In November 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.
This guidance amended Topic 808 and Topic 606 to clarify that transactions in a collaborative arrangement should be accounted for under Topic 606 when the counterparty is a customer for a distinct good or service (i.e., unit of account). The amendments preclude an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The new standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019 (January 1, 2020 for Kodak). The amendments should be applied retrospectively to the date of initial application of Topic 606. Kodak adopted this ASU on January 1, 2020, and it did not have any impact on Kodak's consolidated financial statements.

In September 2018 the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which amends the disclosure requirements in Topic 820 by adding, changing, or removing certain disclosures about recurring or nonrecurring fair value measurements. The additional and/or modified disclosures relate primarily to Level 3 fair value measurements while removing certain disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy. The ASU is effective retrospectively, for fiscal years beginning after December 15, 2019 (January 1, 2020 for Kodak) and interim periods within those fiscal years. Entities are permitted to early adopt any removed or modified disclosures but can delay adoption of the new disclosures until their effective date. Kodak retrospectively early adopted the provisions of the ASU that removed or modified disclosures in the fourth quarter of 2018 and prospectively adopted the provisions related to new disclosures January 1, 2020. The standard addresses disclosures only and did not have an impact on Kodak's consolidated financial statements.

In September 2018, the FASB issued ASU 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans, which amends the disclosure requirements in ASC 715-20 by adding, clarifying, or removing certain disclosures. ASU 2018-14 requires all entities to disclose (1) the weighted average interest crediting rates for cash balance plans and other plans with promised interest crediting rates, and (2) an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. The ASU also clarifies certain disclosure requirements for entities with two or more defined benefit pension plans when aggregate disclosures are presented. The ASU removes other disclosures from the existing guidance, such as the requirement to disclose the effects of a one-percentage-point change in the assumed health care cost trend rates. The ASU is effective retrospectively for fiscal years ending after December 15, 2020 (the year ended December 31, 2020 for Kodak). Kodak adopted this ASU on January 1, 2020. The standard addresses disclosures only and did not have an impact on Kodak's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which addresses how a customer should account for the costs of implementing a cloud computing service arrangement (also referred to as a "hosting arrangement"). Under ASU 2018-15, entities should account for costs associated with implementing a cloud computing arrangement that is considered a service contract in the same way as implementation costs associated with a software license; implementation costs incurred in the application development stage, such as costs for the cloud computing arrangement's integration with on-premise software, coding, and configuration or customization, should be capitalized and amortized over the term of the cloud computing arrangement, including periods covered by certain renewal options. The ASU is effective in fiscal years beginning after December 15, 2019 (January 1, 2020 for Kodak) including interim periods within those fiscal years. The ASU should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Kodak adopted this ASU prospectively on January 1, 2020, and it did not have any impact on Kodak's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Topic 842 (as amended by ASU's 2018-01, 10, 11 and 20 and ASU 2019-01) requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and eliminates certain real estate-specific provisions. Kodak adopted the new standard on the effective date of January 1, 2019, applying the new transition method allowed under ASU 2018-11.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies accounting for convertible instruments. More convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for the exception. The ASU also simplifies the diluted EPS calculation in certain circumstances. The ASU is effective for smaller reporting companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, (January 1, 2024 for Kodak). Early adoption is permitted for all entities for fiscal years beginning after December 15, 2020. The ASU allows entities to use either a modified retrospective or full retrospective transition method. Kodak adopted this ASU on January 1, 2021 and it did not have any impact on Kodak's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions related to intra-period tax allocations and deferred tax accounting on outside basis differences in foreign subsidiaries and equity method investments. Additionally, it provides other simplifying measures for the accounting for income taxes. The new standard is effective for fiscal years beginning after December 15, 2020 (January 1, 2021 for Kodak) with early adoption permitted. Kodak is currently evaluating the impact of this ASU. In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 (as amended by ASUs 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, 2020-02 and 2020-03) requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, the ASU requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses. The amendments in this ASU broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The ASU is effective for smaller reporting companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, (January 1, 2023 for Kodak). Early adoption is permitted. Kodak is currently evaluating the impact of this ASU.

NOTE 2: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Statement of Financial Position that sums to the total of such amounts shown in the Statement of Cash Flows:

(in millions)	As of December 31, 2020	As of December 31, 2019
Cash and cash equivalents	$ 196	$ 233
Restricted cash - current portion	7	12
Restricted cash	53	45
Total cash, cash equivalents and restricted cash shown in the Statement of Cash Flows	$ 256	$ 290

Restricted cash - current portion on the Consolidated Statement of Financial Position primarily represents amounts that support hedging activities. In addition, as of December 31, 2019, it also contained collateral for a guaranty provided to MIR Bidco, SA (the "Purchaser") who purchased Kodak's Flexographic Packaging business ("FPD"). As of December 31, 2020, and, 2019, the cash collateral supporting Kodak's guaranty was $0 million and $4 million, respectively.

Restricted cash includes $35 million and $22 million as of December 31, 2020 and 2019, respectively, supporting compliance with the Excess Availability threshold under the ABL Credit Agreement, as defined in Note 9, "Debt and Finance Leases". In addition, Restricted cash as of December 31, 2020 and 2019 includes an escrow of $12 million and $14 million, respectively, in China to secure various ongoing obligations under the agreements for the strategic relationship with Lucky HuaGuang Graphics Co. Ltd. Long-term restricted cash also includes $4 million and $5 million of security posted related to Brazilian legal contingencies as of December 31, 2020 and 2019, respectively.

NOTE 3: INVENTORIES, NET

(in millions)	As of December 31, 2020	As of December 31, 2019
Finished goods	$ 97	$ 105
Work in process	54	54
Raw materials	55	56
Total	$ 206	$ 215

NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET

(in millions)	As of December 31, 2020	2019
Land	$ 55	$ 67
Buildings and building improvements	131	144
Machinery and equipment	388	382
Construction in progress	8	11
	582	604
Accumulated depreciation	(430)	(423)
Property, plant and equipment, net	$ 152	$ 181

Depreciation expense was $32 million and $48 million for the years ended December 31, 2020 and 2019, respectively.

NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the changes in the carrying value of goodwill by reportable segment.

(in millions)	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Consolidated Total
As of December 31, 2018					
Goodwill	$ 56	$ 6	$ 14	$ —	$ 76
Accumulated impairment losses	(56)	—	(8)	—	(64)
Balance as of December 31, 2018	—	6	6	—	12
Impairment	—	—	—	—	—
Balance as of December 31, 2019	—	6	6	—	12
Goodwill reallocation	—	—	(6)	6	—
As of December 31, 2020	—	6	—	6	12
Goodwill	56	6	8	6	76
Accumulated impairment losses	(56)	—	(8)	—	(64)
Balance as of December 31, 2020	$ —	$ 6	$ —	$ 6	$ 12

As a result of the change in segments that became effective as of January 1, 2020, Kodak's goodwill reporting units changed. Refer to Note 27, "Segment Information" for additional information on the change to Kodak's organizational structure. The Digital Printing segment has three goodwill reporting units: Electrophotographic Printing Solutions; Prosper and Versamark; and Software. The Advanced Materials and Chemicals segment has two goodwill reporting units: Motion Picture and Industrial Films and Chemicals; and Advanced Materials and Functional Printing. The Traditional Printing segment and Brand segment each have one goodwill reporting unit.

As of December 31, 2019, the goodwill balance of $12 million under the prior year segment reporting structure was comprised of $6 million for the Brand, Film and Imaging segment and $6 million for the Kodak Software segment, which had only one reporting unit (Software). The goodwill in the Brand, Film and Imaging segment was reported in the Consumer Products reporting unit. The goodwill previously reported in the Consumer Products goodwill reporting unit was transferred to the Brand goodwill reporting unit using a relative fair value allocation to affected reporting units. Goodwill previously reported in the Software reporting unit was transferred to the Digital Printing segment where it continues to remain its own reporting unit.

Kodak performed interim tests of impairment for goodwill as of June 30, 2020 due to the uncertainty regarding the negative impact of the COVID-19 pandemic on its operations, and as of March 31, 2020, due to the decline in market capitalization as of that date since the last goodwill impairment test (December 31, 2019) and the uncertainty regarding the negative impact of the COVID-19 pandemic at that time. Based on the results of the June 30, 2020 and March 31, 2020 analyses, no impairment of goodwill was indicated. No interim impairment test for goodwill was performed as of September 30, 2020.

Based upon the results of Kodak's December 31, 2020 annual impairment test, no impairment of goodwill is indicated. As of December 31, 2020, the Brand reporting unit had negative carrying value.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2020 and 2019 were as follows:

	As of December 31, 2020			
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	$ 99	$ 80	$ 19	5 years
Kodak trade name	18	—	18	Indefinite life
Customer-related	11	9	2	3 years
Total	$ 128	$ 89	$ 39	

	As of December 31, 2019			
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	$ 99	$ 76	$ 23	5 years
Kodak trade name	21	—	21	Indefinite life
Customer-related	11	8	3	4 years
Total	$ 131	$ 84	$ 47	

The annual and interim impairment tests of the Kodak trade name use the income approach, specifically the relief from royalty method.

In the first quarter of 2020, due to the uncertainty regarding the negative impact of the COVID-19 pandemic at that time, Kodak performed an interim test of impairment for the Kodak trade name. Based on the result of the interim impairment test, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value. Pre-tax impairment charges of $3 million are included in Other operating (income) expense, net for the year ended December 31, 2020 in the Consolidated Statement of Operations. Kodak also performed an interim test of impairment for the Kodak trade name as of June 30, 2020 due to the uncertainty regarding the negative impact of the COVID-19 pandemic. Based on the result of the interim impairment test as of June 30, 2020, Kodak concluded the fair value of the Kodak trade name exceeded its' carrying value resulting in no additional impairment. No interim impairment test for the Kodak tradename was performed as of September 30, 2020. Based upon the results of Kodak's annual December 31, 2020 impairment test, no impairment of the Kodak trade name was indicated.

In the fourth quarter of 2019, Kodak concluded the carrying value of the Kodak trade name exceeded its fair value. Pre-tax impairment charges of $4 million are included in Other operating (income) expense, net in the Consolidated Statement of Operations.

Amortization expense related to intangible assets was $5 million and $7 million for the years ended December 31, 2020 and 2019, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2020 was as follows:

(in millions)	
2021	$ 5
2022	5
2023	4
2024	4
2025	3
Total	$ 21

NOTE 6: OTHER LONG-TERM ASSETS

	As of December 31,	
(in millions)	2020	2019
Pension assets	$ 262	$ 173
Estimated workers' compensation recoveries	18	18
Long-term receivables, net of allowance of $0 million and $4 million	11	11
Other	26	26
Total	$ 317	$ 228

The Other component above consists of other miscellaneous long-term assets that, individually, were less than 5% of the total assets component in the accompanying Consolidated Statement of Financial Position, and therefore have been aggregated in accordance with Regulation S-X.

NOTE 7: OTHER CURRENT LIABILITIES

(in millions)	As of December 31, 2020	2019
Deferred revenue and customer deposits	$ 46	$ 43
Employment-related liabilities	35	38
Customer rebates	21	23
Restructuring liabilities	11	12
Workers' compensation	9	10
Embedded conversion option derivative liability	9	—
Series A Preferred Stock dividends payable	3	14
Deferred consideration on disposed businesses (1)	—	14
Transition services agreement prepayment	—	3
Other	30	44
Total	$ 164	$ 201

(1) On September 3, 2013, Kodak consummated the sale of certain assets and the assumption of certain liabilities of the Personalized Imaging and Document Imaging Businesses ("PI/DI Businesses") to the trustee of the U. K. pension plan (and/or its subsidiaries, collectively the "KPP Purchasing Parties") for net cash consideration of $325 million. Up to $35 million in aggregate of the purchase price was subject to repayment if the PI/DI Business did not achieve certain annual adjusted EBITDA targets over the four-year period ending December 31, 2018. The PI/DI Business did not achieve the adjusted annual EBITDA target for any year in the four-year period. The amounts owed for 2015, 2016 and 2017 were paid in 2016, 2017 and 2018, respectively. The maximum potential payment related to the year ending December 31, 2018 of $14 million was accrued at the time of the divestiture of the business. The Company did not consider the procedural requirements giving rise to the obligation to pay the amount relating to the year ended December 31, 2018 to have been met. The PI/DI Businesses (operating as Kodak Alaris) filed suit against the Company alleging breach of contract based on the failure to pay the $14 million amount with respect to 2018. The Company filed counterclaims seeking contractual penalties related to late payments for goods and services provided by Kodak under various separate agreements. The Company and Kodak Alaris reached a settlement in June 2020 dismissing the actions and all claims and counterclaims asserted against each other and also amended existing supply agreements. As a part of the settlement agreement, $11 million of the deferred consideration on disposed businesses was offset against receivables of $11 million for goods and services owed to the Company by Kodak Alaris. Income of $3 million from the release of the remaining deferred consideration on disposed businesses will be recognized as revenue over the term of the amended supply agreements.

The customer rebate amounts will potentially be settled through customer deductions applied to outstanding trade receivables in lieu of cash payments.

The Other component above consists of other miscellaneous current liabilities that, individually, were less than 5% of the total current liabilities component within the Consolidated Statement of Financial Position, and therefore have been aggregated in accordance with Regulation S-X.

NOTE 8: OTHER LONG-TERM LIABILITIES

(in millions)	As of December 31, 2020	2019
Workers' compensation	$ 89	$ 84
Asset retirement obligations	41	48
Deferred taxes	31	13
Deferred brand licensing revenue	17	18
Embedded conversion option derivative liabilities	—	52
Environmental liabilities	9	10
Other	25	6
Total	$ 212	$ 231

The Other component above consists of other miscellaneous long-term liabilities that, individually, were less than 5% of the total liabilities component in the accompanying Consolidated Statement of Financial Position, and therefore have been aggregated in accordance with Regulation S-X.

NOTE 9: DEBT AND FINANCE LEASES

Debt and finance leases and related maturities and interest rates were as follows at December 31, 2020 and 2019:

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31, 2020 Carrying Value	As of December 31, 2019 Carrying Value
Current portion:					
	RED-Rochester, LLC	2033	11.42%	1	1
	Finance leases		Various	1	1
				2	2
Non-current portion:					
	Convertible debt	2021	11.72%	—	91
	RED-Rochester, LLC	2033	11.42%	12	13
	Finance leases	Various	Various	3	4
	Other debt	Various	Various	2	1
				17	109
				$ 19	$ 111

Annual maturities of debt and finance leases outstanding at December 31, 2020 were as follows:

(in millions)	Carrying Value	Maturity Value
2021	$ 2	$ 2
2022	2	2
2023	1	1
2024	1	1
2025	1	1
2026 and thereafter	12	12
Total	$ 19	$ 19

Convertible Notes

On May 20, 2019, the Company and Longleaf Partners Small Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern Asset Management, Inc. (the "Notes Purchasers"), entered into a Notes Purchase Agreement pursuant to which the Company agreed to issue and sell to the Notes Purchasers, and the Notes Purchasers agreed to purchase from the Company, $100 million aggregate principal amount of the Company's Convertible Notes due 2021. The transaction closed on May 24, 2019. The proceeds were used to repay the remaining first lien term loans outstanding ($83 million) under the Company's term credit agreement, which was terminated with the repayment. The remaining proceeds were used for general corporate purposes. The Notes Purchasers also hold all outstanding shares of the Company's Series A Preferred Stock, and are holders of shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), as described below. The maturity date of the Convertible Notes was November 1, 2021.

The Convertible Notes bore interest at a rate of 5.00% per annum, which would have been payable in cash on their maturity date and, at the option of the Company, in either cash or additional shares of Common Stock on any conversion date. The payment of interest only at the maturity date had the same effect as delivering additional debt instruments to the Holders of the Convertible Notes and therefore is considered Paid-In-Kind interest ("PIK"). Therefore, PIK was added to the carrying value of the debt through the term and interest expense was recorded using the effective interest method.

On July 29, 2020, the Company received conversion notices from holders of the Convertible Notes exercising their rights to convert an aggregate of $95 million of principal amount of the Convertible Notes (the "Initial Converted Notes") into shares of the Company's common stock, par value $.01 per share ("Common Stock"). Under the terms of the Convertible Notes, the conversion date of the Initial Converted Notes was July 29, 2020 (the "Initial Conversion Date") and the Company was obligated to deliver an aggregate of 29,922,956 shares of Common Stock (the "Initial Conversion Shares") to the holders of the Initial Converted Notes within five trading days after the Initial Conversion Date. The Company issued the Initial Conversion Shares on August 3, 2020 and paid the $5.6 million of accumulated interest on the Initial Converted Notes in cash. As a result, the Company's obligations under the Initial Converted Notes were fully discharged and the remaining outstanding principal amount of the Convertible Notes was $5 million.

On September 30, 2020, the Company announced its election to mandatorily convert the remaining $5 million outstanding principal amount of the Convertible Notes (the "Mandatory Converted Notes") into shares of Common Stock. The conversion of the Mandatory Converted Notes was effective on September 30, 2020 (the "Mandatory Conversion Date"). The Company issued 1,574,892 shares of Common Stock to the holder of the Mandatory Converted Notes on September 30, 2020 (the "Mandatory Conversion Shares"). The Company paid the accrued interest on the Mandatory Converted Notes in the form of cash and interest ceased to accrue on the Mandatory Converted Notes on the Mandatory Conversion Date. As a result of the conversion of all the Convertible Notes, the lien granted by the Company on certain of its assets to secure the Convertible Notes was released.

Embedded Derivatives

The Convertible Notes were considered more akin to a debt-type instrument and the economic characteristics and risks of the embedded conversion features and term extension at the Company's option were not considered clearly and closely related to the Convertible Notes. Accordingly, these embedded features were bifurcated from the Convertible Notes and separately accounted for on a combined basis at fair value as a single derivative liability. Kodak allocated $14 million of the net proceeds received to a derivative liability based on the aggregate fair value of the embedded features and term extension on the date of issuance which reduced the net carrying value of the Convertible Notes. The derivative was being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations (refer to Note 14, "Financial Instruments").

The carrying value of the Convertible Notes at the time of issuance, $84 million ($100 million aggregate gross proceeds less $14 million allocated to the derivative liability and $2 million in transaction costs), was being accreted to the face amount using the effective interest method from the date of issuance through the maturity date.

Loss on Early Extinguishment

The calculation of the loss on early extinguishment of debt is shown below:

(in millions)		
Fair value of Initial Conversion Shares	$	506
Fair value of Mandatory Conversion Shares		13
Carrying value of Convertible Notes		(92)
Fair value of pro-rata share of embedded derivatives at Initial Conversion Date		(416)
Fair value of pro-rata share of embedded derivatives at Mandatory Conversion Date		(9)
Total	$	2

Amended and Restated Credit Agreement

On September 3, 2013, the Company entered into a Senior Secured First Lien Term Credit Agreement (the "Term Credit Agreement"). Additionally, the Company and the Subsidiary Guarantors entered into an Asset Based Revolving Credit Agreement (together with the Term Credit Agreement, the "Credit Agreements"). Pursuant to the terms of the Credit Agreements, the Company was provided with term loan facilities in an aggregate principal amount of $420 million of first-lien term loans (the "First Lien Loans"). On April 12, 2019, the Company repaid approximately $312 million of the First Lien Loans using proceeds from the sale of FPD and on May 24, 2019 repaid the remaining First Lien Loans of approximately $83 million with the proceeds from the issuance of the Convertible Notes.

On May 26, 2016, the Company and the Subsidiary Guarantors entered into an Amended and Restated Credit Agreement (the "ABL Credit Agreement") with the lenders party thereto (the "Lenders"), Bank of America, N.A., as administrative and collateral agent, and Bank of America, N.A. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint bookrunners, which amended and restated the Original ABL Credit Agreement.

The ABL Credit Agreement provides that the Lenders will make available asset-based revolving loans (the "ABL Loans") and letters of credit in an aggregate amount of up to $150 million, subject to the Borrowing Base.

On January 27, 2020 Kodak exercised its right under the ABL Credit Agreement to permanently reduce lender commitments from $150 million to $120 million. As a result, the minimum Excess Availability decreased to $15 million from the previous minimum of $18.75 million.

On March 27, 2020, the Company and the subsidiaries of the Company that are guarantors (the “Subsidiary Guarantors”) entered into Amendment No. 3 to the ABL Credit Agreement (the “Amendment”) with the lenders party thereto (the “Lenders”), Bank of America, N.A., as administrative and collateral agent, and Bank of America, N.A. and each of the parties to the ABL Credit Agreement as lenders. Each of the capitalized but undefined terms used in the context of describing the ABL Credit Agreement and the Amendment has the meaning ascribed to such term in the ABL Credit Agreement and the Amendment.

The Amendment decreased the available ABL Loans and letters of credit from an aggregate amount of up to $120 million to $110 million, subject to the Borrowing Base. As a result of the additional reduction in lender commitments, the minimum Excess Availability decreased to $13.75 million from the previous amount of $15 million.

The Amendment also changed Equipment Availability from (i) the lesser of 75% of Net Orderly Liquidation Value of Eligible Equipment or $6 million to (ii) the lesser of 70% of Net Orderly Liquidation Value of Eligible Equipment or $14.75 million as of March 31, 2020. The $14.75 million amount decreases by $1 million per quarter starting on July 1, 2020 until maturity or the amount is decreased to $0, whichever comes first.

Under the ABL Credit Agreement, Kodak is required to maintain a minimum Fixed Charge Coverage Ratio of 1.00 to 1.00 when Excess Availability is less than 12.5% of lender commitments. As of December 31, 2020 and 2019, 12.5% of lender commitments were $13.75 million and $18.75 million, respectively.

If Excess Availability falls below 12.5% of lender commitments, Kodak may, in addition to the requirement to be in compliance with the minimum Fixed Charge Coverage Ratio, become subject to cash dominion control. Since Excess Availability was greater than 12.5% of lender commitments at December 31, 2020 and 2019, Kodak is not required to have a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0.

The Company has issued approximately $90 million and $80 million of letters of credit under the ABL Credit Agreement as of December 31, 2020 and 2019, The Company had approximately $20 million and $22 million of Excess Availability under the ABL Credit Agreement as of December 31, 2020 and 2019, respectively. Excess Availability is equal to the sum of (i) 85% of the amount of the Eligible Receivables less a Dilution Reserve, (ii) the lesser of 85% of Net Orderly Liquidation Value or 75% of the Eligible Inventory, (iii) the lesser of 70% of Orderly Liquidation Value of Eligible Equipment or $12.75 million as of December 31, 2020 and (iv) Eligible Cash less (a) Rent and Charges Reserves, (b) Principal Outstanding and (c) Outstanding Letters of Credit. Availability is subject to the borrowing base calculation, reserves and other limitations. To maintain Excess Availability of greater than 12.5% of lender commitments ($13.75 million and $18.75 million as of December 31, 2020 and 2019, respectively), Kodak funded $35 million and $22 million to the Eligible Cash account held with the ABL Credit Agreement Administrative Agent as of December 31, 2020 and 2019, respectively, which is classified as Restricted Cash in the Consolidated Statement of Financial Position.

In addition to the changes discussed above, the Amendment increased the interest rate charged on the ABL Loans. The interest rate on the ABL Loans (which is based on Excess Availability) increased to LIBOR plus 3.50% - 4.00% per annum from LIBOR plus 2.25% - 2.75% per annum or the Base Rate plus 2.50% - 3.00% per annum from the Base Rate plus 1.25% - 1.75% per annum.

The ABL Credit Agreement matures on May 26, 2021.

Each existing direct or indirect U.S. subsidiary of the Company (other than Immaterial Subsidiaries, Unrestricted Subsidiaries and certain other subsidiaries) has provided an unconditional guarantee (and any such future subsidiaries must provide an unconditional guarantee) of the obligations of the Company under the Credit Agreements. Obligations under the ABL Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the “ABL Collateral”) and were also secured by (ii) a second lien on the Term Collateral (as defined below). Subject to certain exceptions, obligations under the Term Credit Agreement were secured by: (i) a first lien on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral, including a first lien on 100% of the stock of material domestic subsidiaries and 65% of the stock of material first-tier foreign subsidiaries (collectively the “Term Collateral”) and (ii) a second lien on the ABL Collateral. With the repayment of the First Lien Loans, the obligations under the ABL Agreement are now secured by a first lien on the Term Collateral. The aggregate carrying value of the Term Collateral and ABL Collateral as of December 31, 2020 and 2019 was $1,412 million and $1,302 million, respectively

Under the terms of the ABL Credit Agreement, the Company may designate Restricted Subsidiaries as Unrestricted Subsidiaries provided the aggregate sales of all Unrestricted Subsidiaries are less than 7.5% of the consolidated sales of Kodak and the aggregate assets of all Unrestricted Subsidiaries are less than 7.5% of Kodak’s consolidated assets. Further, on a pro forma basis at the time of designation and immediately after giving effect thereto, Excess Availability must be at least $30 million and the pro forma Fixed Charge Coverage Ratio must be no less than 1.0 to 1.0. Upon designation of Unrestricted Subsidiaries, the Company is required to provide to the Lenders reconciling statements to eliminate all financial information pertaining to Unrestricted Subsidiaries which is included in its annual and quarterly financial statements.

In March 2018, the Company designated five subsidiaries as Unrestricted Subsidiaries: Kodak PE Tech, LLC, Kodak LB Tech, LLC, Kodak Realty, Inc., Kodakit Singapore Pte. Limited and KP Services (Jersey) Ltd. This action allowed the Company to better position assets which may be monetized in the future and address costs related to underutilized properties. Collectively, these subsidiaries have sales of approximately $6 million and $12 million for the years ended December 31, 2020 and 2019, respectively, which represents 1% of Kodak’s consolidated sales for both periods.

These subsidiaries had assets of $15 million and $20 million as of December 31, 2020 and 2019, respectively, which represented 1% of Kodak's consolidated assets as of such dates. Each of the capitalized but undefined terms has the meaning ascribed to such term in the Credit Agreements.

Debt Reporting and Other Requirements
Reporting requirements under the ABL Credit Agreement require the Company to provide annual audited financial statements accompanied by an opinion of an independent public accountant without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit or other material qualification or exception, except for any such qualification or exception with respect to any indebtedness maturing within 364 days after the date of such financial statements, and that the opinion be reasonably acceptable to the agent. On March 6, 2020 the Company obtained a waiver from the agent and lenders under the ABL Credit Agreement with respect to any event of default under the reporting covenant that may be deemed to have occurred in relation to the going concern explanatory paragraph in the 2019 Form 10-K audit report.

The ABL Credit Agreement limits, among other things, the Company's and the Subsidiary Guarantors' ability to (i) incur indebtedness, (ii) incur or create liens, (iii) dispose of assets, (iv) make restricted payments (including dividend payments, et al.) and (v) make investments (ABL Credit Agreement only). In addition to other customary affirmative covenants, the ABL Credit Agreement provides for a periodic delivery by the Company of its various financial statements as set forth in the ABL Credit Agreement. Events of default under the ABL Credit Agreement include, among others, failure to pay any principal, interest or other amount due under the applicable agreement, breach of specific covenants and a change of control of the Company. Upon an event of default, the lenders may declare the outstanding obligations under the ABL Credit Agreement to be immediately due and payable and exercise other rights and remedies provided for in such agreement.

RED-Rochester, LLC
In January 2019 Kodak entered into a series of agreements with RED-Rochester, LLC ("RED"), which provides utilities to the Eastman Business Park. Kodak received a payment of $14 million from RED. Kodak is required to pay a minimum annual payment to RED of approximately $2 million regardless of utility usage. Kodak is accounting for the $14 million payment from RED as debt. The minimum payments required under the agreement from Kodak to RED will be reported as a reduction of the debt and interest expense using the effective interest method. The debt payments to RED continue until August 2033.

NOTE 10: REDEEMABLE, CONVERTIBLE SERIES A PREFERRED STOCK

On November 15, 2016, the Company issued 2,000,000 shares of 5.50% Series A Preferred Stock, no par value per share, for an aggregate purchase price of $200 million, or $100 per share pursuant to a Series A Preferred Stock Purchase Agreement (the "Purchase Agreement") with Southeastern Asset Management, Inc. ("Southeastern") and Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern (such investment funds, collectively, the "Purchasers"), dated November 7, 2016. The Company received net proceeds of $198 million after issuance costs.

The Company has classified the Series A Preferred Stock as temporary equity in the Consolidated Statement of Financial Position.

Dividend and Other Rights
On November 14, 2016, the Company filed with the Department of Treasury of the State of New Jersey a Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Designations") which established the designation, number of shares, rights, preferences and limitations of the Series A Preferred Stock which became effective upon filing. The Series A Preferred Stock ranks senior to the Company's common stock ("Common Stock") with respect to dividend rights and rights on liquidation, winding-up and dissolution. The Series A Preferred Stock has a liquidation preference of $100 per share, and the holders of Series A Preferred Stock are entitled to cumulative dividends payable quarterly in cash at a rate of 5.50% per annum. Until the third quarter of 2018 all dividends owed on the Series A Preferred Stock were declared and paid when due. No quarterly dividend was declared in the third or fourth quarters of 2018 or the first and second quarters of 2019. After the second quarter of 2019, the Company has declared quarterly cash dividends in each quarter that were paid when due. In July 2020, the Company declared and paid the four quarterly dividends that were in arrears. The total amount of dividends in arrears was $11 million.

Until December 24, 2020, when the Certificate of Designations was amended, holders of Series A Preferred Stock were entitled to vote together with the holders of the Common Stock as a single class, in each case, on an as-converted basis, except where a separate class vote was required by law. Holders of Series A Preferred Stock have certain limited special approval rights, including with respect to the issuance of pari passu or senior equity securities of the Company.

Until December 24, 2020, when such contractual right was terminated by amendment, the Purchasers had the right to nominate members to the Company's board of directors proportional to their ownership on an as converted basis, which initially allowed the Purchasers to nominate two members to the board. If dividends on any Series A Preferred Stock are in arrears for six or more consecutive or non-consecutive dividend periods, the holders of Series A Preferred Stock, voting with holders of all other preferred stock of the Company whose voting rights are then exercisable, will be entitled to vote for the election of two additional directors in the next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside. One of the directors on the Company's current board of directors was nominated by the Purchasers.

Conversion Features

Each share of Series A Preferred Stock is convertible, at the option of each holder at any time, into shares of Common Stock at the initial conversion rate of 5.7471 (equivalent to an initial conversion price of $17.40 per share of Common Stock). If a holder elects to convert any shares of Series A Preferred Stock during a specified period in connection with a fundamental change (as defined in the Certificate of Designations), the conversion rate will be adjusted under certain circumstances and such holder will also be entitled to a payment in respect of accumulated dividends. If a holder elects to convert any shares of Series A Preferred Stock during a specified period following a reorganization event (as defined in the Certificate of Designations), such holder can elect to have the conversion rate adjusted. In addition, the Company will have the right to require holders to convert any shares of Series A Preferred Stock in connection with certain reorganization events, in which case the conversion rate will be adjusted under certain circumstances. If shares of Series A Preferred Stock are not converted in connection with a reorganization event, such shares will become convertible into the exchanged property from the reorganization event.

The Company will have the right to convert Series A Preferred Stock into Common Stock at any time after the second anniversary of the initial issuance if the closing price of the Common Stock has equaled or exceeded 125 percent of the then-effective conversion price for 45 trading days within a period of 60 consecutive trading days, with the last trading day of such 60 day period ending on the trading day immediately preceding the business day on which the Company issues a press release announcing the mandatory conversion.

The initial conversion rate and the corresponding conversion price are subject to customary anti-dilution adjustments as well as an adjustment if the Company is obligated to make a cash payment under the settlement agreement relating to the remediation of historical environmental liabilities at EBP, as discussed in Note 13, "Guarantees".

The Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price is increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis at fair value as a single derivative. The Company allocated $43 million of the net proceeds received to the derivative liability based on the aggregate fair value of the embedded conversion features on the date of issuance which reduced the original carrying value of the Series A Preferred Stock. The derivative is being accounted for at fair value with subsequent changes in the fair value being reported as part of Other charges, net in the Consolidated Statement of Operations. The fair value of the Series A Preferred Stock derivative as of December 31, 2020 was a liability of $9 million and is included in Other current liabilities in the accompanying Consolidated Statement of Financial Position. The fair value of the Series A Preferred Stock derivative as of December 31, 2019 was a liability of $1 million which is included in Other long-term liabilities. Refer to Note 14, "Financial Instruments" for information on the valuation of the derivative.

The carrying value of the Series A Preferred Stock at the time of issuance, $155 million ($200 million aggregate gross proceeds less $43 million allocated to the derivative liability and $2 million in transaction costs) is being accreted to the mandatory redemption amount using the effective interest method to Additional paid in capital in the Consolidated Statement of Financial Position as a deemed dividend from the date of issuance through the mandatory redemption date, November 15, 2021.

Redemption Features

If any shares of Series A Preferred Stock have not been converted prior to the fifth anniversary of the initial issuance of the Series A Preferred Stock, the Company is required to redeem such shares at $100 per share plus the amount of accrued and unpaid dividends. As the Company concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument, the redemption feature is considered to be clearly and closely related to the host contract and therefore was not required to be separated from the Series A Preferred Stock.

Series A Registration Rights Agreement

On November 15, 2016, the Company, Southeastern and the Purchasers entered into a Registration Rights Agreement (the "Series A Registration Rights Agreement"), pursuant to which the Company agreed to register under the Securities Act and take certain actions with respect to the offer and sale by the Purchasers of shares of Series A Preferred Stock purchased by the Purchasers and shares of Common Stock issuable upon conversion of the Series A Preferred Stock and issuable pursuant to the terms of the Series A Preferred Stock (the "Series A registrable securities").

Pursuant to the Registration Rights Agreement, the Company has filed with the SEC a shelf registration statement on Form S-3 that relates to the resale of the Series A registrable securities and such registration statement has been declared effective by the SEC. Upon the written demand of the relevant Purchaser(s), the Company will facilitate a "takedown" of Series A registrable securities off of the registration statement but the Purchaser(s) may not, individually or collectively, make more than four demands in the aggregate. Any demand for an underwritten offering of Series A Preferred Stock must have an aggregate market value (based on the most recent closing price of the Common Stock into which the Series A Preferred Stock is convertible at the time of the demand) of at least $75 million.

The Series A Registration Rights Agreement does not entitle the Purchasers to piggyback registration rights. The Series A Registration Rights Agreement is binding upon the parties thereto and their successors and will inure to the benefit of each Purchaser and its successors and permitted assigns. Neither party may assign the Series A Registration Rights Agreement without the prior written consent of the other party.

NOTE 11: LEASES

Kodak as lessee

The table below presents the lease-related assets and liabilities on the balance sheet:

(in millions)	Classification in the Consolidated Statement of Financial Position	December 31, 2020	December 31, 2019
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 48	$ 49
Finance lease assets	Property, plant and equipment, net	4	5
Total lease assets		$ 52	$ 54
Liabilities			
Current			
Operating	Current portion of operating leases	$ 12	$ 12
Finance	Short-term borrowings and current portion of long-term debt	1	1
Noncurrent			
Operating	Operating leases, net of current portion	49	48
Finance	Long-term debt, net of current portion	3	4
Total lease liabilities		$ 65	$ 65
Weighted-average remaining lease term			
Operating			6 years
Finance (1)			393 years
Weighted-average discount rate			
Operating (2)			13.81%
Finance			6.86%

(1) One finance lease has a remaining term of 967 years. The weighted-average lease term excluding the lease with a remaining term of 967 years is 4 years.

(2) Upon adoption of ASC 842, Kodak's incremental borrowing rate of 16.50% as of January 1, 2019 was used for existing operating leases.

Lease Costs

The table below presents certain information related to the lease expense for finance and operating leases. Lease expense is presented gross of sublease income. See "Kodak as Lessor" section below for income from subleases.

(in millions)	Year Ended December 31, 2020	Year Ended December 31, 2019
Finance lease expense		
Amortization of leased assets	$ 1	$ 3
Interest on lease liabilities	—	—
Operating lease expense	21	25
Variable lease expense (1)	9	10
Total lease expense	$ 31	$ 38

(1) Variable lease expense is related to real estate leases and primarily includes taxes, insurance and operating costs.

Other Information
The table below presents supplemental cash flow information related to leases.

(in millions)	Year Ended December 31, 2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 22	$ 25
Operating cash flow for finance leases	—	—
Financing cash flow for finance leases	1	2
	$ 23	$ 27

Undiscounted Cash Flows
The table below reconciles the undiscounted cash flows for the next five years and thereafter to the finance lease liabilities and operating lease liabilities recorded on the balance sheet.

(in millions)	Operating Leases	Finance Leases
2021	$ 19	$ 1
2022	21	1
2023	11	1
2024	10	—
2025	6	—
Thereafter	28	121
Total minimum lease payments	95	124
Less: amount of lease payments representing interest	(34)	(120)
Present value of future minimum lease payments	61	4
Less: current obligations under leases	12	1
Long-term lease obligations	$ 49	$ 3

Kodak as Lessor
Kodak's net investment in sales-type leases as of December 31, 2020 was $5 million. The current portion of the net investment in sales-type leases is included in Trade receivables in the Consolidated Statement of Financial Position. The portion of the net investment in sales-type leases due after one year is included in Other long-term assets.

The table below reconciles the undiscounted cash flows to be received for the next five years and thereafter to the net investment in sales-type leases recorded in the Consolidated Statement of Financial Position:

(in millions)	
2021	$ 2
2022	2
2023	1
2024 and thereafter	1
Total minimum lease payments	6
Less: unearned interest	(1)
Less: allowance for doubtful accounts	—
Net investment in sales-type leases	$ 5

Undiscounted cash flows to be received for the next five years and thereafter for operating leases and subleases are:

(in millions)		
2021	$	7
2022		5
2023		4
2024		4
2025		1
Thereafter		7
Total minimum lease payments	$	28

Income recognized on lease arrangements for the years ended December 31, 2020 and 2019 is presented below:

	Year Ended December 31,			
(in millions)	2020		2019	
Lease income - sales-type leases	$	1	$	—
Lease income - operating leases		8		9
Sublease income		2		6
Variable lease income (1)		5		6
Total lease income	$	16	$	21

(1) Variable lease income primarily represents operating costs under real estate leases and incremental variable income based on usage under equipment leases.

Equipment subject to operating leases and the related accumulated depreciation were as follows:

	As of December 31,			
(in millions)	2020		2019	
Equipment subject to operating leases	$	24	$	29
Accumulated depreciation		(19)		(20)
Equipment subject to operating leases, net	$	5	$	9

Equipment subject to operating leases, net is included in Property, plant and equipment, net in the Consolidated Statement of Financial Position.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Asset Retirement Obligations

Kodak's asset retirement obligations primarily relate to asbestos contained in buildings that Kodak owns. In many of the countries in which Kodak operates, environmental regulations exist that require Kodak to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. Otherwise, Kodak is not required to remove the asbestos from its buildings. Kodak records a liability equal to the estimated fair value of its obligation to perform asset retirement activities related to the asbestos, computed using an expected present value technique, when sufficient information exists to calculate the fair value. Kodak does not have a liability recorded related to every building that contains asbestos because Kodak cannot estimate the fair value of its obligation for certain buildings due to a lack of sufficient information about the range of time over which the obligation may be settled through demolition, renovation or sale of the building.

The following table provides asset retirement obligation activity (in millions):

	For the Year Ended December 31,			
	2020		2019	
Asset Retirement Obligations at start of period	$	48	$	48
Liabilities incurred in the current period		1		3
Liabilities settled in the current period		(9)		(6)
Accretion expense		1		2
Revision in estimated cash flows		—		1
Asset Retirement Obligations at end of period	$	41	$	48

Other Commitments and Contingencies

As of December 31, 2020, the Company had outstanding letters of credit of $90 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of $2 million, surety bonds in the amount of $29 million, and restricted cash of $60 million, primarily to support compliance with the Excess Availability threshold under the ABL Credit Agreement, to ensure the payment of possible casualty and workers compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, hedging, tax and trade activities. The restricted cash and deposits are recorded in Restricted cash – current portion and Restricted cash in the Consolidated Statement of Financial Position.

Kodak's Brazilian operations are involved in various litigation matters and have received or been the subject of numerous governmental assessments related to indirect and other taxes in various stages of litigation, as well as civil litigation and disputes associated with former employees and contract labor. The tax matters, which comprise the majority of the litigation matters, are primarily related to federal and state value-added taxes. Kodak is disputing these matters and intends to vigorously defend its position. Kodak routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of December 31, 2020, the unreserved portion of these contingencies, inclusive of any related interest and penalties, for which there was at least a reasonable possibility that a loss may be incurred, amounted to approximately $5 million.

In connection with assessments in Brazil, local regulations may require Kodak to post security for a portion of the amounts in dispute. As of December 31, 2020, Kodak has posted security composed of $4 million of pledged cash reported within Restricted cash in the Consolidated Statement of Financial Position and liens on certain Brazilian assets with a net book value of approximately $43 million. Generally, any encumbrances on the Brazilian assets would be removed to the extent the matter is resolved in Kodak's favor.

On July 28, 2020, the U.S. International Development Finance Corporation (the "DFC") announced (the "DFC Announcement") the signing of a non-binding letter of interest to provide a subsidiary of the Company with a potential $765 million loan (the "DFC Loan") to support the launch of Kodak Pharmaceuticals, an initiative that would manufacture pharmaceutical ingredients for essential generic drugs (the "DFC Pharmaceutical Project").

On August 13, 2020 Tiandong Tang commenced a class action lawsuit against the Company, its Executive Chairman and Chief Executive Officer and its Chief Financial Officer in Federal District Court in the District of New Jersey, and on August 26, 2020 Jimmie A. McAdams and Judy P. McAdams commenced a class action lawsuit against the Company and its Executive Chairman and Chief Executive Officer in Federal District Court in the Southern District of New York (collectively, the "Securities Class Actions"). The Securities Class Actions seek damages and other relief based on alleged violations of federal securities laws in the context of the DFC Announcement of the potential DFC Loan and DFC Pharmaceutical Project. Since the filing of the Securities Class Actions, procedural activities have been ongoing relating to the determination of venue and lead plaintiff.

In addition to the Securities Class Actions, on December 29, 2020 Robert Garfield commenced a class action lawsuit against the Company and each of the members of its Board of Directors, in the Superior Court of Mercer County, New Jersey seeking equitable relief and damages in favor of the Company based on alleged breaches of fiduciary duty by the Company's Board of Directors associated with alleged false and misleading proxy statement disclosure (the "Fiduciary Class Action"). The Company has also received three requests under New Jersey law demanding, among other things, that the Company take certain actions in response to alleged breaches of fiduciary duty relating to option grants and securities transactions in the context of the DFC Announcement and alleged proxy statement disclosure deficiencies. The Company has responded to and engaged in discussions concerning these requests, and its response and discussions may serve as the basis for the requestors to bring shareholder derivative lawsuits (any such lawsuits, collectively with the Fiduciary Class Action, the "Fiduciary Matters").

The DFC Announcement has also prompted investigations by several congressional committees, the SEC and the New York Attorney General's office.

The Securities Class Actions, Fiduciary Matters and investigations by several congressional committees, the SEC and the New York Attorney General's office pertaining to the DFC Announcement remain ongoing. The Company intends to vigorously defend itself against the Securities Class Actions and Fiduciary Matters and is cooperating in the investigations related to the DFC Announcement.

Kodak is involved in various lawsuits, claims, investigations, remediations and proceedings, including, from time to time, commercial, customs, employment, environmental, tort and health and safety matters, which are being handled and defended in the ordinary course of business. Kodak is also subject, from time to time, to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of Kodak's products and claims arising out of Kodak's licensing its brand. These matters are in various stages of investigation and litigation and are being vigorously defended. Based on information currently available, Kodak does not believe that it is probable that the outcomes in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations. Litigation is inherently unpredictable, and judgments could be rendered or settlements entered that could adversely affect Kodak's operating results or cash flows in a particular period. Kodak routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

NOTE 13: GUARANTEES

In accordance with the terms of a settlement agreement concerning certain of the Company's historical environmental liabilities at EBP, in the event the historical liabilities exceed $99 million, the Company will become liable for 50% of the portion above $99 million with no limitation to the maximum potential future payments. There is no liability recorded related to this guarantee.

Indemnifications
Kodak may, in certain instances, indemnify third parties when it sells businesses and real estate, and in the ordinary course of business with its customers, suppliers, service providers and business partners. Additionally, Kodak indemnifies officers and directors who are, or were, serving at Kodak's request in such capacities. Historically, costs incurred to settle claims related to these indemnifications have not been material to Kodak's financial position, results of operations or cash flows. Further, the fair value of any right to indemnification granted during the year ended December 31, 2020 was not material to Kodak's financial position, results of operations or cash flows.

Extended Warranty Arrangements
Kodak offers its customers extended warranty arrangements that are generally one year, but may range from three months to six years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty costs from the routine maintenance service costs, as it is not practicable to do so. Therefore, these costs have been aggregated in the discussion that follows. The change in Kodak's deferred revenue balance in relation to these extended warranty and maintenance arrangements, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)		
Deferred revenue on extended warranties as of December 31, 2018	$	22
New extended warranty and maintenance arrangements		98
Recognition of extended warranty and maintenance arrangement revenue		(99)
Deferred revenue on extended warranties as of December 31, 2019		21
New extended warranty and maintenance arrangements		91
Recognition of extended warranty and maintenance arrangement revenue		(93)
Deferred revenue on extended warranties as of December 31, 2020	$	19

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2020 and 2019 amounted to $88 million and $105 million, respectively.

NOTE 14: FINANCIAL INSTRUMENTS

Kodak, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates and interest rates, which may adversely affect its results of operations and financial position. Kodak manages such exposures, in part, with derivative financial instruments. Foreign currency forward contracts are used to mitigate currency risk related to foreign currency denominated assets and liabilities, as well as forecasted foreign currency denominated intercompany assets. Kodak's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Kodak does not utilize financial instruments for trading or other speculative purposes.

Kodak's foreign currency forward contracts are not designated as hedges and are marked to market through net (loss) earnings at the same time that the exposed assets and liabilities are re-measured through net (loss) earnings (both in Other charges, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2020 and 2019 was approximately $361 million and $332 million, respectively. The majority of the contracts of this type held by Kodak at December 31, 2020 and 2019 were denominated in euros, Japanese yen, Chinese renminbi and Swiss francs. The net effect of foreign currency forward contracts in the results of operations is shown in the following table:

	Year Ended December 31,			
(in millions)	2020		2019	
Net (gain) loss from derivatives not designated as hedging instruments	$	(11)	$	4

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2020 and 2019.

Kodak's derivative counterparties are high-quality investment or commercial banks with significant experience with such instruments. Kodak manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. Kodak has procedures to monitor the credit exposure amounts. The maximum credit exposure at December 31, 2020 was not significant to Kodak.

In the event of a default under the Company's ABL Credit Agreement, or a default under any derivative contract or similar obligation of Kodak, subject to certain minimum thresholds, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty.

As discussed in Note 9, "Debt and Finance Leases", the Company concluded that the Convertible Notes were considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features and term extension option were not considered clearly and closely related to the Convertible Notes. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder ("Optional Conversion") and the conversion in the event of a fundamental change or reorganization ("Fundamental Change or Reorganization Conversion"). Accordingly, these embedded conversion features and term extension option were bifurcated from the Convertible Notes and separately accounted for on a combined basis as a single derivative asset or liability. The embedded conversion features and term extension option were revalued as of August 3, 2020, when the Initial Conversion Shares were issued, resulting in the recognition of $407 million of expense for a pro-rata portion of the embedded conversion features and term extension option. The remaining embedded conversion features and term extension option were revalued again as of the Mandatory Conversion date, resulting in the recognition of $9 million of net expense.

With the conversion of the Convertible Notes in the third quarter of 2020, the embedded conversion features and term extension option expired. The derivative was in a liability position at December 31, 2019 and was reported in Other long-term liabilities in the Consolidated Statement of Financial Position. The derivative was being accounted for at fair value with changes in fair value reported in Other charges, net in the Consolidated Statement of Operations.

As discussed in Note 10, "Redeemable, Convertible, Series A Preferred Stock", Kodak concluded that the Series A Preferred Stock is considered more akin to a debt-type instrument and that the economic characteristics and risks of the embedded conversion features, except where the conversion price was increased to the liquidation preference, were not considered clearly and closely related to the Series A Preferred Stock. The embedded conversion features not considered clearly and closely related are the conversion at the option of the holder; the ability of Kodak to automatically convert the stock after the second anniversary of issuance and the conversion in the event of a fundamental change or reorganization. Accordingly, these embedded conversion features were bifurcated from the Series A Preferred Stock and separately accounted for on a combined basis as a single derivative liability which is reported in Other current liabilities in the Consolidated Statement of Financial Position as of December 31, 2020 and in Other long-term liabilities as of December 31, 2019. The derivative is being accounted for at fair value with changes in fair value being reported in Other charges, net in the Consolidated Statement of Operations.

Fair Value

Fair values of Kodak's foreign currency forward contracts are determined using observable inputs (Level 2 fair value measurements) and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. The gross fair value of foreign currency forward contracts in an asset position are reported in Other current assets in the Consolidated Statement of Financial Position and the gross fair value of foreign currency contracts in a liability position are reported in Other current liabilities. The gross fair value of foreign currency forward contracts in an asset position as of December 31, 2020 and 2019 was $1 million in both periods. The gross fair value of the foreign currency forward contracts in a liability position as of December 31, 2020 and 2019 was $0 million in both periods.

The fair value of the embedded conversion features and term extension option for the Convertible Notes were revalued as of August 3, 2020, and again at September 30, 2020. The fair value of the embedded derivative at each conversion date was calculated based on the fair value of the shares issued less the fair value of debt. The fair value of shares issued is based on the weighted average stock price on the time of day the shares were transferred for August 3, 2020, and the closing stock price as of September 30, 2020. The fair value of debt is based on pricing models based on the value of related cash flows discounted at current market interest rates.

The following table presents the key inputs in the determination of fair value for the embedded conversion features and termination option derivatives at each conversion date:

	Valuation Date September 30, 2020	Valuation Date August 3, 2020
Total value of embedded derivative liability immediately prior to extinguishment (in millions)	$ 9	$ 429
Value of embedded derivative liability that expired (in millions)	$ 9	$ 416
Value of remaining embedded derivative liability	$ —	$ 13
Kodak's stock price (1)	$ 8.82	$ 16.91
Risk free rate	0.12%	0.12%
Yield on the Convertible Notes	8.93%	9.47%

(1) The closing stock price was used for the September 30, 2020 valuation. The weighted average stock price based on the time of day the shares were transferred was used for the August 3, 2020 valuation.

Except as discussed above for the fair value determined at the time of conversion, the fair value of the embedded conversion features and term extension option derivatives are calculated using unobservable inputs (Level 3 fair measurements). The value of the Optional Conversion feature associated with both the Convertible Notes and Series A Preferred Stock is calculated using a binomial lattice model. The value of the term extension option reflects the probability weighted average value of the Convertible Notes using the original maturity date and a hypothetical extended maturity date, with all other contractual terms unchanged. The following tables present the key inputs in the determination of fair value for the embedded conversion features and termination option derivatives.

Convertible Notes:

	Valuation Date December 31, 2019
Total value of embedded derivative liability (in millions)	$ 51
Kodak's closing stock price	4.65
Expected stock price volatility	104.61%
Risk free rate	1.58%
Yield on the Convertible Notes	11.52%

Series A Preferred Stock:

	Valuation Date December 31, 2020	Valuation Date December 31, 2019
Total value of embedded derivative liability (in millions)	$ 9	$ 1
Kodak's closing stock price	8.14	4.65
Expected stock price volatility	133.44%	104.61%
Risk free rate	0.10%	1.58%
Yield on the preferred stock	11.97%	16.27%

The Fundamental Change and Reorganization Conversion values at issuance were calculated as the difference between the total value of the Convertible Notes or Series A Preferred Stock, as applicable, and the sum of the net present value of the cash flows if the Convertible Notes are repaid at their maturity or the Series A Preferred Stock is redeemed on its fifth anniversary and the values of the other embedded derivatives. The Fundamental Change and Reorganization Conversion value reduces the value of the embedded conversion features and term extension option derivative liability. Other than events which alter the likelihood of a fundamental change or reorganization event, the value of the Fundamental Change and Reorganization Conversion reflect the value as of the issuance date, amortized for the passage of time.

The fair values of long-term borrowings were $17 million and $111 million at December 31, 2020 and 2019, respectively.

Fair values of long-term borrowings (Level 2 fair value measurements) are determined by reference to quoted market prices, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates.

Transfers between levels of the fair value hierarchy are recognized based on the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2020.

The carrying values of cash and cash equivalents, restricted cash and the current portion of long-term borrowings approximate their fair values.

NOTE 15: REVENUE

Disaggregation of Revenue

The following tables present revenue disaggregated by major product, portfolio summary and geography.

Major product:

	Year Ended December 31, 2020					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
Plates, inks and other consumables	$ 463	$ 64	$ 5	$ —	$ —	$ 532
Ongoing service arrangements (1)	80	131	1	—	—	212
Total Annuities	543	195	6	—	—	744
Equipment & Software	49	46	—	—	—	95
Film and chemicals	—	—	154	—	—	154
Other (2)	—	—	12	13	11	36
Total	$ 592	$ 241	$ 172	$ 13	$ 11	$ 1,029

	Year Ended December 31, 2019					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
Plates, inks and other consumables	$ 572	$ 83	$ 11	$ —	$ —	$ 666
Ongoing service arrangements (1)	86	155	3	—	—	244
Total Annuities	658	238	14	—	—	910
Equipment & Software	56	55	—	—	—	111
Film and chemicals	—	—	166	—	—	166
Other (2)	13	—	20	12	10	55
Total	$ 727	$ 293	$ 200	$ 12	$ 10	$ 1,242

(1) Service revenue in the Consolidated Statement of Operations includes the ongoing service revenue shown above as well as revenue from project-based document management and managed print services businesses, which is included in Other above.

(2) Other includes revenue from professional services, non-recurring engineering services, print and managed media services, tenant rent and related property management services and licensing.

Product Portfolio Summary:

	Year Ended December 31, 2020					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
Growth engines (1)	$ 162	$ 135	$ 3	$ 13	$ —	$ 313
Strategic other businesses (2)	430	52	159	—	11	652
Planned declining businesses (3)	—	54	10	—	—	64
	$ 592	$ 241	$ 172	$ 13	$ 11	$ 1,029

	Year Ended December 31, 2019					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
Growth engines (1)	$ 180	$ 140	$ 3	$ 12	$ —	$ 335
Strategic other businesses (2)	547	78	172	—	10	807
Planned declining businesses (3)	—	75	25	—	—	100
	$ 727	$ 293	$ 200	$ 12	$ 10	$ 1,242

(1) Growth engines consist of Sonora in the Traditional Printing segment, PROSPER and Software in the Digital Printing segment, brand licensing and Advanced Materials and Functional Printing in the Advanced Materials and Chemicals segment, excluding intellectual property (IP) licensing.

(2) Strategic other businesses include plates and CTP equipment and related service in the Traditional Printing segment; Nexpress and related toner business in the Digital Printing segment; and Motion Picture and Industrial Film and Chemicals (including external inks) and IP licensing in the Advanced Materials and Chemicals segment.

(3) Planned declining businesses are product lines where the decision has been made to stop new product development and manage an orderly expected decline in the installed product and annuity base or are otherwise not strategic to Kodak. These product families consist of Consumer Inkjet, KSB and Kodakit in the Advanced Materials and Chemicals segment and Versamark and Digimaster in the Digital Printing segment.

Geography (1):

	Year Ended December 31, 2020					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
United States	$ 121	$ 106	$ 115	$ 13	$ 11	$ 366
Canada	14	8	1	—	—	23
North America	135	114	116	13	11	389
Europe, Middle East and Africa	257	86	12	—	—	355
Asia Pacific	171	37	43	—	—	251
Latin America	29	4	1	—	—	34
Total Sales	$ 592	$ 241	$ 172	$ 13	$ 11	$ 1,029

	Year Ended December 31, 2019					
	Traditional Printing	Digital Printing	Advanced Materials and Chemicals	Brand	Other	Total
United States	$ 162	$ 147	$ 122	$ 12	$ 10	$ 453
Canada	13	8	2	—	—	23
North America	175	155	124	12	10	476
Europe, Middle East and Africa	300	87	21	—	—	408
Asia Pacific	208	44	54	—	—	306
Latin America	44	7	1	—	—	52
Total Sales	$ 727	$ 293	$ 200	$ 12	$ 10	$ 1,242

(1) Sales are reported in the geographic area in which they originate. No non-U.S. country generated more than 10% of net sales in the years ended December 31, 2020 and 2019.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the Consolidated Statement of Financial Position. The contract assets are transferred to trade receivables when the rights to consideration become unconditional. The amounts recorded for contract assets at December 31, 2020 and 2019 were $2 million and $4 million, respectively, and are reported in Other current assets in the Consolidated Statement of Financial Position. The contract liabilities primarily relate to prepaid service contracts, upfront payments for certain equipment purchases or prepaid royalties on intellectual property arrangements. The amounts recorded for contract liabilities at December 31, 2020 and 2019 were $64 million and $61 million, respectively, of which $47 million and $43 million, respectively, are reported in Other current liabilities and $17 million and $18 million, respectively, are reported in Other long-term liabilities in the Consolidated Statement of Financial Position.

Revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the year was $43 million and $34 million, respectively, and primarily represented revenue from prepaid service contracts and equipment revenue recognition. Contract liabilities as of December 31, 2020 and 2019 included $41 million and $47 million, respectively of cash payments received during the years ended December 31, 2020 and 2019, respectively.

NOTE 16: OTHER OPERATING (INCOME) EXPENSE, NET

(in millions)	Year Ended December 31, 2020	2019
Expense (income):		
(Gain) loss related to the sales of assets [(1), (2)]	$ (10)	$ 14
Transition services agreement income	(6)	(6)
Asset impairments [(3), (4)]	3	6
Other	(1)	1
Total	$ (14)	$ 15

(1) In the first quarter of 2020, Kodak sold a property in the U.S. and recognized a gain of $9 million.

(2) In the third quarter of 2019, Kodak sold its shares of Kodak (China) Graphic Communication Co., Ltd. and recognized a loss of $12 million.

(3) In the fourth quarter of 2019, Kodak determined the carrying value of one building no longer in use exceeded its fair value and recorded an impairment charge of $2 million.

(4) In the first quarter of 2020 and the fourth quarter of 2019, Kodak recorded impairment charges of $3 million and $4 million, respectively, related to the Kodak trade name. Refer to Note 5, "Goodwill and Other Intangible Assets".

NOTE 17: OTHER CHARGES, NET

(in millions)	Year Ended December 31, 2020	2019
Change in fair value of embedded conversion features derivative [(1)]	$ 382	$ 42
Loss on foreign exchange transactions	5	3
Other	(1)	1
Total	$ 386	$ 46

(1) Refer to Note 14, "Financial Instruments".

NOTE 18: INCOME TAXES

The components of (Loss) earnings from continuing operations before income taxes and the related provision for U.S. and other income taxes were as follows (in millions):

	Year Ended December 31, 2020	2019
(Loss) earnings from continuing operations before income taxes:		
U.S.	$ (388)	$ (68)
Outside the U.S.	12	8
Total	$ (376)	$ (60)
U.S. income taxes:		
Current benefit	$ —	$ —
Deferred provision	2	—
Income taxes outside the U.S.:		
Current (benefit) provision	(3)	7
Deferred provision	169	24
Total provision	$ 168	$ 31

The differences between income taxes computed using the U.S. federal income tax rate and the provision for income taxes for continuing operations were as follows (in millions):

	Year Ended December 31, 2020	2019
Amount computed using the statutory rate	$ (79)	$ (13)
Increase (reduction) in taxes resulting from:		
Unremitted foreign earnings	2	(1)
Operations outside the U.S.	3	22
Legislative tax law and rate changes	(11)	1
Valuation allowance	220	11
Tax settlements and adjustments, including interest	(43)	2
Embedded derivative liability	81	9
Other, net	(5)	—
Provision from income taxes	$ 168	$ 31

The significant components of deferred tax assets and liabilities were as follows (in millions):

	As of December 31, 2020	2019
Deferred tax assets		
Pension and postretirement obligations	$ 25	$ 39
Restructuring programs	2	2
Leasing	4	1
Foreign tax credit	358	355
Inventories	9	8
Investment tax credit	42	46
Employee deferred compensation	26	24
Depreciation	36	41
Research and development costs	40	56
Tax loss carryforwards	480	325
Other deferred revenue	2	2
Other	89	86
Total deferred tax assets	$ 1,113	$ 985
Deferred tax liabilities		
Goodwill/intangibles	$ 10	$ 11
Unremitted foreign earnings	22	19
Total deferred tax liabilities	32	30
Net deferred tax assets before valuation allowance	1,081	955
Valuation allowance	1,112	821
Net deferred tax (liabilities) assets	$ (31)	$ 134

Deferred tax (liabilities) assets are reported in the following components within the Consolidated Statement of Financial Position (in millions):

	As of December 31, 2020	2019
Deferred income taxes	$ —	$ 147
Other long-term liabilities	(31)	(13)
Net deferred tax (liabilities) assets	$ (31)	$ 134

As of December 31, 2020, Kodak had available domestic and foreign NOL carry-forwards for income tax purposes of approximately $2,068 million, of which approximately $856 million have an indefinite carry-forward period. The remaining $1,212 million expire between the years 2021 and 2038.

As of December 31, 2020, Kodak had unused foreign tax credits and investment tax credits of $358 million and $42 million, respectively, with various expiration dates through 2039.

Utilization of NOL carry-forwards and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future. Section 382 of the Internal Revenue Code of 1986, as amended, imposes annual limitations on the utilization of NOL carryforwards, other tax carryforwards, and certain built-in losses as defined under that Section, upon an ownership change. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders in Kodak's stock by more than 50 percentage points over a three-year testing period.

Kodak had deferred tax liabilities of $22 million and $19 million for potential taxes on the undistributed earnings, including foreign withholding taxes, as of December 31, 2020 and 2019, respectively.

Kodak's valuation allowance as of December 31, 2020 was $1,112 million. Of this amount, $374 million was attributable to Kodak's net deferred tax assets outside the U.S. of $364 million, and $738 million related to Kodak's net deferred tax assets in the U.S. of $717 million, for which Kodak believes it is not more likely than not that the assets will be realized.

As of March 31, 2020, Kodak determined that it was more likely than not that deferred tax assets outside the U.S. which were not offset with valuation allowances as of March 31, 2020 would not be realized due to reductions in estimates of future profitability as a result of the COVID-19 pandemic in locations outside the U.S. Accordingly, Kodak recorded a provision of $167 million associated with the establishment of a valuation allowance on those deferred tax assets.

Kodak's valuation allowance as of December 31, 2019 was $821 million. Of this amount, $168 million was attributable to Kodak's net deferred tax assets outside the U.S. of $322 million, and $653 million related to Kodak's net deferred tax assets in the U.S. of $633 million, for which Kodak believes it is not more likely than not that the assets will be realized.

During 2019, Kodak determined that it was more likely than not that a portion of the deferred tax assets outside the U.S. would not be realized due to reduced sales volumes and profits in locations outside the U.S. and accordingly recorded a provision of $19 million associated with the establishment of a valuation allowance on those deferred tax assets.

Accounting for Uncertainty in Income Taxes

A reconciliation of the beginning and ending amount of Kodak's liability for income taxes associated with unrecognized tax benefits is as follows (in millions):

	Year Ended December 31,	
	2020	**2019**
Balance as of January 1	$ 54	$ 57
Tax positions related to the current year:		
Additions	—	—
Tax positions related to prior years:		
Additions	2	1
Reductions	(42)	(1)
Settlements with taxing jurisdictions	(6)	(3)
Balance as of December 31	$ 8	$ 54

Kodak's policy regarding interest and/or penalties related to income tax matters is to recognize such items as a component of income tax (benefit) expense. Kodak had approximately $14 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2020 and 2019.

Kodak had uncertain tax benefits of approximately $22 million and $20 million as of December 31, 2020 and 2019, respectively, that, if recognized, would affect the effective income tax rate. Kodak has classified certain income tax liabilities as current or noncurrent based on management's estimate of when these liabilities will be settled. The current liabilities are recorded in Other current liabilities in the Consolidated Statement of Financial Position. Noncurrent income tax liabilities are recorded in Other long-term liabilities in the Consolidated Statement of Financial Position.

It is reasonably possible that the liability associated with Kodak's unrecognized tax benefits will increase or decrease within the next twelve months. These changes may be the result of settling ongoing audits or the expiration of statutes of limitations. Such changes to the unrecognized tax benefits could range from $0 million to $5 million based on current estimates. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

Although management believes that adequate provision has been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on the earnings of Kodak. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, thus having a positive impact on earnings.

During 2020, Kodak agreed to terms with the IRS and settled the federal audit for calendar years 2013 and 2014. For these years, Kodak originally recorded a federal unrecognized tax position ("UTP") totaling $41 million, which was fully offset by tax attributes. This settlement resulted in an increase in net deferred tax assets and was fully offset by a corresponding increase in Kodak's U.S. valuation allowance, resulting in no net tax benefit.

During 2019, Kodak reached a settlement outside of the U.S. and settled an audit for calendar years 2005-2008. Kodak originally recorded liabilities for UTPs totaling $3 million (plus interest of approximately $3 million). Kodak paid $2 million in 2019 as result of this settlement and paid the remaining $4 million in April 2020.

Kodak is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Kodak has substantially concluded all U.S. federal income tax matters for years through 2015 and state income tax matters for years through 2012 with the respective tax authorities. With respect to countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2013 with respective foreign tax jurisdiction authorities.

NOTE 19: RESTRUCTURING COSTS AND OTHER

Kodak recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. Charges for restructuring initiatives are recorded in the period in which Kodak commits to a formalized restructuring plan, or executes the specific actions contemplated by the plan and all criteria for liability recognition under the applicable accounting guidance have been met.

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring programs during the two years ended December 31, 2020 were as follows (in millions):

	Severance Reserve (1)	Exit Costs Reserve (1)	Long-lived Asset Impairments and Inventory Write-downs (1)	Total
Balance as of December 31, 2018	$ 6	$ 2	$ —	$ 8
Charges	16	—	—	16
Utilization/cash payments	(8)	(1)	—	(9)
Other adjustments & reclasses (2)	(3)	—	—	(3)
Balance as of December 31, 2019	11	1	—	12
Charges	16	1	—	17
Utilization/cash payments	(14)	(1)	—	(15)
Other adjustments & reclasses (2)	(3)	—	—	(3)
Balance as of December 31, 2020	$ 10	$ 1	$ —	$ 11

(1) The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

(2) The $3 million both in 2020 and 2019 represented severance charges funded from pension plan assets, which were reclassified to Pension and other postretirement liabilities.

2019 Activity

Restructuring actions taken in 2019 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales, research and development, and other administrative functions.

As a result of these actions, for the year ended December 31, 2019 Kodak recorded $16 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2019 severance costs related to the elimination of approximately 220 positions, including approximately 150 administrative, 65 manufacturing/service, and 5 research and development positions. The geographic composition of these positions included approximately 90 in the U.S. and Canada and 130 throughout the rest of the world.

2020 Activity

Restructuring actions taken in 2020 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included various targeted reductions in manufacturing, service, sales and other administrative functions.

As a result of these actions, for the year ended December 31, 2020 Kodak recorded $17 million of charges which were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2020 severance costs related to the elimination of approximately 250 positions, including approximately 160 administrative and 90 manufacturing/service positions. The geographic composition of these positions included approximately 140 in the U.S. and Canada and 110 throughout the rest of the world.

As a result of these initiatives, the majority of the severance liabilities as of December 31, 2020 will be paid during periods through the end of 2021. The exit cost reserves primarily relate to a liability for which timing of the payment is uncertain.

NOTE 20: RETIREMENT PLANS

Substantially all U.S. employees are covered by a noncontributory defined benefit plan, the Kodak Retirement Income Plan ("KRIP"), which is funded by Company contributions to an irrevocable trust fund. The funding policy for KRIP is to contribute amounts sufficient to meet minimum funding requirements as determined by employee benefit and tax laws plus any additional amounts the Company determines to be appropriate. Assets in the trust fund are held for the sole benefit of participating employees and retirees. They are composed of corporate equity and debt securities, U.S. government securities, partnership investments, interests in pooled funds, commodities, real estate, and various types of interest rate, foreign currency, debt, and equity market financial instruments.

For U.S. employees hired prior to March 1999, KRIP's benefits were generally based on a formula recognizing length of service and final average earnings. KRIP included a separate cash balance formula for all U.S. employees hired after February 1999, as well as employees hired prior to that date who opted into the cash balance formula during a special election period. Effective January 1, 2015 the KRIP was amended to provide that all participants accrue benefits under a single, revised cash balance formula (the "Cash Balance Plan"). The Cash Balance Plan credits employees' hypothetical accounts with an amount equal to a specified percentage of their pay, plus interest based on the 30-year Treasury bond rate. Effective January 1, 2020, the credits increased from 7% or 8% of pay to either 9% or 10% of pay.

Many subsidiaries and branches operating outside the U.S. have defined benefit retirement plans covering substantially all employees. Contributions by Kodak for these plans are typically deposited under government or other fiduciary-type arrangements. Retirement benefits are generally based on contractual agreements that provide for benefit formulas using years of service and/or compensation prior to retirement. The actuarial assumptions used for these plans reflect the diverse economic environments within the various countries in which Kodak operates.

Information on the major funded and unfunded U.S. and Non-U.S. defined benefit pension plans is presented below. The composition of the major plans may vary from year to year. If the major plan composition changes, prior year data is conformed to ensure comparability.

The measurement date used to determine the pension obligation for all funded and unfunded U.S. and Non-U.S. defined benefit plans is December 31.

(in millions)	Year Ended December 31, 2020 U.S.	Year Ended December 31, 2020 Non-U.S.	Year Ended December 31, 2019 U.S.	Year Ended December 31, 2019 Non-U.S.
Change in Benefit Obligation				
Projected benefit obligation at beginning of period	$ 3,475	$ 834	$ 3,405	$ 834
Service cost	11	3	10	3
Interest cost	86	9	122	13
Benefit payments	(277)	(47)	(349)	(48)
Actuarial loss	299	39	284	36
Settlements	(121)	—	—	—
Special termination benefits	3	—	3	—
Currency adjustments	—	74	—	(4)
Projected benefit obligation at end of period	$ 3,476	$ 912	$ 3,475	$ 834
Change in Plan Assets				
Fair value of plan assets at beginning of period	$ 3,610	$ 661	$ 3,445	$ 671
Gain on plan assets	495	20	514	28
Employer contributions	—	7	—	10
Benefit payments	(277)	(47)	(349)	(48)
Settlements	(121)	—	—	—
Currency adjustments	—	55	—	—
Fair value of plan assets at end of period	$ 3,707	$ 696	$ 3,610	$ 661
Over (under) funded status at end of period	$ 231	$ (216)	$ 135	$ (173)
Accumulated benefit obligation at end of period	$ 3,473	$ 903	$ 3,474	$ 825

The settlement amount of $121 million for the U.S. for the year ended December 31,2020 represents lump sum payments from KRIP.

Amounts recognized in the Consolidated Statement of Financial Position for all major funded and unfunded U.S. and Non-U.S. defined benefit plans are as follows (in millions):

	As of December 31, 2020 U.S.	2020 Non-U.S.	2019 U.S.	2019 Non-U.S.
Other long-term assets	$ 231	$ 16	$ 135	$ 26
Pension and other postretirement liabilities	—	(232)	—	(199)
Net amount recognized	$ 231	$ (216)	$ 135	$ (173)

Information with respect to the major funded and unfunded U.S. and Non-U.S. defined benefit plans with a projected benefit obligation in excess of plan assets is as follows (in millions):

`	As of December 31, 2020 U.S.	2020 Non-U.S.	2019 U.S.	2019 Non-U.S.
Projected benefit obligation	$ —	$ 618	$ —	$ 568
Fair value of plan assets	—	386	—	368

Information with respect to the major funded and unfunded U.S. and Non-U.S. defined benefit plans with an accumulated benefit obligation in excess of plan assets is as follows (in millions):

	As of December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Accumulated benefit obligation	$ —	$ 609	$ —	$ 559
Fair value of plan assets	—	386	—	368

Amounts recognized in accumulated other comprehensive (loss) income for all major funded and unfunded U.S. and Non-U.S. defined benefit plans consist of (in millions):

	As of December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	$ 13	$ 2	$ 20	$ 3
Net actuarial loss	(220)	(182)	(244)	(151)
Total	$ (207)	$ (180)	$ (224)	$ (148)

Other changes in major plan assets and benefit obligations recognized in Other comprehensive income (expense) are as follows (in millions):

	Year Ended December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Newly established gain (loss)	$ —	$ (38)	$ 16	$ (30)
Amortization of:				
Prior service credit	(7)	—	(7)	—
Net actuarial loss	15	7	—	5
Curtailment gain recognized in expense	—	—	(2)	—
Net loss recognized in expense due to settlement	9	—	—	—
Total income (loss) recognized in Other comprehensive income	$ 17	$ (31)	$ 7	$ (25)

The Non-U.S. losses were driven primarily by discount rate changes. In the U.S., losses due to discount rate changes were offset by asset gains.

Pension income for all defined benefit plans included (in millions):

	Year Ended December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:				
Service cost	$ 11	$ 3	$ 10	$ 3
Interest cost	86	9	122	13
Expected return on plan assets	(196)	(19)	(214)	(22)
Amortization of:				
Prior service credit	(7)	—	(7)	—
Actuarial loss	15	7	—	5
Pension income before special termination benefits	(91)	—	(89)	(1)
Special termination benefits	3	—	3	—
Curtailment gains	—	—	(2)	—
Settlement losses	9	—	—	—
Net pension income for major defined benefit plans	(79)	—	(88)	(1)
Other plans including unfunded plans	—	1	—	(3)
Net pension (income), expense	$ (79)	$ 1	$ (88)	$ (4)

The $2 million curtailment gain for the year ended December 31, 2019 was incurred as a result of the sale of FPD. In addition, the amounts shown in Other Plans for the year ended December 31, 2019 include $5 million of settlement gains due to the transfer of non-major, non-U.S. pension liabilities as a result of the sale of FPD. These amounts are included in Earnings from discontinued operations in the Consolidated Statement of Operations.

The $9 million settlement loss for the year ended December 31, 2020 was incurred as a result of lump sum payments from KRIP.

The special termination benefits of $3 million for each of the years ended December 31, 2020 and 2019 were incurred as a result of Kodak's restructuring actions and, therefore, have been included in Restructuring costs and other in the Consolidated Statement of Operations for those periods.

The weighted-average assumptions used to determine the benefit obligation amounts for all major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	As of December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	2.09%	1.01%	2.97%	1.44%
Salary increase rate	3.50%	1.56%	3.50%	1.72%
Interest crediting rate for cash balance plan	1.75%	NA	2.50%	NA

The weighted-average assumptions used to determine net pension (income) expense for all the major funded and unfunded U.S. and Non-U.S. defined benefit plans were as follows:

	Year Ended December 31,			
	2020		2019	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Effective rate for service cost	2.97%	1.48%	4.03%	2.47%
Effective rate for interest cost	2.58%	1.19%	3.75%	1.89%
Salary increase rate	3.50%	1.72%	3.50%	2.06%
Expected long-term rate of return on plan assets	6.00%	3.27%	6.50%	3.46%
Interest crediting rate for cash balance plan	2.50%	NA	2.50%	NA

Plan Asset Investment Strategy

The investment strategy underlying the asset allocation for the pension assets is to achieve an optimal return on assets with an acceptable level of risk while providing for the long-term liabilities and maintaining sufficient liquidity to pay current benefits and other cash obligations of the plans. This is primarily achieved by investing in a broad portfolio constructed of various asset classes including equity and equity-like investments, debt and debt-like investments, real estate, private equity and other assets and instruments. Long duration bonds and Treasury bond futures are used to partially match the long-term nature of plan liabilities. Other investment objectives include maintaining broad diversification between and within asset classes and fund managers and managing asset volatility relative to plan liabilities.

Every three years, or when market conditions have changed materially, each of Kodak's major pension plans will undertake an asset allocation or asset and liability modeling study. The asset allocation and expected return on the plans' assets are individually set to provide for benefits and other cash obligations within each country's legal investment constraints.

Actual allocations may vary from the target asset allocations due to market value fluctuations, the length of time it takes to implement changes in strategy, and the timing of cash contributions and cash requirements of the plans. The asset allocations are monitored and are rebalanced in accordance with the policy set forth for each plan.

The total plan assets attributable to the major U.S. defined benefit plans as of December 31, 2020 relates to KRIP. The expected long-term rate of return on plan assets assumption ("EROA") is based on a combination of formal asset and liability studies that include forward-looking return expectations given the current asset allocation. A review of the EROA as of December 31, 2020, based upon the current asset allocation and forward-looking expected returns for the various asset classes in which KRIP invests, resulted in an EROA of 5.2%.

Plan Asset Risk Management

Kodak evaluates its defined benefit plans' asset portfolios for the existence of significant concentrations of risk. Types of concentrations that are evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. Foreign currency contracts and swaps are used to partially hedge foreign currency risk. Additionally, Kodak's major defined benefit pension plans invest in government bond futures and long duration investment grade bonds to partially hedge the liability risk of the plans. As of December 31, 2020 and 2019, there were no significant concentrations (defined as greater than 10% of plan assets) of risk in Kodak's defined benefit plan assets.

The Company's weighted-average asset allocations for its major U.S. defined benefit pension plan by asset category, are as follows:

	As of December 31,		
	2020	**2019**	**2020 Target**
Asset Category			
Equity securities	10%	10%	5-15%
Debt securities	42%	44%	35-45%
Real estate	1%	1%	0-10%
Cash and cash equivalents	2%	1%	0-10%
Global balanced asset allocation funds	14%	15%	10-20%
Other	31%	29%	25-35%
Total	100%	100%	

Kodak's weighted-average asset allocations for its major Non-U.S. defined benefit pension plans by asset category, are as follows:

	As of December 31,		
	2020	**2019**	**2020 Target**
Asset Category			
Equity securities	5%	5%	0-10%
Debt securities	33%	31%	25-35%
Real estate	2%	2%	0-10%
Cash and cash equivalents	2%	2%	0-10%
Global balanced asset allocation funds	5%	5%	0-10%
Other	53%	55%	50-60%
Total	100%	100%	

Fair Value Measurements

Kodak's asset allocations by level within the fair value hierarchy at December 31, 2020 and 2019 are presented in the tables below for Kodak's major defined benefit plans. Kodak's plan assets are accounted for at fair value and are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, with the exception of investments for which fair value is measured using the net asset value per share expedient. Kodak's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value of assets and their placement within the fair value hierarchy levels.

Assets not utilizing the net asset value per share expedient are valued as follows: Equity and debt securities traded on an active market are valued using a market approach based on the closing price on the last business day of the year. Real estate investments are valued primarily based on independent appraisals and discounted cash flow models, taking into consideration discount rates and local market conditions. Cash and cash equivalents are valued utilizing cost approach valuation techniques. Other investments are valued using a combination of market, income, and cost approaches, based on the nature of the investment. Private equity investments are valued primarily based on independent appraisals, discounted cash flow models, cost, and comparable market transactions, which include inputs such as discount rates and pricing data from the most recent equity financing. Insurance contracts are primarily valued based on contract values, which approximate fair value. For investments with lagged pricing, Kodak uses the available net asset values, and also considers expected return, subsequent cash flows and relevant material events.

Major U.S. Plans
December 31, 2020

	U.S.				
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	$ —	$ —	$ —	$ 66	$ 66
Equity Securities	—	—	—	383	383
Debt Securities:					
Government Bonds	1	—	—	1,101	1,102
Investment Grade Bonds	—	446	—		446
Real Estate	—	—	—	37	37
Global Balanced Asset Allocation Funds	—	—	—	514	514
Other:					
Absolute Return	—	5	—	442	447
Private Equity	—	—	5	711	716
Derivatives with unrealized gains	3	—	—	—	3
Derivatives with unrealized losses	(7)	—	—	—	(7)
	$ (3)	$ 451	$ 5	$ 3,254	$ 3,707

Major U.S. Plans
December 31, 2019

	U.S.				
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	$ —	$ —	$ —	$ 38	$ 38
Equity Securities	4	—	—	374	378
Debt Securities:					
Government Bonds	—	—	—	1,110	1,110
Investment Grade Bonds	—	457	—	—	457
Real Estate	—	—	—	42	42
Global Balanced Asset Allocation Funds	—	—	—	544	544
Other:					
Absolute Return	—	—	—	370	370
Private Equity	—	—	7	680	687
Derivatives with unrealized gains	2	—	—	—	2
Derivatives with unrealized losses	(18)	—	—	—	(18)
	$ (12)	$ 457	$ 7	$ 3,158	$ 3,610

For Kodak's major U.S. defined benefit pension plans, equity investments are invested broadly in U.S. equity, developed international equity, and emerging markets. Fixed income investments are comprised primarily of long duration U.S. Treasuries and investment-grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, retail and apartment properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. Absolute return investments are comprised of a diversified portfolio of hedge funds using equity, debt, commodity and currency strategies held separate from the derivative-linked hedge funds described later in this footnote. Private equity investments are primarily comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital, leveraged buyouts and special situations. Natural resource investments in oil and gas partnerships and timber funds are also included in this category.

Major Non-U.S. Plans
December 31, 2020

(in millions)	Non - U.S. Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	$ 10	$ —	$ —	$ 7	$ 17
Equity Securities	36	—	—	—	36
Debt Securities:					
Government Bonds	—	—	—	48	48
Investment Grade Bonds	87	90	—	—	177
Global High Yield & Emerging Market Debt	2	—	—	—	2
Real Estate	—	—	—	12	12
Global Balanced Asset Allocation Funds	—	—	—	38	38
Other:					
Private Equity	—	—	—	30	30
Insurance Contracts	—	45	291	—	336
	$ 135	$ 135	$ 291	$ 135	$ 696

Major Non-U.S. Plans
December 31, 2019

	Non - U.S.				
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at NAV	Total
Cash and cash equivalents	$ 5	$ —	$ —	$ 8	$ 13
Equity Securities	—	—	—	33	33
Debt Securities:					
Government Bonds	—	—	—	51	51
Inflation-Linked Bonds	—	—	—	4	4
Investment Grade Bonds	—	61	—	65	126
Global High Yield & Emerging Market Debt	—	—	—	26	26
Real Estate	—	—	—	11	11
Global Balanced Asset Allocation Funds	—	—	—	34	34
Other:					
Absolute Return	—	—	—	7	7
Private Equity	—	—	—	38	38
Insurance Contracts	—	317	—	—	317
Derivatives with unrealized gains	1	—	—	—	1
	$ 6	$ 378	$ —	$ 277	$ 661

For Kodak’s major non-U.S. defined benefit pension plans, equity investments are invested broadly in local equity, developed international and emerging markets. Fixed income investments are comprised primarily of government and investment grade corporate bonds. Real estate investments primarily include investments in limited partnerships that invest in office, industrial, and retail properties. Global Balanced Asset Allocation investments are commingled funds that hold a diversified portfolio of passive market exposures, including equities, debt, currencies and commodities. Absolute return investments are comprised of a diversified portfolio of hedge funds using equity, debt, commodity, and currency strategies held separate from the derivative-linked hedge funds described later in this footnote. Private equity investments are comprised of limited partnerships and fund-of-fund investments that invest in distressed investments, venture capital and leveraged buyouts. Insurance contracts are typically annuities from life insurance companies covering specific pension obligations.

For Kodak’s major defined benefit pension plans, certain investment managers are authorized to invest in derivatives such as futures, swaps, and currency forward contracts. Investments in derivatives are used to obtain desired exposure to a particular asset, index or bond duration and require only a portion of the total exposure to be invested as cash collateral. In instances where exposures are obtained via derivatives, the majority of the exposure value is available to be invested, and is typically invested, in a diversified portfolio of hedge fund strategies that generate returns in addition to the return generated by the derivatives. Of the December 31, 2020 investments shown in the major U.S. plans table above, 4% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 29% of the total pension assets represented U.S. government bond exposure with 11 years duration, obtained via derivatives and are reported in government bonds. Of the December 31, 2019 investments shown in the major U.S. plans table above, 4% of the total pension assets represented equity securities exposure obtained via derivatives and are reported in equity securities, and 30% of the total pension assets represented U.S. government bond exposure with 12 years duration, obtained via derivatives and are reported in government bonds.

Of the December 31, 2020 investments shown in the major Non-U.S. plans table above, there are no derivative exposures. Of the December 31, 2019 investments shown in the major Non-U.S. plans table above, 7% of the total pension assets represented derivative exposures to government bonds with 2 years duration and are reported in that class.

The following is a reconciliation of the beginning and ending balances of level 3 assets of Kodak's major U.S. and non-U.S. defined benefit pension plans:

	U.S.				
		Net Realized and Unrealized Gains			
(in millions)	Balance at January 1, 2020	Relating to Assets Still Held	Relating to Assets Sold During the Period	Net Purchases, Sales and Settlements	Balance at December 31, 2020
Private Equity	7	(2)	—	—	5
Total	$ 7	$ (2)	$ —	$ —	$ 5

	U.S.				
		Net Realized and Unrealized Gains			
(in millions)	Balance at January 1, 2019	Relating to Assets Still Held	Relating to Assets Sold During the Period	Net Purchases, Sales and Settlements	Balance at December 31, 2019
Private Equity	6	2	—	(1)	7
Total	$ 6	$ 2	$ —	$ (1)	$ 7

	Non - U.S.				
		Net Realized and Unrealized Gains			
(in millions)	Balance at January 1, 2020 (1)	Relating to Assets Still Held	Relating to Assets Sold During the Period	Net Purchases, Sales and Settlements	Balance at December 31, 2020
Insurance Contracts	273	18	—	—	291
Total	$ 273	$ 18	$ —	$ —	$ 291

(1) During 2020 the Company reclassified certain investments from Level 2 to Level 3.

The following pension benefit payments, which reflect expected future service, are expected to be paid (in millions):

	U.S.	Non-U.S.
2021	$ 297	$ 50
2022	284	49
2023	270	48
2024	259	47
2025	246	46
2026 - 2030	1,059	212

NOTE 21: OTHER POSTRETIREMENT BENEFITS

In Canada, Kodak provides medical, dental, life insurance, and survivor income benefits to eligible retirees. In the U.K., Kodak provides medical benefits to eligible retirees. The other postretirement benefit plans in Canada and the U.K. are closed to new participants. Information on the Canada and U.K. other postretirement benefit plans is presented below.

The measurement date used to determine the net benefit obligation for Kodak's other postretirement benefit plans is December 31.

Changes in Kodak's benefit obligation and funded status were as follows (in millions):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Net benefit obligation at beginning of period	$ 63	$ 64
Interest cost	1	2
Plan participants' contributions	1	1
Actuarial loss	1	—
Benefit payments	(3)	(4)
Net benefit obligation at end of period	$ 63	$ 63
Underfunded status at end of period	$ (63)	$ (63)

Amounts recognized in the Consolidated Statement of Financial Position consist of (in millions):

	As of December 31, 2020	As of December 31, 2019
Other current liabilities	$ (3)	$ (3)
Pension and other postretirement liabilities	(60)	(60)
	$ (63)	$ (63)

Amounts recognized in Accumulated other comprehensive loss consist of (in millions):

	As of December 31, 2020	As of December 31, 2019
Net actuarial gain	$ 4	$ 5

Changes in benefit obligations recognized in Other comprehensive loss (income) consist of (in millions):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Newly established loss	$ 1	$ —
Amortization of:		
Net actuarial gain	—	1
Total gain recognized in Other comprehensive income	$ 1	$ 1

Other postretirement benefit cost included:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Components of net postretirement benefit cost:		
Service cost	$ —	$ —
Interest cost	1	2
Amortization of:		
Actuarial gain	—	(1)
Other postretirement benefit cost from continuing operations	$ 1	$ 1

The weighted-average assumptions used to determine the net benefit obligations were as follows:

	As of December 31, 2020	As of December 31, 2019
Discount rate	2.21%	2.93%
Salary increase rate	1.80%	1.80%

The weighted-average assumptions used to determine the net postretirement benefit cost were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Effective rate for interest cost	2.67%	3.26%
Salary increase rate	1.80%	2.35%

The weighted-average assumed healthcare cost trend rates used to compute the other postretirement amounts were as follows:

	2020	2019
Healthcare cost trend	5.33%	5.37%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.14%	3.14%
Year that the rate reaches the ultimate trend rate	2039	2038

The following other postretirement benefits, which reflect expected future service, are expected to be paid (in millions):

2021	$ 3
2022	3
2023	3
2024	3
2025	3
2026-2030	16

NOTE 22: EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share calculations include any dilutive effect of potential common shares. In periods with a net loss from continuing operations, diluted earnings per share are calculated using weighted-average basic shares for that period, as utilizing diluted shares would be anti-dilutive to loss per share.

A reconciliation of the amounts used to calculate basic and diluted earnings per share for the years ended December 31, 2020 and 2019 follows (in millions):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Loss from continuing operations attributable to Eastman Kodak Company	$ (544)	$ (91)
Less: Series A Preferred Stock cash and accrued dividends	(11)	(11)
Less: Series A Preferred Stock deemed dividends	(9)	(9)
Loss from continuing operations available to common shareholders - basic and diluted	$ (564)	$ (111)
Net (loss) income attributable to Eastman Kodak Company	$ (541)	$ 116
Less: Series A Preferred Stock cash and accrued dividends	(11)	(11)
Less: Series A Preferred Stock deemed dividends	(9)	(9)
Net (loss) income available to common shareholders - basic and diluted	$ (561)	$ 96

As a result of the net loss from continuing operations available to common shareholders for the years ended December 31, 2020 and 2019, Kodak calculated diluted earnings per share using weighted-average basic shares outstanding. If Kodak reported earnings from continuing operations available to common shareholders for the years ended December 31, 2020 and 2019, the calculation of diluted earnings per share would have included the assumed conversion of 0.6 million unvested restricted stock units for both periods and 0.7 million stock options for the year ended December 31, 2020.

The computation of diluted earnings per share for the years ended December 31, 2020 and 2019 excluded the impact of (1) the assumed conversion of 2.0 million shares of Series A Preferred Stock, and (2) the assumed conversion of 4.0 million and 6.8 million outstanding employee stock options, respectively, because they would have been anti-dilutive. The computation of diluted earnings per share for the year ended December 31, 2019 also excluded the assumed conversion of $100 million of Convertible Notes because the effects would have been anti-dilutive.

NOTE 23: STOCK-BASED COMPENSATION

Kodak's stock incentive plan is the 2013 Omnibus Incentive Plan (the "2013 Plan"). The 2013 Plan is administered by the Compensation, Nominating and Governance Committee of the Board of Directors.

Officers, directors and employees of the Company and its consolidated subsidiaries are eligible to receive awards. Stock options are generally non-qualified, are at exercise prices equal to or greater than the closing price of Kodak's stock on the date of grant and expire seven years after the grant date. Stock-based compensation awards granted under Kodak's stock incentive plan are generally subject to a three-year vesting period from the date of grant, or a later date as determined by the Compensation, Nominating and Governance Committee. Awards are subject to settlement in newly-issued shares of common stock. Unless sooner terminated by the Compensation, Nominating and Governance Committee, no awards may be granted under the 2013 Plan after May 20, 2030.

The maximum number of shares of common stock available for grant under the 2013 Plan is 8.0 million. For purposes of the number of shares available for grant, in accordance with the 2013 Plan, a stock option counts as a fraction of a share, based on the fair market value of the stock option relative to the closing stock price on the date of grant, while each restricted stock unit counts as one share. The total number of shares of common stock registered for issuance under the 2013 Plan is approximately 13.5 million. In addition, under the 2013 Plan, the maximum number of shares available for the grant of incentive stock options is 2.0 million shares. The maximum number of shares as to which stock options or stock appreciation rights may be granted to any one person under the 2013 Plan in any calendar year is 2.5 million shares.

The maximum number of awards that may be granted to any non-employee director under the 2013 Plan in any calendar year may not exceed a number of awards with a grant date fair value of $450,000, computed as of the grant date.

Compensation expense is recognized on a straight-line basis over the service or performance period for each separately vesting tranche of the award and is adjusted for actual forfeitures before vesting. Kodak assesses the likelihood that performance-based shares will be earned based on the probability of meeting the performance criteria. For those performance-based awards that are deemed probable of achievement, expense is recorded, and for those awards that are deemed not probable of achievement, no expense is recorded. Kodak assesses the probability of achievement each quarter.

Restricted Stock Units

Restricted stock units are payable in shares of the Company common stock upon vesting. The fair value is based on the closing market price of the Company's stock on the grant date. Compensation cost related to restricted stock units was $1 million and $2 million for the years ended December 31, 2020 and 2019, respectively.

The weighted average grant date fair value of restricted stock unit awards granted for the years ended December 31, 2020 and 2019 was $2.91 and $2.93, respectively. The total fair value of restricted stock units that vested was $2 million for both the years ended December 31, 2020 and 2019. As of December 31, 2020, there was $0.1 million of unrecognized compensation cost related to restricted stock units. The cost is expected to be recognized over a weighted average period of 0.8 years.

The following table summarizes information about restricted stock unit activity for the year ended December 31, 2020:

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Values
Outstanding on December 31, 2019	721,801	$ 3.25
Granted	351,909	$ 2.91
Vested	692,750	$ 3.05
Outstanding on December 31, 2020	380,960	$ 3.31

Stock Options

The following table summarizes information about stock option activity for the year ended December 31, 2020:

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)		Aggregate Intrinsic Value ($ millions)
Outstanding on December 31, 2019	6,843,079	$	10.96			
Granted	2,917,456	$	5.86			
Exercised	2,019,187	$	14.51			
Forfeited	16,922	$	12.50			
Outstanding on December 31, 2020	7,724,426	$	8.10	4.83	$	19.42
Exercisable on December 31, 2020	7,024,347	$	8.41	4.69	$	16.86
Expected to vest December 31, 2020	700,080	$	4.97	6.24	$	2.56

The aggregate intrinsic value represents the total pretax intrinsic value that option holders would have received had all option holders exercised their options on the last trading day of the year. The aggregate intrinsic value is the difference between the Kodak closing stock price on the last trading day of the year and the exercise price, multiplied by the number of in-the-money options.

The Company issued stock-based compensation grants for 2.4 million stock options on July 27, 2020. The terms of 1.8 million of the options awarded on July 27, 2020 provided for immediate vesting or vesting upon conversion of the Convertible Notes. As 100% of the Convertible Notes were converted during the three months ended September 30, 2020, the 1.8 million options with accelerated vesting terms vested in that same period. The remaining 0.6 million options provide for vesting terms of between two and three years.

The valuation of the stock options granted on July 27, 2020 resulted in approximately $12.6 million of compensation expense being reported in Selling, general and administrative expenses in the Consolidated Statement of Operations in the year ended December 31, 2020.

There were approximately 2.0 million options exercised in the year ended December 31, 2020 and no options exercised in the year ended December 31, 2019. The options exercised in 2020 included 0.3 million options exercised by ex-employees of Kodak that had previously been forfeited. The Company issued shares to the ex-employees in exchange for proceeds based on the exercise prices of the forfeited options. The Company is accounting for the exercise of the forfeited options as a modification of the original awards.

The Company has been seeking to recover the fair value of the shares at the time of the sale of the shares by the ex-employees less the exercise proceeds and withholding (approximately $3.9 million) and the right to retain any refund of the withholding taxes the Company is seeking to obtain on behalf of the ex-employees (approximately $3.0 million). The Company received $3.6 million during the three months ended December 31, 2020 from certain of the ex-employees. The Company is due to receive a $2 million refund of withholding taxes on behalf of those ex-employees.

The Company recognized compensation expense of approximately $5.1 million in the three months ended September 30, 2020 related to the 0.3 million previously forfeited options, representing the fair value of the shares issued to the ex-employees less the exercise proceeds received from the ex-employees. Stock compensation expense, reported in Selling, general and administrative expenses in the Consolidated Statement of Operations, was reduced by $4.6 million in the three months ended December 31, 2020, representing the cash received for certain of the erroneous grants and the refund of withholding taxes due on behalf of the ex-employees. Income recognized in excess of the original stock compensation expense recorded for each individual grant (approximately $1 million) was recognized in Other operating (income) expense, net in the Consolidated Statement of Operations.

The weighted average grant date fair value of options granted for the years ended December 31, 2020 and 2019 was $5.86 and $1.73, respectively. The total fair value of options that vested during the years ended December 31, 2020 and 2019 was $13 million and $7 million, respectively. Compensation cost related to stock options for the years ended December 31, 2020 and 2019 was $14 million and $5 million, respectively.

As of December 31, 2020, there was $3.1 million of unrecognized compensation cost related to stock options. The cost is expected to be recognized over a weighted average period of 1.6 years.

Other than for the awards granted on July 27, 2020, Kodak utilizes the Black-Scholes option valuation model to estimate the fair value of stock options.

The expected term of options granted is the period of time the options are expected to be outstanding and is calculated using a simplified method based on the option's vesting period and original contractual term. The Company uses the historical volatility of the Company's stock to estimate expected volatility. The risk-free rate was based on the yield on U.S. Treasury notes with a term equal to the option's expected term.

The following inputs were used for the valuation of option grants issued in each year:

	Year Ended December 31, 2020	2019
Weighted-average fair value of options granted	$ 1.50	$ 1.73
Weighted-average risk-free interest rate	2.43%	2.47%
Expected option lives	3.7 years	4.5 years
Weighted-average volatility	98%	90%
Expected dividend yield	0.00%	0.00%

Given the volatility of the Company's stock price in the third quarter of 2020, the Company utilized a lattice-based valuation model to value the time-based vesting awards granted July 27, 2020 and a Monte Carlo simulation valuation model to value the options granted on July 27, 2020 which vested upon conversion of the Convertible Notes.

The following inputs were used in the lattice-based valuation of the July 27, 2020 option grants:

	July 27, 2020 Option Awards
Weighted-average fair value of options granted	$ 6.57
Range of risk-free interest rates	0.11% - 0.30%
Weighted-average term	5.57 years
Weighted-average volatility	98%
Weighted-average expected dividend yield	0.00%

NOTE 24: SHAREHOLDERS' EQUITY

The Company has 560 million shares of authorized stock, consisting of: (i) 500 million shares of common stock, par value $0.01 per share and (ii) 60 million shares of preferred stock, no par value, issuable in one or more series. As of December 31, 2020 there were 77.2 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding. As of December 31, 2019 there were 43.2 million shares of common stock outstanding and 2.0 million shares of Series A preferred stock issued and outstanding.

Treasury Stock

Treasury stock consisted of approximately 0.7 million shares at both December 31, 2020 and 2019.

Backstop Registration Rights Agreement

Upon emergence from bankruptcy on September 3, 2013 ("Effective Date"), the Company and GSO Capital Partners LP, on behalf of various managed funds, BlueMountain Capital Management, LLC, on behalf of various managed funds, George Karfunkel, United Equities Commodities Company, Momar Corporation and Contrarian Capital Management, LLC, on behalf of Contrarian Funds, LLC (collectively, the "Backstop Parties") executed a registration rights agreement (the "Backstop Registration Rights Agreement"). The Backstop Registration Rights Agreement, among other rights, provides the Backstop Parties with certain registration rights with respect to common stock offered to the Backstop Parties (and other eligible creditors) as part of a rights offering (the "Backstop registrable securities"). A portion of the shares issued in the rights offerings are restricted securities for purposes of Rule 144 under the Securities Act of 1933 and may not be offered, sold or otherwise transferred absent registration under the Securities Act of 1933 or an applicable exemption from registration requirements.

Stockholders holding Backstop registrable securities representing 10% of the outstanding common stock at emergence may require the Company to facilitate a registered offering of Backstop registrable securities (such offering, the "Initial Registration"). The Backstop registrable securities requested to be sold in the Initial Registration must have an aggregate market value of at least $75 million. On October 20, 2016, the Initial Registration, in the form of a shelf registration statement registering all Backstop registerable securities, was declared effective by the SEC.

Following the Initial Registration, stockholders holding 10% or more of the outstanding Backstop registrable securities may demand that the Company file a shelf registration statement and effectuate one or more takedowns off of such shelf, or, if a shelf is not available, effectuate one or more stand-alone registered offerings, provided that such non-shelf registered offerings or shelf takedowns may not be requested more than four times and, in each case, shall include shares having an aggregate market value of at least $75 million. Beginning on the second anniversary of the Effective Date, upon request of a stockholder, the Company shall amend its existing shelf registration statement to register additional Backstop registrable securities as set forth in the Registration Rights Agreement. Stockholders also have the right to include their Backstop registrable securities in the Initial Registration or any other non-shelf registered offering or shelf takedown of the common stock by the Company for its own account or for the account of any holders of common stock.

NOTE 25: OTHER COMPREHENSIVE LOSS

The changes in Other comprehensive loss by component, were as follows:

(in millions)		Year Ended December 31, 2020	Year Ended December 31, 2019
Currency translation adjustments			
Currency translation adjustments		$ (16)	$ 3
Amount transferred to net income due to the sale of an investment in a foreign entity		—	3
Currency translation adjustments and other		(16)	6
Pension and other postretirement benefit plan changes			
Newly established net actuarial loss		(34)	(14)
Tax benefit		—	9
Newly established net actuarial loss, net of tax		(34)	(5)
Reclassification adjustments:			
Amortization of prior service credit	(a)	(7)	(8)
Amortization of actuarial losses	(a)	19	4
Recognition of gains due to settlements and curtailments	(a)	9	(2)
Total reclassification adjustments		21	(6)
Tax provision		—	(1)
Reclassification adjustments, net of tax		21	(7)
Pension and other postretirement benefit plan changes, net of tax		(13)	(12)
Other comprehensive loss		$ (29)	$ (6)

(a) Reclassified to Pension income - refer to Note 20, "Retirement Plans" and Note 21, "Other Postretirement Benefits" for additional information.

NOTE 26: ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss is composed of the following:

(in millions)	As of December 31, 2020	2019
Currency translation adjustments	$ (106)	$ (90)
Pension and other postretirement benefit plan changes	(340)	(327)
Ending balance	$ (446)	$ (417)

NOTE 27: SEGMENT INFORMATION

Change in Segments

Effective January 1, 2020 Kodak changed its organizational structure. Prepress Solutions, formerly part of the Print Systems segment, operates as a separate segment named the Traditional Printing segment. Electrophotographic Printing Solutions, formerly part of the Print Systems segment, was combined with the Enterprise Inkjet Systems segment and Kodak Software segment to form the Digital Printing segment. The Brand, Film and Imaging segment, except for the licensing of the Kodak brand to third parties, was combined with the Advanced Materials and 3D Printing segment to form the Advanced Materials and Chemicals segment. The licensing of the Kodak brand to third parties operates as a separate segment named the Brand segment. The Eastman Business Park segment is no longer a reportable segment. A description of Kodak's reportable segments follows.

Traditional Printing: The Traditional Printing segment is comprised of Prepress Solutions.

Digital Printing: The Digital Printing segment is comprised of four lines of business: the Electrophotographic Printing Solutions business, the Prosper business, the Versamark business and the Software business.

Advanced Materials and Chemicals: The Advanced Materials and Chemicals segment is comprised of five lines of business: Industrial Film and Chemicals, Motion Picture, Advanced Materials and Functional Printing Technology and Kodak Services for Business.

Brand: The Brand segment contains the brand licensing business.

All Other: All Other is comprised of the operations of the Eastman Business Park, a more than 1,200 acre technology center and industrial complex.

Segment financial information is shown below. Asset information by segment is not disclosed as this information is not separately identified and reported to the Chief Operating Decision Maker.

Net Revenues from Continuing Operations by Reportable Segment

(in millions)	Year Ended December 31, 2020	2019
Traditional Printing	$ 592	$ 727
Digital Printing	241	293
Advanced Materials and Chemicals	172	200
Brand	13	12
Total of reportable segments	1,018	1,232
Other	11	10
Consolidated total	$ 1,029	$ 1,242

Segment Measure of Profit and Loss

Kodak's segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization ("Operational EBITDA"). As demonstrated in the table below, Operational EBITDA represents the earnings (loss) from continuing operations excluding the provision (benefit) for income taxes; non-service cost components of pension and OPEB income; depreciation and amortization expense; restructuring costs; stock-based compensation expense; consulting and other costs; idle costs; the former CEO separation agreement compensation; other operating (expense) income, net (unless otherwise indicated); interest expense; loss on early extinguishment of debt and other charges, net.

Kodak's segments are measured using Operational EBITDA both before and after allocation of corporate selling, general and administrative expenses ("SG&A"). The segment earnings measure reported is after allocation of corporate SG&A as this most closely aligns with U.S. GAAP. Research and development activities not directly related to the other segments are reported within the Advanced Materials and Chemicals segment.

Segment Operational EBITDA and Consolidated Loss from Continuing Operations Before Income Taxes

(in millions)	Year Ended December 31, 2020	2019
Traditional Printing	$ 21	$ 48
Digital Printing	(10)	(9)
Advanced Materials and Chemicals	(23)	(34)
Brand	11	8
Total of reportable segments	(1)	13
Other	1	(1)
Depreciation and amortization	(37)	(55)
Restructuring costs and other	(17)	(16)
Stock-based compensation	(15)	(7)
Consulting and other costs (1)	(9)	(7)
Idle costs (2)	(3)	(5)
Former CEO separation agreement compensation	—	(2)
Other operating income (expense), net, excluding income from transition services agreement (3)	7	(22)
Interest expense (4)	(12)	(16)
Pension income excluding service cost component (4)	98	104
Loss on early extinguishment of debt	(2)	—
Other charges, net (4)	(386)	(46)
Consolidated loss from continuing operations before income taxes	$ (376)	$ (60)

(1) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives and investigations, including the divestiture of FPD and debt refinancing in 2019.

(2) Consists of third-party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.

(3) $6 million of income from the transition services agreement with the Purchaser was recognized in both the years ended December 31, 2020 and 2019. The income was reported in Other operating (income) expense, net in the Consolidated Statement of Operations. Other operating (income) expense, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.

(4) As reported in the Consolidated Statement of Operations.

Kodak increased employee benefit reserves by approximately $4 million in 2020 reflecting an increase in workers' compensation reserves ($7 million) partially offset by a decrease in postemployment benefit reserves ($3 million). In 2019 workers' compensation reserves increased by approximately $3 million. The increase in reserves in 2020 impacted gross profit and SG&A each by approximately $2 million. The increase in reserves in 2019 impacted gross profit by approximately $2 million and SG&A by approximately $1 million.

Amortization and depreciation expense by segment are not included in the segment measure of profit and loss but are regularly provided to the Chief Operating Decision Maker.

(in millions) **Intangible asset amortization expense from continuing operations:**	Year Ended December 31, 2020	2019
Traditional Printing	$ 1	$ 2
Digital Printing	3	4
Brand	1	1
Consolidated total	$ 5	$ 7

(in millions) Depreciation expense from continuing operations:	Year Ended December 31, 2020	2019
Traditional Printing	$ 19	$ 28
Digital Printing	7	10
Advanced Materials and 3D Printing	5	6
Other	1	4
Consolidated total	$ 32	$ 48

(in millions) Long-lived assets [(1)] located in:	Year Ended December 31, 2020	2019
The United States	$ 78	$ 85
Europe, Middle East and Africa	22	28
Asia Pacific	5	8
Canada and Latin America	47	60
Non-U.S. countries total [(2)]	74	96
Consolidated total	$ 152	$ 181

(1) Long-lived assets are comprised of property, plant and equipment, net.

(2) Of the total non-U.S. property, plant and equipment in 2020, $43 million are located in Brazil. Of the total non-U.S. property, plant and equipment in 2019, $56 million was located in Brazil.

Major Customers

No single customer represented 10% or more of Kodak's total net revenue in any year presented.

NOTE 28: RELATED PARTY

Kodak's Executive Chairman is the Chairman of the Board for a company that purchased $3 million of products in 2019. At December 31, 2019, the company owed Kodak $1 million.

NOTE 29: DISCONTINUED OPERATIONS

Flexographic Packaging segment

Discontinued operations of Kodak include the former Flexographic Packaging segment comprised of Kodak's Flexographic Packaging Business ("FPD").

Kodak consummated the sale of certain assets of FPD to MIR Bidco, SA (the "Purchaser") on April 8, 2019 for net cash consideration at closing, in addition to the assumption by Purchaser of certain liabilities of FPD, of $320 million, pursuant to the Stock and Asset Purchase Agreement ("SAPA") signed in November 2018 and amended in March 2019. Assets and liabilities of FPD in China were transferred at a deferred closing on July 1, 2019 for net cash consideration of $5.9 million at closing and a promissory note for $1.4 million in addition to the assumption by Purchaser of certain liabilities of FPD, in accordance with the SAPA. Kodak operated FPD in China, subject to certain covenants, until the deferred closing occurred. The promissory note was reduced by a true-up payment of $0.2 million owed by Kodak to the Purchaser which reflected the actual economic benefit attributable to the operation of FPD in China from the time of the initial closing through the time of the deferred closing.

The divested business has the right to use Kodak's corporate brand for a 10-year period related to Covered Products (as defined in the SAPA) for no additional consideration. Therefore, $10 million of consideration received for the sale of FPD was recognized as deferred revenue related to the brand license. The deferred revenue is reported in Long-term liabilities in the Consolidated Statement of Financial Condition and will be recognized as revenue over the term of the license. Proceeds were allocated between the sale of FPD and the brand license based on their relative fair values.

Kodak recognized an after- tax gain on the sale of FPD of $212 million in the year ended December 31, 2019.

Simultaneously with entering into the SAPA, the Company and the Purchaser entered into an Earn-out Agreement, pursuant to which the Company will be entitled to an aggregate of up to $35 million in additional cash consideration if FPD achieves agreed EBITDA targets for 2018 ($10 million earn-out), 2019 ($10 million earn-out) and 2020 ($15 million earn-out). The EBITDA targets for 2019 and 2018 were not achieved. The FPD 2020 results are not yet available.

On April 16, 2019 the Purchaser paid Kodak $15 million as a prepayment for services and products to be provided by Kodak to the Purchaser. The Purchaser had the option to satisfy its payment obligations to Kodak through a reduction of the prepayment balance or in cash. As of December 31, 2020, the remaining prepayment balance was $0 million.

The results of operations of FPD are classified as discontinued operations in the Consolidated Statement of Operations for all periods presented. Direct operating expenses of the discontinued operations are included in the results of discontinued operations. Indirect expenses that were historically allocated to the discontinued operations have been included in the results of continuing operations. Prior period results have been reclassified to conform to the current period presentation.

The results of operations of the Business are presented below:

	Year Ended December 31,	
(in millions)	2020	2019
Revenues	$ —	$ 44
Cost of sales	—	28
Selling, general and administrative expenses	—	10
Research and development expenses	—	2
Interest expense	—	7
Gain on divestiture	—	(214)
Earnings from continuing operations before income taxes	—	211
Provision for income taxes	—	4
Earnings (loss) from discontinued operations	$ —	$ 207

Interest was allocated to discontinued operations based on an estimated debt paydown of the Term Credit Agreement.

Earnings from discontinued operations in the Consolidated Statement of Operations for December 31, 2020 includes earnings of $3 million associated with businesses disposed of in previous years.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Kodak maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Kodak's reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including Kodak's Executive Chairman and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Kodak's management, with participation of Kodak's Executive Chairman and Chief Financial Officer, has evaluated the effectiveness of Kodak's disclosure controls and procedures as of the end of the fiscal year covered by this Annual Report on Form 10-K. Kodak's Executive Chairman and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, Kodak's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

Management's Report on Internal Control Over Financial Reporting

The management of Kodak is responsible for establishing and maintaining adequate internal control over financial reporting. Kodak's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Kodak's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Kodak; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of Kodak are being made only in accordance with authorizations of management and directors of Kodak; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Kodak's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment or breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Kodak's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework" (2013). Based on management's assessment using the COSO criteria, management has concluded that Kodak's internal control over financial reporting was effective as of December 31, 2020.

Changes in Internal Control over Financial Reporting

There was no change identified in Kodak's internal control over financial reporting that occurred during Kodak's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, Kodak's internal control over financial reporting other than as follows:

During the quarter ended September 30, 2020 the Company discovered deficiencies in controls required to safeguard Company assets. The Company did not prevent the unauthorized issuance of the Company's common stock when previously forfeited non-qualified stock options were exercised by five former officers and employees in July 2020. Errors existed in employee equity accounts for the five former officers and employees as well as other current and former officers and employees which could have resulted in additional inappropriate exercises. Controls were inadequate with regard to the timely input and verification of master data updates for equity grants, the maintenance of audit documentation of grant activity in the repository of grants serviced by a third-party administrator, and the performance of independent reconciliations of the repository to supporting company records for the detection of errors or misstatements in employee equity account balances.

The Company has remediated these control deficiencies as of December 31, 2020. Documentation and supervisory review controls around master data were strengthened and an audit trail of stock-based compensation award additions and modifications is now being maintained. A complete reconciliation of the repository of equity grants is being performed and controls have been strengthened by employing an independent reconciliation process and ensuring appropriate segregation of duties.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 regarding directors is incorporated by reference from the information under the caption "Board of Directors and Corporate Governance - Director Nominees" in the Company's Notice of 2021 Annual Meeting and Proxy Statement (the “Proxy Statement”), which will be filed within 120 days after December 31, 2020. The information required by Item 10 regarding audit committee composition and audit committee financial expert disclosure is incorporated by reference from the information under the caption "Board of Directors and Corporate Governance - Committees of the Board - Audit and Finance Committee" in the Proxy Statement. The information required by Item 10 regarding executive officers is contained in Part I under the caption "Information About Its Executive Officers". The information required by Item 10 regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference, if necessary, from the information under the caption "Security Ownership of Certain Beneficial Owners and Management – Delinquent Section 16(a) Reports" in the Proxy Statement.

We have adopted a Business Conduct Guide that applies to all of our officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions, as well as a Directors’ Code of Conduct that applies to our directors. Our Business Conduct Guide and Directors’ Code of Conduct are posted on our website located at http://investor.kodak.com/corporate-governance/supporting-documents. We intend to disclose future amendments to certain provisions of the Business Conduct Guide and waivers of the Business Conduct Guide granted to executive officers, on the website within four business days following the date of the amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference from the information under the following captions in the Proxy Statement: "Executive Compensation”, “Director Compensation” and “Board of Directors and Corporate Governance – Executive Compensation Committee Interlocks and Insider Participation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from the information under the captions "Security Ownership of Certain Beneficial Owners and Management" and “Proposal 3 – Equity Compensation Plan Information” in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference from the information under the captions "Certain Relationships and Related Transactions" and "Board of Directors and Corporate Governance – Director and Nominee Independence" in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated by reference from the information under the caption “Principal Accounting Fees and Services” in the Proxy Statement.

PART IV

ITEM 15. FINANCIAL STATEMENT SCHEDULES, EXHIBITS

1. Valuation and qualifying accounts

Schedule II

Eastman Kodak Company
Valuation and Qualifying Accounts

(in millions)	Beginning Balance	Additions	Net Deductions and Other	Ending Balance
Year ended December 31, 2020				
Reserve for doubtful accounts	$ 8	7	5	$ 10
Deferred tax valuation allowance	$ 821	344	53	$ 1,112
Year ended December 31, 2019				
Reserve for doubtful accounts	$ 9	3	4	$ 8
Deferred tax valuation allowance	$ 853	64	96	$ 821

All other schedules have been omitted because they are not applicable, or the information required is shown in the financial statements or notes thereto.

Eastman Kodak Company
Index to Exhibits

Exhibit Number	
(2.1)	Stock and Asset Purchase Agreement, dated as of November 11, 2018, by and between Eastman Kodak Company and MIR Bidco SA. (Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K as filed November 13, 2018).
(2.2)	First Amendment to Stock and Asset Purchase Agreement, dated as of March 29, 2019, by and between Eastman Kodak Company and MIR Bidco SA (Incorporated by reference to Exhibit (2.3) of the Company's Current Report on Form 8-K as filed April 9, 2019).
(2.3)	Earn-Out Agreement, dated as of November 11, 2018, by and between Eastman Kodak Company and MIR Bidco SA. (Incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K as filed November 13, 2018).
(3.1)	Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 as filed on September 3, 2013).
(3.2)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company. (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed November 16, 2016).
(3.3)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit (3.1) of the Company's Current Report on Form 8-K as filed September 12, 2019).
(3.4)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit (3.2) of the Company's Current Report on Form 8-K as filed September 12, 2019).
(3.5)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed December 29, 2020).
(3.6)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(3.7)	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Eastman Kodak Company (Incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(3.8)	Fourth Amended and Restated By-Laws of Eastman Kodak Company (Incorporated by reference to Exhibit (3.5) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 as filed on May 12, 2020).
(4.1)	Registration Rights Agreement between Eastman Kodak Company and certain stockholders listed on Schedule 1 thereto, dated September 3, 2013. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A as filed on September 3, 2013).
(4.2)	Registration Rights Agreement by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, dated November 15, 2016. (Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K as filed November 16, 2016).
(4.3)	Shareholder Agreement, dated as of April 17, 2017, by and among Eastman Kodak Company, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited, Deseret Mutual Pension Trust and Southeastern Asset Management, Inc. (Incorporated by reference to Exhibit 4.6 of the Company's Amendment No. 2 to Registration Statement on Form S-3 as filed on May 5, 2017).
(4.4)	Amendment No. 1 to Shareholder Agreement, dated as of May 20, 2019 by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust (Incorporated by reference to Exhibit (10.2) of the Company's Current Report on Form 8-K as filed May 21, 2019).
(4.5)	Registration Rights Agreement, dated as of May 24, 2019, by and among Eastman Kodak Company, Longleaf Partners

SmallCap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust (Incorporated by reference to Exhibit (4.3) of the Company's Current Report on Form 8-K as filed May 24, 2019).

(4.6)	Registration Rights Agreement, dated as of February 26, 2021, by and between Eastman Kodak Company and GO EK Ventures IV, LLC (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(4.7)	Registration Rights Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company, Kennedy Lewis Capital Partners Master Fund LP and Kennedy Lewis Capital Partners Master Fund II LP. (Incorporated by reference to Exhibit 10.11 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(4.8)	Board Rights Agreement, dated as of February 26, 2021, by and between Eastman Kodak Company and Kennedy Lewis Investment Management LLC (Incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(4.9)	Convertible Promissory Note, dated as of February 26, 2021, from Eastman Kodak Company to Kennedy Lewis Capital Partners Master Fund LP. (Incorporated by reference to Exhibit 10.8 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(4.10)	Convertible Promissory Note, dated as of February 26, 2021, from Eastman Kodak Company to Kennedy Lewis Capital Partners Master Fund II LP. (Incorporated by reference to Exhibit 10.9 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(4.11)	Description of Securities, filed herewith.
*(10.1)	Eastman Kodak Company 2013 Omnibus Incentive Plan (As Amended and Restated effective May 20, 2020 (Incorporated by reference to Exhibit (10.1) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 as filed on August 11, 2020).
*(10.2)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
*(10.3)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Nonqualified Stock Option Agreement. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 as filed on May 7, 2015).
*(10.4)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Modified Accelerated Vesting).(Incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
*(10.5)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Continued Vesting). (Incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed on March 7, 2017).
*(10.6)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit and Nonqualified Stock Option Award Agreement (with Forfeiture upon Termination). (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).
*(10.7)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement. (Incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).

*(10.8)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Restricted Stock Unit Award Agreement (One Year Vesting). (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 as filed on August 9, 2017).
*(10.9)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Quarterly Director Restricted Stock Unit Award Agreement (Immediate Vesting). (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 as filed on November 7, 2019).
*(10.10)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Nonqualifed Stock Option Award Agreement (multiple tranches). (Incorporated by reference to Exhibit (10.2) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 as filed on November 10, 2020).
*(10.11)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Director Nonqualifed Stock Option Award Agreement (multiple tranches). (Incorporated by reference to Exhibit (10.3) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 as filed on November 10, 2020).
*(10.12)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement (with Immediate Vesting), filed herewith.
*(10.13)	Eastman Kodak Company 2013 Omnibus Incentive Plan Form of Executive Restricted Stock Unit Award Agreement (with Modified Accelerated Vesting), filed herewith.
*(10.14)	Eastman Kodak Company Deferred Compensation Plan for Directors dated December 26, 2013. (Incorporated by reference to Exhibit 10.23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed on March 19, 2014).
*(10.15)	Eastman Kodak Company Officer Severance Policy, effective as of November 10, 2015. (Incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as filed on March 15, 2016).
*(10.16)	Eastman Kodak Company Executive Compensation for Excellence and Leadership (as amended and restated January 1, 2014). (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 as filed on May 6, 2014).
*(10.17)	Executive Chairman and CEO Agreement between Eastman Kodak Company and James V. Continenza, dated February 26, 2021, filed herewith.
*(10.18)	James V. Continenza Consolidated Award Agreements, Tranches 1-4, dated February 20, 2019 (Incorporated by reference to Exhibit (10.24) of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed on April 1, 2019).
*(10.19)	Employment Agreement between Eastman Kodak Company and David E. Bullwinkle, dated June 20, 2016. (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).
*(10.20)	Description of David E. Bullwinkle Compensation Increase. (Incorporated by reference to the description in Item 5.02 in the Company's Current Report on Form 8-K as filed on November 30, 2018).
*(10.21)	Description of John O'Grady Compensation Increase. (Incorporated by reference to the description in Item 5.02 in the Company's Current Report on Form 8-K as filed on April 9, 2018).
*(10.22)	Letter Agreement Regarding Special Severance Plan dated May 31, 2018 between Eastman Kodak Company and Roger W. Byrd, Incorporated by reference to Exhibit (10.31) of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 as filed on March 17, 2020).
(10.23)	Amendment No. 4 to Amended and Restated Credit Agreement (including attached Amended and Restated Credit Agreement), dated as of August 26, 2021 by and among Eastman Kodak Company, the Lenders named therein, the Guarantors named therein and Bank of America, N.A., as agent. (Incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K as filed March 1, 2021).

(10.24)	Amended and Restated Security Agreement, dated May 26, 2016, from the Grantors referred to therein, as Grantors, to Bank of America, N.A., as Agent. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 as filed on August 9, 2016).
(10.25)	Letter of Credit Facility Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company, the Lenders named therein, the Guarantors named therein, Bank of America, N.A., as administrative agent and collateral agent and Bank of America, N.A., as issuing bank. (Incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(10.26)	Security Agreement, dated February 26, 2021, from the Grantors referred to therein, as Grantors, to Bank of America, N.A., as Agent, filed herewith.
(10.27)	Credit Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company, the Lenders named therein and Alter Domus (US) LLC, as Administrative Agent. (Incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(10.28)	Guarantee and Collateral Agreement, dated February 26, 2021, made by the Grantors referred to therein, as Grantors, to Alter Domus (US) LLC, as Administrative Agent, filed herewith.
(10.29)	Intercreditor Agreement, dated as of February 26, 2021, among Bank of America, N.A., as Representative with respect to the ABL Credit Agreement, Bank of America, N.A., as Representative with respect to the LC Credit Agreement, and Alter Domus (US) LLC, as Representative with respect to the Term Loan Agreement, Eastman Kodak Company, and each of the other Grantors party thereto, filed herewith.
(10.30)	Intercreditor Agreement, dated as of February 26, 2021, among Bank of America, N.A., as Representative with respect to the ABL Credit Agreement, Bank of America, N.A., as Representative with respect to the LC Credit Agreement, Eastman Kodak Company, and each of the other Grantors party thereto, filed herewith.
(10.31)	Series A Preferred Stock Purchase Agreement, dated as of November 7, 2016, by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust. (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K as filed on November 7, 2016).
(10.32)	Amendment Number One to Series A Preferred Stock Purchase Agreement, dated as of December 24, 2020, by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, filed herewith.
(10.33)	Series A Preferred Stock Repurchase and Exchange Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company, Southeastern Asset Management, Inc., Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust. (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(10.34)	Series C Preferred Stock Purchase Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company and GO EK Ventures IV, LLC. (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(10.35)	Securities Purchase Agreement, dated as of February 26, 2021, by and among Eastman Kodak Company, Kennedy Lewis Capital Partners Master Fund LP and Kennedy Lewis Capital Partners Master Fund II LP. (Incorporated by reference to Exhibit 10.8 of the Company's Current Report on Form 8-K as filed March 1, 2021).
(10.36)	Amended and Restated Settlement Agreement (Eastman Business Park) between Eastman Kodak Company, the New York State Department of Environmental Conservation, and the New York State Urban Development Corporation d/b/a Empire State Development, dated August 6, 2013. (Incorporated by reference to Exhibit 10.10 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 as filed on November 12, 2013).
(21)	Subsidiaries of Eastman Kodak Company, filed herewith.

(23.1)	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm, filed herewith.
(23.2)	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, filed herewith.
(31.1)	Certification signed by James V. Continenza, filed herewith.
(31.2)	Certification signed by David E. Bullwinkle, filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by James V. Continenza, filed herewith.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 signed by David E. Bullwinkle, filed herewith.
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase.
(101.INS)	XBRL Instance Document.
(101.LAB)	XBRL Taxonomy Extension Label Linkbase.
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase.
(101.SCH)	XBRL Taxonomy Extension Scheme Linkbase.
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase.

* Management contract or compensatory plan or arrangement.
# Eastman Kodak Company was granted confidential treatment for certain information contained in this exhibit. Such information was filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment under 17 C.F.R. §§ 200.80(b)(4) and 240.24b-2

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EASTMAN KODAK COMPANY
(Registrant)

By: /s/ James V. Continenza
James V. Continenza
Executive Chairman
March 16, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

	Signature	Title
By:	/s/ James V. Continenza James V. Continenza	Executive Chairman and Chief Executive Officer (Principal Executive Officer)
By:	/s/ David E. Bullwinkle David E. Bullwinkle	Chief Financial Officer (Principal Financial Officer)
By:	/s/ Eric H. Samuels Eric H. Samuels	Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
By:	/s/ Jeffrey D. Engelberg Jeffrey D. Engelberg	Director
By:	/s/ George Karfunkel George Karfunkel	Director
By:	/s/ Philippe D. Katz Philippe D. Katz	Director
By:	/s/ Jason New Jason New	Director
By:	/s/ William G. Parrett William G. Parrett	Director

Date: March 16, 2021

NOTICE OF 2021 ANNUAL MEETING AND PROXY STATEMENT

Date of Notice: April 9, 2021

EASTMAN KODAK COMPANY
343 STATE STREET
ROCHESTER, NEW YORK 14650

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NOTICE OF 2021 ANNUAL MEETING

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders on Wednesday, May 19, 2021 at 1:00 p.m. Eastern Time. The Annual Meeting will be conducted as a virtual meeting of shareholders by means of a live webcast. We believe that hosting a virtual meeting enables greater shareholder attendance and participation from any location, especially in light of the public health and travel concerns shareholders may have as a result of the ongoing pandemic. You will be able to attend the Annual Meeting online, vote your shares electronically, and submit your questions prior to and during the meeting by visiting www.meetingcenter.io/219690489 and entering the 15-digit control number on your proxy card or Notice Regarding the Availability of Proxy Materials. The password for the meeting is KODK2021. For additional information regarding procedures for attending the Annual Meeting, see "What do I need to do to participate in the Annual Meeting?" in the accompanying Proxy Statement.

There is no physical location for the Annual Meeting this year and you will not be able to attend the Annual Meeting in person. If the situation regarding the pandemic changes in a way that impacts the Annual Meeting, we will announce any changes by press release and posting on our website, www.kodak.com, as well as by filing additional proxy materials with the Securities and Exchange Commission. If the Annual Meeting is a hybrid or in-person meeting, you may use your proxy card or Notice Regarding the Availability of Proxy Materials, along with proper form of identification, to physically attend the Annual Meeting. You will be asked to vote on Company proposals at the Annual Meeting.

Whether or not you will participate in the Annual Meeting, we hope you will vote as soon as possible. You may vote over the internet, as well as by telephone or by mailing a proxy card or voting instruction form. We encourage you to use the internet, as it is the most cost-effective way to vote. Even if you have voted by internet, telephone or proxy card, you may still vote electronically if you participate in the virtual meeting. We would like to take this opportunity to remind you that your vote is very important.

Sincerely,

James V. Continenza
Executive Chairman and Chief Executive Officer

NOTICE OF THE 2021 ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders (Annual Meeting) of Eastman Kodak Company will be held on Wednesday, May 19, 2021 at 1:00 p.m. Eastern Time. The Annual Meeting will be conducted as a virtual meeting of shareholders by means of a live webcast that can be accessed at www.meetingcenter.io/219690489. The password for the meeting is KODK2021. For additional information regarding procedures for attending the Annual Meeting, see "What do I need to do to participate in the Annual Meeting?" in the accompanying Proxy Statement. We are asking our shareholders to vote on the following proposals at the Annual Meeting:

1. Election of the seven director nominees named in the Proxy Statement for a term of one year or until their successors are duly elected and qualified.
2. Advisory vote to approve the compensation of our named executive officers.
3. Approval of the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan.
4. Ratification of the Audit and Finance Committee's selection of Ernst & Young LLP as our independent registered public accounting firm.
5. Such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors recommends you vote FOR each of the nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4.

If you held your shares at the close of business on March 29, 2021, you are entitled to vote at the Annual Meeting.

We follow the Securities and Exchange Commission's "e-proxy" rules that allow public companies to furnish proxy materials to their shareholders over the internet. These rules allow us to provide you with the information you need, while lowering the cost of delivery.

If you have any questions about the Annual Meeting, please contact: Shareholder Services, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0235, (585) 724-4053, e-mail: **shareholderservices@kodak.com**.

Due to the ongoing impact of the COVID-19 pandemic, we plan to hold the Annual Meeting by means of remote communications only. As of the date of this mailing, a state disaster emergency has been declared relating to the COVID-19 pandemic in the State of New Jersey and the requirement under New Jersey law that annual meetings be held at a physical location has been temporarily suspended. The declaration of a state disaster emergency and the related suspension of physical meetings are renewed on a monthly basis. In the event that the state disaster emergency and suspension are lifted prior to the date fixed for the Annual Meeting and it is no longer legally permissible for us to hold a completely virtual annual meeting under New Jersey law, we will announce alternative arrangements for the Annual Meeting as promptly as practicable, which may include holding a hybrid or solely in-person meeting. We will announce any alternative arrangements for the Annual Meeting by press release and posting on our website, www.kodak.com, as well as by filing additional proxy materials with the Securities and Exchange Commission. If the Annual Meeting is held in person or as a hybrid meeting, you may use your proxy card or Notice Regarding the Availability of Proxy Materials, along with proper form of identification, to physically attend the Annual Meeting. The proxy card or Notice Regarding the Availability of Proxy Materials will admit only the named shareholder(s).

By Order of the Board of Directors

Roger W. Byrd

Roger W. Byrd
General Counsel, Secretary and Senior Vice President
Eastman Kodak Company
April 9, 2021

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 19, 2021. The Notice of 2021 Annual Meeting and Proxy Statement and 2020 Annual Report on Form 10-K are available at www.edocumentview.com/KODK.

PROXY STATEMENT

QUESTIONS & ANSWERS

Q. ***Why am I receiving these proxy materials?***

A. Our Board of Directors (the Board) is providing these proxy materials to you on the internet, or has delivered printed versions to you by mail if requested, in connection with our 2021 Annual Meeting of Shareholders (the Annual Meeting), which will take place on Wednesday, May 19, 2021 at 1:00 p.m. Eastern Time. The Annual Meeting will be conducted as a virtual meeting of shareholders by means of a live webcast. By visiting **www.meetingcenter.io/219690489**, you will be able to attend the Annual Meeting online, vote your shares, and submit your questions prior to and during the meeting via the internet (provided that, if your shares are held in "street name" through a bank, broker or other holder of record, and you plan to vote at the Annual Meeting, you have contacted your bank, broker or agent to obtain a legal proxy to vote, provided the legal proxy to Computershare at legalproxy@computershare.com, received your control number and registered in advance to vote during the Annual Meeting). The password for the meeting is KODK2021. There will not be a physical meeting location and you will not be able to attend in person unless we hold a hybrid or in-person Annual Meeting as described below. As a shareholder, you are invited to attend the Annual Meeting online and are entitled and requested to vote on the proposals described in this Proxy Statement. We are making these proxy materials available to you on April 9, 2021.

Q. ***Could emerging developments regarding the ongoing COVID-19 pandemic affect the Annual Meeting?***

A. Due to the ongoing impact of the COVID-19 pandemic, we plan to hold the Annual Meeting by means of remote communications only. As of the date of this mailing, a state disaster emergency has been declared relating to the COVID-19 pandemic in the State of New Jersey and the requirement under New Jersey law that annual meetings be held at a physical location has been temporarily suspended. The declaration of a state disaster emergency and the related suspension of physical meetings are renewed on a monthly basis. In the event that the state disaster emergency and suspension are lifted prior to the date fixed for the Annual Meeting and it is no longer legally permissible for us to hold a completely virtual annual meeting under New Jersey law, we will announce alternative arrangements for the Annual Meeting as promptly as practicable, which may include holding a hybrid or solely in-person meeting. We will announce any alternative arrangements for the Annual Meeting by press release and posting on our website, www.kodak.com, as well as by filing additional proxy materials with the Securities and Exchange Commission (the SEC). If the Annual Meeting is held in person or as a hybrid meeting, you may use your proxy card or Notice Regarding the Availability of Proxy Materials (the Notice of Internet Availability), along with proper form of identification, to physically attend the Annual Meeting. The proxy card or Notice of Internet Availability will admit only the named shareholder(s).

In the event that the logistics of our Annual Meeting are further impacted by developments related to or stemming from the COVID-19 pandemic, we will announce such information as promptly as practicable. Please monitor our website at www.kodak.com for updated information. As always, we encourage you to vote your shares prior to the Annual Meeting. Information included on, or that can be accessed through, our website, other than our Proxy Statement and proxy card, is not part of the proxy solicitation materials.

Q. ***What is included in these proxy materials?***

A. These proxy materials include:

- Our 2020 Annual Report on Form 10-K; and
- Notice of the Annual Meeting and Proxy Statement.

If you received printed versions of the proxy materials by mail, these proxy materials also include a proxy card.

Q. ***What am I voting on?***

A. The Board is soliciting your proxy in connection with the Annual Meeting to be held on Wednesday, May 19, 2021 at 1:00 p.m. Eastern Time, and any adjournment or postponement thereof. You are voting on the following proposals:

1. Election of the seven director nominees named in this Proxy Statement for a term of one year or until their successors are duly elected and qualified.
2. Advisory vote to approve the compensation of our named executive officers.
3. Approval of the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan.
4. Ratification of the Audit and Finance Committee's selection of Ernst & Young LLP as our independent registered public accounting firm.

The Board recommends you vote FOR each of the director nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4.

Q. *Will any other matters be voted on?*

A. We are not aware of any other matters that shareholders will be asked to vote on at the Annual Meeting. If any other matter is properly brought before the Annual Meeting, the named proxies, James V. Continenza and Roger W. Byrd, will vote for you on such matter in their discretion. New Jersey law (under which the Company is incorporated) requires that you be given notice of all matters to be voted on, other than procedural matters such as adjournment of the Annual Meeting.

Q. *Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?*

A. We follow the SEC's "e-proxy" rules that allow public companies to furnish proxy materials to shareholders over the internet. The "e-proxy" rules remove the requirement for public companies to automatically send shareholders a full, printed copy of proxy materials and allow them instead to deliver to their shareholders a "Notice of Internet Availability of Proxy Materials" and to provide online access to the documents. As a result, we mailed the Notice of Internet Availability to many of our shareholders on April 9, 2021.

The Notice of Internet Availability provides instructions on how to:

- View our proxy materials for the Annual Meeting on the internet and vote; and
- Request a printed copy of the proxy materials.

In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. Choosing to receive your future proxy materials by e-mail will save us the cost of mailing documents to you.

Q. *Why didn't I receive a notice in the mail about the internet availability of the proxy materials?*

A. We are providing some of our shareholders, including those who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of the Notice of Internet Availability.

In addition, we are providing the Notice of Internet Availability by e-mail to those shareholders who have previously elected delivery of the proxy materials electronically. Those shareholders should have received an e-mail containing a link to the website where the proxy materials are available.

Q. *Where can I view the proxy materials on the internet?*

A. We are making this Proxy Statement and voting instructions available to shareholders on April 9, 2021, at www.edocumentview.com/KODK. We are also making our 2020 Annual Report on Form 10-K available at the same time and by the same method. The 2020 Annual Report on Form 10-K is not a part of the proxy solicitation material and is not incorporated herein by reference.

Q. *How can I receive a printed copy of the proxy materials?*

A. **Shareholder of Record.** You may request a printed copy of the proxy materials by any of the following methods:

- Telephone: within the U.S.A., U.S. territories and Canada, call toll-free at 1-866-641-4276; or outside of the U.S.A., U.S. territories and Canada, call collect at 1-781-575-3170;
- Internet at www.envisionreports.com/KODK; or
- E-mail at investorvote@computershare.com. Reference "Proxy Materials Eastman Kodak Company" in the subject line. In the message, include your full name and address, the number located in the shaded bar on the Notice of Internet Availability/proxy card, and state that you want to receive a paper copy of current and/or future meeting materials.

Beneficial Owner. You may request a printed copy of the proxy materials by following the instructions provided to you by your broker, trustee or nominee.

Q. *What is the difference between holding shares as a shareholder of record and as a beneficial owner?*

A. Most of our shareholders hold their shares through a broker or other nominee (beneficial owner) rather than directly in their own name (shareholder of record). As summarized below, there are some distinctions between shareholders of record and beneficial owners.

Shareholder of Record. If your shares are registered in your name with our transfer agent, Computershare, you are considered the shareholder of record of these shares, and we are making these proxy materials available directly to you. As a shareholder of record, you have the right to give your voting proxy to our management or a third party, or to vote electronically via the internet at the Annual Meeting.

Beneficial Owner. If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and your broker, trustee or nominee is making these proxy materials available to you together with a voting instruction form. As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote your shares. You are also invited to participate in the Annual Meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee on how to vote your shares. Since a beneficial owner is not the shareholder of record, you may not vote these shares electronically at the Annual Meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares electronically at the Annual Meeting and submitting proof of your legal proxy reflecting the number of shares you held as of the record date along with your name to Computershare following the instructions below. Requests for registration must be labeled as "Legal Proxy" and be received no later than 5:00 p.m. Eastern Time, on May 17, 2021. You will then receive a confirmation of your registration, with a control number, by e-mail. In order to vote your shares, you must either: 1) obtain a legal proxy that gives you the right to vote the shares electronically via the internet at the Annual Meeting; or 2) provide voting instructions to your broker.

Q. ***How do I vote?***

A. **Shareholder of Record.** If you are a shareholder of record, there are four ways to vote:

- By internet at www.envisionreports.com/KODK. We encourage you to vote this way.
- By touch tone telephone: within the U.S.A., U.S. territories and Canada, call toll-free at 1-800-652-VOTE (8683); or outside the U.S.A., U.S. territories and Canada, call collect at 1-781-575-2300.
- By completing and mailing your proxy card (if you requested and received a printed copy of the proxy materials).
- By using electronic voting options included as part of the live webcast during the Annual Meeting. Votes submitted during the Annual Meeting must be received no later than the closing of the polls at the Annual Meeting.

Beneficial Owner. If you are a beneficial owner, please follow the voting instructions sent to you by your broker, trustee or nominee.

Whether you are a shareholder of record or a beneficial owner, your shares will be voted as you indicate.

Q. ***What happens if I do not give specific voting instructions?***

A. **Shareholder of Record.** If you are a shareholder of record and you:

- Indicate when voting on the internet or by telephone that you wish to vote as recommended by our Board; or
- Sign and return a proxy card without giving specific voting instructions,

then the named proxies, James V. Continenza and Roger W. Byrd, will vote your shares in the manner recommended by our Board (i.e., FOR each of the director nominees named in Proposal 1 and FOR Proposals 2, 3 and 4) and in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owner. If you do not provide your broker, trustee or nominee with specific voting instructions, or if you do not obtain a legal proxy that gives you the right to vote the shares electronically via the internet at the Annual Meeting, your shares will not be voted or counted with respect to Proposals 1, 2 and 3, which are non-routine proposals. Your broker, trustee or nominee has discretionary authority to vote your uninstructed shares with respect to Proposal 4, which is a routine proposal**.** Uninstructed shares with respect to non-routine proposals (Proposals 1, 2 and 3) as to which your broker does not have discretionary authority are known as "broker non-votes."

Q. ***Who can vote?***

A. You must be a shareholder of record or a beneficial owner as of the close of business on March 29, 2021, the record date for the Annual Meeting, to be eligible to vote at the Annual Meeting. Each share of common stock is entitled to one vote. Holders of 5.0% Series C Convertible Preferred Stock (Series C preferred stock) are entitled to vote upon all matters upon which holders of common stock have the right to vote, and are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series C preferred stock could be converted at the then applicable conversion rate at the record date. Such votes will be counted together with shares of common stock and not separately as a class. As of the record date, each share of Series C preferred stock is convertible into 10 shares of common stock.

Q. ***How can I change my vote or revoke my proxy?***

A. **Shareholder of Record.** If you are a shareholder of record, you can change your vote or revoke your proxy before the polls close at the Annual Meeting by:

- Entering a new vote by internet or telephone (only your latest internet or telephone vote will be counted);
- Returning a later-dated proxy card; or
- Sending a written notification to Roger W. Byrd, Secretary, at our principal executive office.

Attending the meeting without voting during the meeting will not, by itself, revoke a previously submitted proxy unless you specifically request your prior proxy be revoked.

Beneficial Owner. If you are a beneficial owner, please follow the voting instructions provided by your broker, trustee or nominee.

Q. ***<u>What vote is required to approve each proposal?</u>***

A. The following table describes the voting requirements for each proposal:

Proposal 1 - Election of Directors	As set forth in our By-laws, the Board has adopted a majority voting standard for uncontested director elections. Because the number of nominees properly nominated for the Annual Meeting is the same as the number of directors to be elected at the Annual Meeting, the 2021 election of directors is an uncontested election. To be elected in an uncontested election, a director nominee must be elected by a majority of the votes cast with respect to that director nominee. A majority of the votes cast means that the number of votes cast FOR a nominee's election must exceed the number of votes cast AGAINST the nominee's election. Each nominee receiving more votes FOR his or her election than votes AGAINST his or her election will be elected.
Proposal 2 - Advisory Vote to Approve the Compensation of our Named Executive Officers	To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon. However, because this is an advisory vote, the results of the vote are not binding on the Board or our Compensation, Nominating and Governance Committee who value the opinions expressed by our shareholders in their votes on this proposal. The outcome of the vote will be taken under advisement by the Board and the Compensation, Nominating and Governance Committee in future consideration and development of our compensation practices.
Proposal 3 - Approval of the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan	To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.
Proposal 4 - Ratification of the Audit and Finance Committee's Selection of Ernst & Young LLP as our Independent Registered Public Accounting Firm	To be approved, this proposal must receive the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.

Q. ***<u>How are votes counted?</u>***

A. For Proposal 1, you may vote "FOR," "AGAINST" or "ABSTAIN" with respect to each of the nominees. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted. If you elect to abstain in the election of directors, the abstention will not impact the outcome of the election. Broker non-votes are not counted and will not impact the outcome of the vote.

You may vote "FOR," "AGAINST" or "ABSTAIN" with respect to Proposals 2, 3 and 4. In tabulating the voting results for these proposals, "FOR" and "AGAINST" votes are counted. For Proposals 2 and 4, abstentions are not counted and will not impact the outcome of the vote. For Proposal 3, under NYSE rules, abstentions are treated as votes that are cast against the proposal. With respect to Proposals 2 and 3, broker non-votes are not counted and will not impact the outcome of the vote. A broker will have discretionary authority to vote on Proposal 4 relating to the ratification of the selection of our independent registered public accounting firm. Since brokers have authority to vote on behalf of beneficial owners with respect to Proposal 4, there will be no broker non-votes for this proposal.

Q. ***<u>Who will count the vote?</u>***

A. Computershare will count the votes. A representative from Computershare will serve as the inspector of election.

Q. ***<u>Who can attend the virtual Annual Meeting?</u>***

A. If you held your shares as of the close of business on March 29, 2021, the record date for the Annual Meeting, you may attend the virtual Annual Meeting and electronically vote on the proposals for consideration at the Annual Meeting.

Q. ***<u>What do I need to do to participate in the Annual Meeting?</u>***

A. The Annual Meeting will be conducted as a virtual meeting of shareholders by means of a live webcast. We aim to provide shareholders the same rights and comparable opportunities for participation that have been historically provided at our in-person annual meetings.

You are entitled to participate in the Annual Meeting only if you were a shareholder of the Company as of the close of business on the record date or if you hold a valid proxy for the Annual Meeting. No physical meeting will be held this year, and you will not be able to attend the Annual Meeting in person unless we hold a hybrid or in-person Annual Meeting as described above under "Could emerging developments regarding the ongoing COVID-19 pandemic affect the Annual Meeting."

Shareholders will be able to attend the Annual Meeting online and submit questions during the meeting by visiting www.meetingcenter.io/219690489. You also will be able to vote your shares online by attending the Annual Meeting by webcast. To participate in the Annual Meeting, you will need to review the information included on your Notice of Internet Availability, on your proxy card or on the instructions that accompanied your proxy materials. You will need to enter the 15-digit control number on your proxy card or Notice of Internet Availability. The password for the meeting is KODK2021.

If you hold your shares through an intermediary, such as a bank or broker, you must register in advance using the instructions below.

The online Annual Meeting will begin promptly at 1:00 p.m. Eastern Time. We encourage you to access the meeting prior to the start time leaving ample time for the check-in process. Please follow the registration instructions as outlined in this Proxy Statement.

Q. ***<u>How do I register to participate in the Annual Meeting?</u>***

A. If you are a registered shareholder (i.e., you hold your shares through our transfer agent, Computershare), you do not need to register to attend the Annual Meeting virtually on the internet. Please follow the instructions on the Notice of Internet Availability or proxy card that you received.

If you hold your shares through an intermediary, such as a bank or broker, you must register in advance to attend the Annual Meeting virtually on the internet. To register to attend the Annual Meeting online by webcast you must submit proof of your proxy power (legal proxy) reflecting your Kodak holdings along with your name and e-mail address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than 5:00 p.m., Eastern Time, on May 17, 2021.

You will receive a confirmation of your registration by e-mail after Computershare receives your registration materials.

Requests for registration should be directed to the following:

By e-mail:

Forward the e-mail from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.

By mail:

Computershare
Eastman Kodak Company Legal Proxy
P.O. Box 43001
Providence, RI 02940-3001

Q. ***<u>How can I ask questions during the Annual Meeting?</u>***

A. Shareholders participating in the Annual Meeting may, after entering the 15-digit control number on your proxy card or Notice of Internet Availability, submit questions during the Annual Meeting. After the business portion of the Annual Meeting concludes and the Annual Meeting is adjourned, we will answer questions submitted during the Annual Meeting that are pertinent to the Company and that comply with the meeting rules of conduct, as time permits.

Q. ***<u>What is the quorum requirement of the Annual Meeting?</u>***

A. The holders of shares entitled to cast a majority of the votes on March 29, 2021 will constitute a quorum for voting at the Annual Meeting. If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum. On March 29, 2021, there were 78,503,476 shares of our common stock outstanding and 750,000 shares of our Series C preferred stock outstanding. As of the record date, each share of Series C preferred stock is convertible into 10 shares of common stock and holders are entitled to the number of votes equal to the number of full shares of common stock into which such shares of Series C preferred stock could be converted. Accordingly, holders entitled to cast 43,001,739 votes will constitute a quorum for the Annual Meeting.

Q. *Where can I find the voting results of the Annual Meeting?*

A. We intend to announce preliminary voting results at the Annual Meeting and disclose final results in a Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If final results are not available at such time, the Form 8-K will disclose preliminary results, to be followed with an amended Form 8-K when final results are available.

Q. *Can I nominate someone to the Board?*

A. Our By-laws provide that any shareholder can nominate a person for election to the Board so long as the shareholder follows the procedure outlined in our By-laws as summarized below. This is the procedure to be followed for direct nominations, as opposed to recommendations of nominees for consideration by our Compensation, Nominating and Governance Committee. The complete description of the procedure for shareholder nominations of director candidates is contained in our By-laws. You can request a copy of the full text of this By-law provision by writing to our Secretary at our principal executive offices. Our By-laws can also be accessed at http://investor.kodak.com/supporting.cfm.

For purposes of summarizing this procedure, we have assumed: 1) the date of the upcoming annual meeting is within 30 days of the anniversary of the annual meeting for the previous year and 2) if the size of the Board is to be increased, that both the name of the director nominee and the size of the increased Board are publicly disclosed at least 100 days prior to the first anniversary of the previous year's annual meeting. Based on these assumptions, a shareholder desiring to nominate one or more candidates for election at the next annual meeting must deliver written notice of such nomination to our Secretary, at our principal executive office, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Accordingly, for our 2022 Annual Meeting of Shareholders (the 2022 Annual Meeting), notice of nomination must be delivered to our Secretary no earlier than January 19, 2022 and no later than February 18, 2022.

The written notice to our Secretary must contain the following information with respect to each nominee: 1) the proposing shareholder's name and address; 2) the number of shares owned of record and beneficially by the proposing shareholder; 3) the name of the person to be nominated; 4) the number of shares owned of record and beneficially by the nominee; 5) a description of all relationships, arrangements and understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareholder; 6) such other information regarding the nominee as would have been required to be included in the proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the Board, such as the nominee's name, age and business experience; and 7) the nominee's signed consent to serve as a director if so elected.

Persons nominated in accordance with this procedure will be eligible for election as directors at the 2022 Annual Meeting.

Q. *What is the deadline to propose actions for consideration at the 2022 Annual Meeting?*

A. For a shareholder proposal to be considered for inclusion in our proxy statement for the 2022 Annual Meeting, the Secretary must receive the written proposal at our principal executive office no later than the close of business on December 10, 2021. Proposals received after this date will be considered untimely. Proposals must comply with SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (Exchange Act), regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Secretary
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0224

For a shareholder proposal that is not intended to be included in our proxy statement under Rule 14a-8, the shareholder must provide the information required by our By-laws and give timely notice to the Secretary in accordance with our By-laws, which, in general, require that the notice be received by the Secretary:

- No earlier than the close of business on January 19, 2022; and
- No later than the close of business on February 18, 2022.

If the date of the shareholder meeting is moved more than 30 days before or 30 days after the anniversary of the 2021 Annual Meeting, then notice of a shareholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the anniversary of the 2021 Annual Meeting and no later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and

- 10 days after public announcement of the meeting date.

You may contact our Secretary at our principal executive office for a copy of the relevant By-law provisions regarding the requirements for shareholder proposals. Our By-laws can also be accessed at http://investor.kodak.com/supporting.cfm.

Q. ***<u>Who will pay the cost of this proxy solicitation?</u>***

A. We will bear all costs related to this proxy solicitation. We will reimburse brokerage houses and other custodians, nominees, trustees and fiduciaries representing beneficial owners of shares for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to such beneficial owners. Our directors, officers and employees may also solicit proxies and voting instructions in person, by telephone or by other means of communication. These directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with these solicitations.

Q. ***<u>What other information about us is available?</u>***

A. The following information is available on our website at http://investor.kodak.com/supporting.cfm:

- Corporate Responsibility Principles
- Corporate Governance Guidelines
- Business Conduct Guide
- Eastman Kodak Company By-laws
- Charters of the Board's Committees (Audit and Finance Committee and Compensation, Nominating and Governance Committee)
- Directors' Code of Conduct
- Board of Directors Policy on Recoupment of Executive Bonuses in the Event of Certain Restatements
- Majority Vote Policy
- Anti-Hedging and Pledging Policy
- Related Party Transactions Policy and Procedures
- Corporate Political Contributions and Expenditures Policy
- Health, Safety and Environment Sustainability Reports are available on our website at https://www.kodak.com/en/company/page/sustainability

Our 2020 Annual Report on Form 10-K is available on our website at http://investor.kodak.com/financials.cfm.

You may request printed copies of any of these documents by contacting:

Shareholder Services
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0235
(585) 724-4053

E-mail: shareholderservices@kodak.com

The address of our principal executive office is:

Eastman Kodak Company
343 State Street
Rochester, NY 14650

HOUSEHOLDING OF DISCLOSURE DOCUMENTS

We are sending a Notice of Internet Availability or set of proxy materials to each shareholder of record. This year, we have elected not to take advantage of the SEC's householding rules that allow us to deliver a single set of the Notice of Internet Availability or proxy materials to shareholders of record who share the same address. If you are a beneficial owner, your broker or other nominee may continue to send a single set of the Notice of Internet Availability or proxy materials to your household. Please contact your broker or other nominee if you wish to adjust your preferences regarding the delivery of the Notice of Internet Availability or proxy materials.

PRINTED COPY OF 2020 ANNUAL REPORT ON FORM 10-K

We will provide you, without charge, upon request, a printed copy of our 2020 Annual Report on Form 10-K. To receive a printed copy of the 2020 Annual Report on Form 10-K, please contact:

Shareholder Services
Eastman Kodak Company
343 State Street
Rochester, NY 14650-0235
(585) 724-4053

E-mail: shareholderservices@kodak.com

PROPOSAL 1

PROPOSAL 1 - ELECTION OF DIRECTORS

Our By-laws require us to have at least five but no more than 13 directors. The number of directors, which is set by the Board, is currently seven. Mr. Continenza, our Executive Chairman and Chief Executive Officer, is the only director who is an employee of the Company.

The following three directors are standing for re-election, having been elected at the 2020 annual meeting, and have been recommended for nomination by the Compensation, Nominating and Governance Committee: James V. Continenza, Philippe D. Katz, and Jason New. In addition, upon the recommendation of the Compensation, Nominating and Governance Committee, the Board has nominated Darren L. Richman, who was appointed to the Board effective April 1, 2021, B. Thomas Golisano, Kathleen B. Lynch and Michael E. Sileck, Jr. as directors. All nominees have consented to serve if elected.

Mr. Richman was appointed to the Board effective April 1, 2021 and is a designee of Kennedy Lewis Investment Management LLC (KLIM). In connection with debt financing we obtained from Kennedy Lewis Capital Partners Master Fund LP (KLIM Fund I) and Kennedy Lewis Capital Partners Master Fund II LP (KLIM Fund II and, collectively with KLIM Fund I, the KLIM Funds) pursuant to the Credit Agreement among the Company, the KLIM Funds, as lenders, and Alter Domus (US) LLC, as administrative agent (the Term Loan Credit Agreement), we agreed to appoint an individual designated by KLIM as a Board member at or prior to the Annual Meeting. KLIM will have the right to nominate one director at each subsequent shareholder meeting until the earlier to occur of (i) February 26, 2024 or (ii) KLIM affiliated funds ceasing to hold at least 50% of the original principal amount of the term loans and commitments under the Term Loan Credit Agreement. Until KLIM ceases to hold at least 50% of the original principal amount of the term loans and commitments under the Term Loan Credit Agreement, at any time that KLIM's designated director is not serving on the Board, KLIM will have the right to designate a non-voting observer to the Board.

Mr. Golisano is a nominee designated in connection with the Series C Preferred Stock Purchase Agreement (the Series C Purchase Agreement) dated as of February 26, 2021, between the Company and GO EK Ventures IV, LLC (GO EK Ventures), whereby GO EK Ventures has the contractual right to nominate one director to the Board. This nomination right expires on February 26, 2024. Following February 26, 2024, if dividends on the Series C preferred stock are in arrears for six or more consecutive or non-consecutive dividend periods, GO EK Ventures will be entitled to nominate one director at the next annual shareholder meeting and all subsequent shareholder meetings until all accumulated dividends on such Series C preferred stock have been paid in full in the form of additional shares of Series C preferred stock or the liquidation preference has been increased by the amount of any unpaid dividends, at which time any such director serving on the Board shall resign. The foregoing nomination rights will automatically terminate upon GO EK Ventures ceasing to directly or indirectly hold at least a majority of the shares of the Series C preferred stock purchased or the common stock received upon the conversion of such shares. Such nomination rights are exclusive to GO EK Ventures and do not transfer with the Series C preferred stock.

If elected, all of the nominees for director will serve a one year term or until their successors are duly elected and qualified. Information about the director nominees is provided in the section entitled "Board of Directors and Corporate Governance" in this Proxy Statement. If a nominee is unable to stand for election, the Board may reduce the number of directors or choose a substitute. If the Board chooses a substitute, the shares represented by proxies will be voted for the substitute. If a director retires, resigns, dies or is unable to serve for any reason, the Board may reduce the number of directors or elect a new director to fill the vacancy.

Director nominees are elected by a majority of votes cast. Each director nominee who receives more "FOR" than "AGAINST" votes cast for his election will be elected. If a director nominee receives a greater number of votes "AGAINST" his election than votes "FOR" such election, the Board will decide whether to accept the irrevocable letter of resignation the nominee submitted as a condition of being nominated to the Board in accordance with our Majority Vote Policy.

The Board of Directors recommends a vote FOR the election of each of the director nominees.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

DIRECTOR NOMINEES

The Compensation, Nominating and Governance Committee and the Board seek to ensure that the Board is composed of members who bring an appropriate mix of skills and experience across a variety of disciplines, including strategic planning, organizational management, technology, corporate finance, mergers and acquisitions, marketing, digital technologies, public policy, economics, executive compensation, risk management, international operations, corporate governance and internal controls, each of which is an important area of responsibility for the Board and its committees.

The Board and the Compensation, Nominating and Governance Committee believe that each of the director nominees possesses important experience and skills that provide the Board with an optimal balance of leadership, competencies and qualifications in areas that are important to our company. Each of our director nominees has high ethical standards, acts with integrity and exercises careful, mature judgment. Each is committed to employing his or her skills and abilities to aid the long-term interests of our shareholders.

In addition to the biographical information in each director nominee's profile below, the Board and the Compensation, Nominating and Governance Committee considered the listed *Key Experience, Skills and other Qualifications* in its evaluation and determination to nominate each director for election or re-election.

JAMES V. CONTINENZA *Director since April 2013, Chairman since September 2013, Executive Chairman since February 2019, and Chief Executive Officer since July 2020*

James V. Continenza, 58, leads the transformation of Kodak as Executive Chairman and Chief Executive Officer. He was appointed by the Board as Executive Chairman on February 20, 2019 and as Chief Executive Officer on July 27, 2020. Mr. Continenza joined the Board of Kodak in April 2013 and became Chairman of the Board in September 2013. Mr. Continenza brings a proven track record of guiding leading technology companies through transformations. Since September 2012, Mr. Continenza has served as the Chairman and Chief Executive Officer of Vivial, Inc., a privately-held marketing technology and communications company. He has also held leadership roles at STi Prepaid, LLC, a telecommunications company; Anchor Glass Container Corp., a leading manufacturer of glass containers; Teligent, Inc., a provider of communications services including voice, data, and internet access; Lucent Technologies Product Finance, a global leader in telecom equipment; and AT&T Inc.

In addition to his management experience, Mr. Continenza currently serves on the board of directors of Cenveo Corporation, an industry leader in transformative publishing solutions. He has also served on the boards of directors of Datasite LLC (formerly known as Merrill Corp.), NII Holdings, Inc., Tembec, Inc. and Neff Corporation. He also serves or has served on the boards of a number of private companies.

Key Experience, Skills and other Qualifications:

Mr. Continenza has extensive experience in the management and governance of a wide range of companies, including technology companies, with a particular focus on companies that have undergone significant corporate restructuring. He brings to the Board valuable expertise in technology, marketing, operations, strategic planning, mergers and acquisitions, and executive compensation. In addition, Mr. Continenza brings corporate governance and risk management expertise to the Board through his past and current executive positions and service as a board member of diverse companies.

B. THOMAS GOLISANO *2021 director nominee*

B. Thomas Golisano, 79, founded Paychex, Inc. in 1971 and serves as its Chairman of the Board. He served as President and Chief Executive Officer of Paychex, Inc. until October 2004. Mr. Golisano also serves on the boards of Cognivue, Inc., Greenlight Networks, Inc. and Twinlab Consolidated Holdings, Inc. Mr. Golisano serves, and has served, as a director of numerous other non-profit organizations and private companies. He is founder and member of the board of trustees of the B. Thomas Golisano Foundation.

Key Experience, Skills and other Qualifications:

Mr. Golisano brings to the Board substantial executive leadership experience, including as the founder and chair of a large public company.

PHILIPPE D. KATZ *Director since February 2019*

Philippe D. Katz, 59, has been a partner of the private investment firm United Equities Commodities Company since February 1995. Mr. Katz has been a director and officer of Momar Corp., a private investment firm, since May 2010, a partner of Marneu Holding Company, a privately held investment company, since February 2007, and a director and officer of 111 John Realty

Corp., a property management company, since December 1995. In addition, Mr. Katz is a managing member of K.F. Investors LLC, a privately held investment company, a position he has held since March 2007. Mr. Katz has served on the board of directors of Berkshire Bancorp, Inc. since June 2013. Mr. Katz served as an observer to our Board from September 2013 to February 2019.

Key Experience, Skills and other Qualifications:

Mr. Katz has extensive experience in investing, finance and corporate strategy. Mr. Katz brings to the Board knowledge of capital markets, risk management and corporate finance, all of which are considered important to our business.

KATHLEEN B. LYNCH *2021 director nominee*

Kathleen B. Lynch, 55, served as the Chief Operating Officer and Group Managing Director of UBS Wealth Management Americas and UBS Americas Holding LLC, an intermediate holding company for the U.S. based subsidiaries of UBS Group AG, a global wealth manager and financial services firm, from February 2013 until May 2018. Prior to that she served twenty-five years at Merrill Lynch/Bank of America in a variety of leadership positions in global markets and investment banking and global research. Ms. Lynch has served on the board of directors of UBS Americas Holding LLC since July 2016. She also serves on the board of directors of Depository Trust & Clearing Corporation (DTCC), the premier post-trade market infrastructure for the world's financial markets, a position she has held since 2017. For UBS, Ms. Lynch also served as a member of multiple subsidiary boards and committees, including Chairperson of the UBS U.S. Service Company and board member of the Wealth Management Broker Dealer.

Key Experience, Skills and other Qualifications:

In addition to governance and board service as a skill set, Ms. Lynch brings to the Board extensive skills, leadership and deep expertise in strategy execution and development, risk and talent management and regulatory matters. Her leadership experience is across a diverse set of businesses including wealth management, operations, technology and global markets. She has held global, regional, and business responsibilities throughout her career, overseeing major transformation initiatives, business integration efforts and implementation of digital strategy and platforms. She brings a strong focus on the full spectrum of all risk types in crisis management.

JASON NEW *Director since September 2013*

Jason New, 52, is the Co-CEO of Onex Credit, the credit investing arm of Onex Corporation (Onex). Mr. New joined Onex in April 2020. Prior to joining Onex, Mr. New was the Senior Managing Director of The Blackstone Group L.P., a global investment and advisory firm, and the Head of Special Situation Investing for GSO Capital Partners LP (GSO), a credit-oriented alternative asset manager, having served in such positions from 2005 until December 2019. Mr. New joined The Blackstone Group L.P. in 2008 in connection with its acquisition of GSO. Before joining GSO in 2005, Mr. New was a senior member of Credit Suisse's distressed finance group. Mr. New joined Credit Suisse in 2000 when it acquired Donaldson, Lufkin & Jenrette (DLJ), where he was a member of DLJ's restructuring group. Prior to joining DLJ in 1999, he was an associate with the law firm Sidley Austin LLP, where he practiced in the firm's corporate reorganization group.

Mr. New served on the board of directors of MPM Holdings Inc. from October 2014 to August 2016. Mr. New also served on the boards of directors of Cheniere Energy, Inc. from August 2008 to December 2010 and Global Aviation Holdings Inc. from September 2009 to January 2012.

Key Experience, Skills and other Qualifications:

Mr. New has significant expertise in investment strategies and opportunities, with a particular focus on companies that have experienced distressed economic conditions or are in various stages of restructuring. He brings to the Board skills in developing creative financial solutions and strategies, which are critical to our ability to sustain growth and profitability as a technology company in a competitive environment. Mr. New is highly experienced in complex financial and investment transactions. He also has a legal background, which is useful in the governance and risk management issues facing our company.

DARREN L. RICHMAN *Director since April 2021*

Darren L. Richman, 49, is the Co-Founder and a Managing Member of KLIM, an investment adviser, having served in that position since November 2017. Since November 2017, Mr. Richman has also been a Managing Member of each of the KLIM Funds, investment funds. Mr. Richman was a Senior Managing Director with Blackstone from 2006 to 2016 where he focused on special situation and opportunistic investments, and he sat on the Investment Committee for GSO Capital Partner's opportunistic credit funds and special situation funds. Before joining GSO Capital Partners, Mr. Richman worked at DiMaio Ahmad Capital, where he was a Founding Member and the Co-Head of its Investment Research Team, from 2003 to 2006. Prior to joining DiMaio Ahmad, Mr. Richman was a Vice President and Senior Special Situations Analyst at Goldman Sachs, from 1999 to 2003. Mr. Richman began his career with Deloitte & Touche, ultimately serving as a Manager in the firm's Mergers and Acquisitions

Services Group, from 1994 to 1999. He was formerly a Certified Public Accountant and a Member of the American Institute of Certified Public Accountants. Mr. Richman currently serves on the board of directors of Vemo Education, Inc., F45 Training Holdings Inc. and Outward Bound USA and previously sat on the board of directors of Sorenson Communications, Seneca Mortgage and Warrior Coal. He is a member of the Economic Club of New York and formerly served on its strategic planning committee.

Key Experience, Skills and other Qualifications:

Mr. Richman brings to the Board valuable financial and special situation experience. His knowledge, expertise and experience, especially with respect to special situation and opportunistic investments, are attributes the Board considers valuable.

MICHAEL E. SILECK, JR. *2021 director nominee*

Michael E. Sileck, Jr., 60, has served as the President since March 2020 and is an owner of SeaAgri Solutions, a global manufacturer and distributor of proprietary ocean minerals for the agricultural and human consumption markets. Mr. Sileck was the Chief Operating Officer and Chief Financial Officer of World Wrestling Entertainment from June 2005 to December 2008 and previously served as the Chief Financial Officer of Monster Worldwide from March 2002 to March 2005 and Interactive Corp from September 1999 to February 2002. Mr. Sileck has served on the boards of directors of numerous public and private companies.

Key Experience, Skills and other Qualifications:

Mr. Sileck brings to the Board expertise in value creation, strategic transformation, and financial and operational leadership. Mr. Sileck is an operationally oriented executive with extensive C-suite experience within large public and smaller private companies. Mr. Sileck brings to the Board over 20 years of financial and operational leadership experience.

DIRECTOR AND NOMINEE INDEPENDENCE

The Board has determined that each of the following nominees and directors, including those that served during our last fiscal year, has no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) and is, or was during the period of their service during 2020, independent under our Director Independence Standards and the independence standards of the New York Stock Exchange (NYSE): Richard Todd Bradley, Jeffrey D. Engelberg, B. Thomas Golisano, George Karfunkel, Philippe D. Katz, Kathleen B. Lynch, Jason New, William G. Parrett, Darren L. Richman, and Michael E. Sileck, Jr. As our employee, James V. Continenza, our Executive Chairman and Chief Executive Officer, is not independent. In determining the independence of the non-management directors, the Board considered Mr. Karfunkel's shareholdings and the affiliations of Messrs. Bradley, Engelberg, Golisano, Katz, Lynch, New and Richman, as affiliates of entities that hold or held an equity interest in our company (discussed under Certain Relationships and Related Transactions), and determined that such shareholdings and affiliations did not affect the independence of these directors and nominees.

The Board has adopted Director Independence Standards for use in determining whether a director is independent. The Director Independence Standards are consistent with NYSE independence standards. The Board also uses the NYSE independence standards in determining whether members of specific committees are independent. The Director Independence Standards are part of our Corporate Governance Guidelines, which are posted on our website at http://investor.kodak.com/supporting.cfm.

BOARD LEADERSHIP STRUCTURE

The Board recognizes that one of its key responsibilities is to determine the most appropriate leadership structure for our company and to provide independent oversight of management. James V. Continenza serves as our Executive Chairman and Chief Executive Officer. The Board believes that it is appropriate to have the same person perform the roles of Chairman and Chief Executive Officer in order to best oversee our company and management and provide a unified structure ensuring strong and consistent leadership. The Company does not have a lead independent director. Instead, in accordance with NYSE listing standards and our Corporate Governance Guidelines, our independent directors are required to meet in executive session without management and, at each such session, an independent director chosen by the independent directors will preside at such executive session.

COMMITTEES OF THE BOARD

The Board has two standing committees including an Audit and Finance Committee, and, since May 2020 when the former Corporate Governance and Nominating Committee was combined with the former Executive Compensation Committee, the Compensation, Nominating and Governance Committee. We describe below the composition and functions of each of our standing committees.

Board Committee Membership

Director Name	Audit and Finance Committee	Compensation, Nominating and Governance Committee [1]
Richard Todd Bradley [2]	Former Member	Former Member
Jeffrey D. Engelberg	Member	Member
George Karfunkel	Member	
Philippe D. Katz		Chair
Jason New		Member
William G. Parrett	Chair	
Total Meetings in 2020	**8**	**5**

[1] On May 20, 2020, the Executive Compensation Committee and Corporate Governance and Nominating Committee were combined into one committee. The former Corporate Governance and Nominating Committee consisted of Messrs. Bradley, Katz and New (Chair) and held two meetings during 2020 prior to May 20, 2020. The former Executive Compensation Committee consisted of Messrs. Bradley, Katz (Chair) and New and held one meeting during 2020 prior to May 20, 2020.

[2] Mr. Bradley served as a director until December 24, 2020.

Audit and Finance Committee

The current members of the Audit and Finance Committee are Messrs. Engelberg, Karfunkel, and Parrett (Chair). The Audit and Finance Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Board has determined that all members of the Audit and Finance Committee are independent and financially literate under NYSE listing standards. The Board has also determined that Mr. Parrett possesses the qualifications of an "audit committee financial expert," as defined by SEC rules.

The Audit and Finance Committee assists the Board in overseeing and making recommendations to the Board on such matters as: the integrity of our financial statements; our compliance with legal and regulatory requirements; our independent registered public accounting firm's selection, compensation, retention, performance and evaluation, including assessing the firm's qualifications and independence; our systems of disclosure controls and procedures and internal controls over financial reporting; and the performance of our internal audit function. The Audit and Finance Committee charter is posted on our website at http://investor.kodak.com/supporting.cfm.

Compensation, Nominating and Governance Committee

The current members of the Compensation, Nominating and Governance Committee are Messrs. Engelberg, Katz (Chair) and New, each of whom the Board has determined is independent under NYSE listing standards. The Compensation, Nominating and Governance Committee is responsible for the dual roles of overseeing (a) our corporate governance matters and the nomination of director candidates to the board of directors and (b) our compensation program and responsibilities. The Compensation, Nominating and Governance Committee charter is posted on our website at http://investor.kodak.com/supporting.cfm.

With respect to its compensation functions, the Compensation, Nominating and Governance Committee assists the Board in fulfilling its responsibilities in connection with the compensation of our Chief Executive Officer and Section 16 Executive Officers, including our named executive officers. The Compensation, Nominating and Governance Committee also reviews and makes recommendations to the Board from time to time regarding compensation of directors, among other responsibilities. With respect to its governance and nominating functions, some of the primary duties of the Compensation, Nominating and Governance Committee are to oversee our corporate governance structure, which includes the development of our Corporate Governance Guidelines, recommend individuals to the Board for nomination as members of the Board and its committees, determine director independence, lead the Board in its periodic review of Board performance and review "Interested Transactions" in accordance with our Related Party Transactions Policy and Procedures.

In accordance with its charter, the Compensation, Nominating and Governance Committee may delegate authority to one or more subcommittees or management as it deems fit. The Compensation, Nominating and Governance Committee has delegated limited authority to our Chief Human Resources Officer to assist in the administration of executive compensation and equity-based compensation plans. Except as a plan may otherwise provide, the Compensation, Nominating and Governance Committee has authorized the Chief Human Resources Officer to amend any executive compensation or equity-based compensation plan in which our named executive officers participate, other than to materially increase the benefits accruing to a participant under the plan, increase the number of shares available for issuance under the plan or substantially modify the requirements as to eligibility for participation under the plans. In addition, the Chief Human Resources Officer is authorized to amend any award agreement and related documents under the plans, other than to increase the benefits accruing to a participant.

CORPORATE GOVERNANCE OVERVIEW

Ethical business conduct and good corporate governance are well-established practices at Kodak. We practice good corporate governance and believe it to be a prerequisite to delivering sustained, long-term value to our shareholders. We monitor developments in the area of corporate governance to maintain and implement sound practices. Strong corporate governance is an important goal of our Board.

Our Corporate Governance Guidelines reflect the principles by which our Board operates. From time to time, the Board reviews and revises our Corporate Governance Guidelines in response to regulatory requirements and evolving market practices. Our Corporate Governance Guidelines are posted on our website at http://investor.kodak.com/supporting.cfm.

BUSINESS CONDUCT GUIDE AND DIRECTORS' CODE OF CONDUCT

Our reputation and our brand have been built by more than a century of ethical business conduct. All of our employees, including the Executive Chairman and Chief Executive Officer, the Chief Financial Officer, the Controller, all other senior financial officers and all other Section 16 Executive Officers, as defined under Section 16 of the Exchange Act (a Section 16 Executive Officer), are required to comply with our code of conduct, the "Business Conduct Guide." We also have a Directors' Code of Conduct. Our Business Conduct Guide and our Directors' Code of Conduct are posted on our website at http://investor.kodak.com/supporting.cfm.

GOVERNANCE PRACTICES

Meeting Attendance

Our Board has a Director Attendance Policy that is part of our Corporate Governance Guidelines, which is posted on our website at http://investor.kodak.com/supporting.cfm. Under this policy, all of our directors are strongly encouraged to attend all Board meetings and our Annual Meeting of Shareholders. In 2020, the Board held a total of 11 meetings. Each director attended more than 75% of the meetings of the Board and committees of the Board on which the director served, except Mr. Karfunkel. All of our then serving directors, except Mr. New, attended the Annual Meeting of Shareholders held on May 20, 2020.

Executive Sessions

Each executive session of our non-management directors is chaired by an independent director, chosen by the independent directors to preside at such executive session.

Communications with Our Board

Shareholders and interested parties who wish to communicate with the Board, the independent directors as a group or an individual director, may send an e-mail to our Executive Chairman at chairman@kodak.com or may send a letter to our Executive Chairman or to the independent director(s) c/o Secretary, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0224. Communications received will be forwarded to the Board, the independent directors as a group or the individual director as directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Executive Chairman and the directors have authority to disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Consideration of Director Candidates

The Compensation, Nominating and Governance Committee will consider nominations for director candidates recommended by its members, other Board members, management, shareholders and the search firms it retains. The Compensation, Nominating and Governance Committee reviews all potential candidates under our Director Selection Process and Qualification Standards described below.

Shareholders wishing to recommend candidates for consideration by the Board may do so by providing the following information, in writing, to the Compensation, Nominating and Governance Committee of the Board, c/o Secretary, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0224: 1) the name, address and telephone number of the shareholder making the request; 2) the number of shares owned, and, if such person is not a shareholder of record or if such shares are held by an entity, reasonable evidence of such person's ownership of such shares or such person's authority to act on behalf of such entity; 3) the full name, address and telephone number of the individual being recommended, together with a reasonably detailed description of the background, experience and qualifications of that individual; 4) a signed acknowledgement by the individual being recommended that he or she has consented to: a) serve as director if elected and b) the Company undertaking an inquiry into that individual's background, experience and qualifications; 5) the disclosure of any relationship of the individual being recommended with the Company, whether direct or indirect; and 6) if known to the shareholder, any material interest of such shareholder or individual being recommended in any proposals or other business to be presented at the next annual meeting of shareholders (or a statement to the effect that no material interest is known to such shareholder).

Director Selection Process and Qualification Standards

The Compensation, Nominating and Governance Committee is responsible for identifying, screening and recommending candidates for Board membership. When reviewing a potential candidate for the Board, the Compensation, Nominating and Governance Committee looks to whether the candidate possesses the necessary qualifications to serve as a director. To assist it in these determinations, the Compensation, Nominating and Governance Committee has adopted Director Qualification Standards and a Director Selection Process, which are posted as part of our Corporate Governance Guidelines on our website at http://investor.kodak.com/supporting.cfm.

The Director Qualification Standards specify that, in addition to any other factors described in the Company's Corporate Governance Guidelines, the Board should at a minimum consider the following factors, as more fully described in our Director Qualification Standards, in the nomination or appointment of members of the Board: integrity, reputation, judgment, knowledge, experience, maturity, commitment, skills, track record, diversity (including with respect to gender, race, ethnicity and sexual orientation), age, independence and ownership stake. The Compensation, Nominating and Governance Committee, in accordance with its Director Selection Process, will then consider the candidate's qualifications in light of the needs of the Board and our company at that time, given the then-current mix of director attributes and the Board's projected strengths and future needs. Based on the Compensation, Nominating and Governance Committee's results of the assessment of Board needs, they may develop a target candidate profile. As provided in our Corporate Governance Guidelines, the Compensation, Nominating and Governance Committee seeks to create a multi-disciplinary Board that, as a whole, is strong in both its knowledge and experience. The Compensation, Nominating and Governance Committee may use the services of a third-party executive search firm, as well as the personal network of the Board and senior management, and may consider any previously recommended nominees when identifying and evaluating possible nominees for director. The search firm assists in identifying candidates who meet the skills and qualifications specified by the Compensation, Nominating and Governance Committee. A list of preferred candidates is developed and presented to the full Board, including the Executive Chairman, for review and input. Interest on the part of the potential candidate is gauged and an interview and reference check are performed. The full Board makes a determination with respect to the candidate. Candidates that are successfully elected to the Board participate in orientation sessions to familiarize them with our business. The Board has a mandatory retirement age of 72, unless an extension is approved by the Board, but in no event above age 75; however, this requirement does not apply to candidates nominated pursuant to contractual nomination rights.

Although the Compensation, Nominating and Governance Committee does not have a formal policy regarding the consideration of diversity in the selection of candidates, the Compensation, Nominating and Governance Committee considers diversity when evaluating possible nominees under our Director Qualification Standards, which provide that the Board should be a diverse body, with diversity reflecting gender, ethnic background, race, sexual orientation, country of citizenship and professional experience. In addition, the Compensation, Nominating and Governance Committee and the Board evaluate diversity as part of the Board's periodic evaluation process.

Strategic Role of the Board

The Board plays a key role in developing, reviewing and overseeing the execution of our business strategy. The Board receives progress reports from management throughout the year on the implementation of the strategic plan, including business segment performance and strategy reviews for each of our key businesses, product line reviews and presentations regarding research and development initiatives and our intellectual property portfolio.

Succession Planning

The entire Board reviews our succession plans for our Executive Chairman and Chief Executive Officer and other key senior management positions and oversees our activities in the areas of leadership and executive development. To assist the Board, management periodically reports to the Board on succession planning to ensure that it is a continuous and ongoing effort.

Majority Voting for Directors

Our By-laws provide for majority voting in uncontested director elections.

We also maintain a Majority Vote Policy that requires a director nominee, in connection with his or her nomination to the Board, to submit a resignation letter in which the director nominee irrevocably elects to resign if he or she fails to receive the required majority vote in the next election and the Board accepts the resignation. The policy requires the Board to nominate for election or re-election as a director only those candidates who agree to execute such a letter upon his or her nomination. The Majority Vote Policy is posted on our website at http://investor.kodak.com/supporting.cfm.

If a director nominee fails to receive a majority vote in an uncontested election, the Majority Vote Policy provides that the Compensation, Nominating and Governance Committee will consider the resignation letter and recommend to the Board whether to accept it. The Compensation, Nominating and Governance Committee, in making its recommendation to the Board, and the Board, in reaching its decision, may consider relevant factors, including any stated reason why shareholders voted against the election of the director, the director's qualifications, the director's past and expected future contributions to us, the overall composition of the Board and whether accepting the resignation letter would cause us to fail to comply with any applicable rule, such as the NYSE's listing standards.

The policy provides that the Board will act on the Compensation, Nominating and Governance Committee's recommendation and publicly disclose its decision whether to accept the director's letter of resignation within 90 days following the certification of the shareholder vote. If the letter of resignation is not accepted by the Board within this 90-day period, the resignation will not be effective until the next annual meeting.

All seven director nominees standing for election at the Annual Meeting have submitted an irrevocable letter of resignation as a condition of nomination pursuant to the Majority Vote Policy.

Anti-Hedging and Pledging Policy

Our Anti-Hedging and Pledging Policy prohibits our directors and executive officers from engaging, directly or indirectly, in any transactions that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of our equity securities. In addition, the policy prohibits directors and executive officers from purchasing our equity securities on margin, borrowing against our securities on margin or pledging our equity securities as collateral for a loan. The Anti-Hedging and Pledging Policy is posted on our website at http://investor.kodak.com/supporting.cfm.

Risk Management

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of our objectives, including strategic objectives, to improve long-term performance and enhance shareholder value. A fundamental part of risk management is not only identifying and prioritizing the risks we face and monitoring the steps management is taking to manage those risks, but also determining the level of risk that is appropriate for us. As an integral part of its review and approval of our strategic plan, the Board considers the appropriate level of risk that is acceptable. Through this process, the Board assesses risk throughout the Company, focusing on four primary risk categories: strategic, operational (including with respect to cybersecurity), legal/compliance and financial reporting. The Audit and Finance Committee is responsible for reviewing the results of our enterprise risk assessment on an annual basis. The Board also receives reports on management's progress in mitigating key risks.

The Board has delegated to its committees responsibility for the oversight of risk management in specific risk areas. For example, the committees of the Board oversee:

- Risk management relating to our financial reporting (including internal controls).
- Risk management relating to our compensation programs and awards.
- Risk management relating to our capital structure.
- Risk management relating to our insurance and pension programs.
- Risk management relating to cybersecurity.

REPORT OF THE AUDIT AND FINANCE COMMITTEE

Management is responsible for our internal control over financial reporting, disclosure controls and procedures, and preparation of our consolidated financial statements. Our independent registered public accounting firm (independent accountants) for 2020, Ernst & Young LLP, was responsible for performing an independent audit of the consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and for issuing a report of the results. As outlined in its charter, the Audit and Finance Committee is responsible for overseeing these processes.

During 2020, the Audit and Finance Committee met and held discussions with management and the independent accountants on a regular basis. Management represented to the Audit and Finance Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit and Finance Committee reviewed and discussed the audited consolidated financial statements and significant accounting matters with management and the independent accountants.

The Audit and Finance Committee discussed with the independent accountants the matters required to be discussed under auditing standards established from time to time by the PCAOB and by SEC rules. The Audit and Finance Committee has received from the independent accountants the written disclosures and letter required by the applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit and Finance Committee concerning independence. The Audit and Finance Committee discussed with the independent accountants their independence.

The Audit and Finance Committee also received reports from our Chief Compliance Officer on the implementation and effectiveness of our compliance program.

The Audit and Finance Committee discussed with the director of internal audit and independent accountants the plans for their audits. The Audit and Finance Committee met with the director of internal audit and independent accountants, with and without management present. The director of internal audit and independent accountants discussed with or provided to the Audit and Finance Committee the results of their examinations, and in the case of internal audit their evaluations of our internal control over financial reporting, disclosure controls and procedures, and the quality of our financial reporting.

Based on these reviews, discussions and reports, the Audit and Finance Committee recommended that the Board approve the audited financial statements for inclusion in our Annual Report on Form 10-K for the year ended December 31, 2020, and the Board accepted the Audit and Finance Committee's recommendations.

The Audit and Finance Committee, with the approval of the Board and the ratification of our shareholders, appointed Ernst & Young LLP as our independent accountants for 2020. In addition, the Audit and Finance Committee approved certain non-audit services provided by Ernst & Young LLP and the estimated budget for those services. The Audit and Finance Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy.

William G. Parrett, Chair
Jeffrey D. Engelberg
George Karfunkel

EXECUTIVE COMPENSATION

The following tables and related narrative contain information regarding the compensation paid to our named executive officers for our two most recently completed fiscal years, which ended on December 31, 2020 and December 31, 2019.

Our named executive officers for 2020 are as follows:

James V. Continenza – Executive Chairman and Chief Executive Officer

David E. Bullwinkle – Chief Financial Officer, President, Eastman Business Park, and Senior Vice President

Roger W. Byrd – General Counsel, Secretary and Senior Vice President

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)[3]	Non-Equity Incentive Plan Comp. ($)	All Other Comp. ($)	Total ($)
J.V. Continenza Executive Chairman and Chief Executive Officer	2020	824,040	0	0	11,112,869	0	0	11,936,909
	2019	873,152	0	250,003	3,546,000	0	12,375	4,681,530
D.E. Bullwinkle Chief Financial Officer, President, Eastman Business Park and Senior Vice President	2020	379,059	0	0	322,267	0	0	701,326
	2019	458,397	0	0	0	0	0	458,397
R.W. Byrd General Counsel, Secretary and Senior Vice President	2020	267,817	0	0	322,267	0	0	590,084
	2019	320,820	0	175,002	175,000	0	0	690,822

(1) This column reports the base salary paid to each of our named executive officers during each year reported. The base salary paid to our named executive officers during 2020 is described under "Base Salary" below. For 2019, the amount shown for Mr. Continenza includes $37,619 of cash fees that he received as a director prior to his appointment as our Executive Chairman.

(2) This column reports the aggregate grant date fair value (as calculated for financial reporting purposes), without any reduction for risk of forfeiture, for all restricted stock units (RSUs) granted during each year reported. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718. The terms of the RSUs are described under "Long-Term Incentive Compensation" below. For 2019, prior to his appointment as our Executive Chairman, Mr. Continenza received a grant of RSUs for his service as a director on January 8, 2019.

(3) This column reports the aggregate grant date fair value (as calculated for financial reporting purposes), without any reduction for risk of forfeiture, for all stock option awards granted during each year reported. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718. For valuation assumptions with respect to our stock option grants, please see Note 23 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020. For 2020, Messrs. Continenza, Bullwinkle and Byrd each received a grant of stock options on July 27, 2020 to purchase up to 1,650,000 shares, 45,000 shares and 45,000 shares, respectively, with aggregate grant date fair values of $11,112,869, $322,267 and $322,267, respectively. The terms of the stock options are described under "Long-Term Incentive Compensation" below. The aggregate grant date fair value of the stock options granted to Mr. Continenza during 2019 has been corrected from the $9,580,500 amount reported in last year's proxy statement to the $3,546,000 amount reported above.

(4) For 2019, Mr. Continenza received $12,375 for the legal fees we paid on his behalf pursuant to his employment agreement relating to the negotiation of such agreement.

NARRATIVE TO SUMMARY COMPENSATION TABLE

Base Salary

The base salaries of our named executive officers, except for Mr. Byrd, were established as part of their employment agreements.

In response to the COVID-19 pandemic, the base salaries of each of our named executive officers were temporarily reduced by 25%, effective from April 13, 2020 through January 4, 2021. During this period, Mr. Continenza's annual salary was reduced by 25% from $1,000,000 to $750,000, Mr. Bullwinkle's annual salary was reduced by 25% from $460,000 to $345,000 and Mr. Byrd's annual salary was reduced by 25% from $325,000 to $243,750.

Long-Term Incentive Compensation

On July 27, 2020, Mr. Continenza received a grant of a stock option under our Amended and Restated 2013 Omnibus Incentive Plan (the Plan) to purchase up to 1,750,000 shares. The option was granted in four tranches as follows

- Tranche 1 (for 981,707 shares) with an exercise price of $3.03 per share;
- Tranche 2 (for 298,780 shares) with an exercise price of $4.53 per share;
- Tranche 3 (for 298,780 shares) with an exercise price of $6.03 per share; and
- Tranche 4 (for 170,733 shares) with an exercise price of $12.00 per share.

The exercise price of each tranche was above the closing price of our stock of $2.62 on the date of grant. The stock option vests as follows: 28.57% of each tranche was immediately vested upon grant, and the remaining 71.43% of each tranche vests upon the conversion of $100,000,000 of our outstanding 5% Secured Convertible Promissory Notes due 2021 (the Notes). In the event a portion of the Notes is converted, a corresponding pro rata portion of the 71.43% of each tranche will vest. In addition, if any of the Notes is repaid or otherwise extinguished without being converted, a corresponding pro rata portion of the 71.43% of each tranche will be forfeited upon such repayment. The stock option expires on February 19, 2026.

The purpose of the grant was to protect Mr. Continenza from the economic dilution attributable to the issuance of the Notes, which affected the value of the options granted upon his becoming Executive Chairman of the Company (the Original Grant). This stock option has the same exercise prices and term as the Original Grant and was generally designed to put Mr. Continenza in the same economic position he would have been in had the Notes been repaid instead of converted into common stock.

The stock option vested with respect to 471,405 shares (28.57% of each tranche) at the time of grant on July 27, 2020. The stock option vested with respect to an additional 1,119,665 shares (67.86% of each tranche) upon the conversion of 95% of the Notes on July 29, 2020, and the stock option vested with respect to the remaining 58,930 shares (3.57% of each tranche) upon the conversion of the remaining 5% of the Notes on September 30, 2020.

On July 27, 2020, Messrs. Bullwinkle and Byrd each received a grant of a stock option under the Plan to purchase up to 45,000 shares. Each option was granted in four tranches as follows:

- Tranche 1 (for 15,000 shares) with an exercise price of $3.03 per share;
- Tranche 2 (for 10,000 shares) with an exercise price of $4.53 per share;
- Tranche 3 (for 10,000 shares) with an exercise price of $6.03 per share; and
- Tranche 4 (for 10,000 shares) with an exercise price of $12.00 per share.

The exercise price of each tranche was above the closing price of our stock on the date of grant. These stock options vest for one-third of each tranche on the first, second and third anniversaries of the date of grant, subject to continued employment through such date. These stock options also expire on February 19, 2026.

Non-Equity Incentive Compensation

For 2020, the annual variable incentive opportunity, known as Executive Compensation for Excellence and Leadership (EXCEL), was suspended and none of the named executive officers received an EXCEL payment.

Employment Agreements

James V. Continenza

During 2020, we employed Mr. Continenza under an employment agreement effective February 20, 2019 with a scheduled term ending February 19, 2021. The employment agreement provided Mr. Continenza the following:

- An annual base salary of $1 million;

- Participation in our EXCEL Plan, with an annual target opportunity of 75% of base salary and a maximum of 200% of target; and
- Participation in all benefit plans, policies and arrangements that are provided to employees generally.

The employment agreement provided that if Mr. Continenza's employment was terminated by us for any reason other than cause prior to February 20, 2020, he would have been eligible to receive (less any applicable withholding and deduction):

- an amount equal to any remaining base salary that would have been due had the employment not been terminated prior to such date; and
- any stock options which are outstanding and unvested as of the date of such termination shall immediately become fully vested.

The employment agreement further provided that if Mr. Continenza's employment was terminated by us without cause after February 20, 2020, he would have been eligible to receive (less any applicable withholding and deduction):

- any annual incentive for the fiscal year ending immediately prior to the year in which his employment was terminated that was forfeited upon such termination (subject to achievement of applicable performance targets consistent with the terms of the EXCEL Plan); and
- a pro-rated portion of the annual incentive that was forfeited upon termination in respect of the fiscal year in which his termination occurs (subject to achievement of applicable performance targets consistent with the terms of the EXCEL Plan).

Eligibility to receive the post-termination benefits payable in connection with termination without cause after February 20, 2020 was subject to execution of a general release and covenant not to sue in favor of us. The post-termination payments provided under the employment agreement were in lieu of those provided under our Termination Allowance Plan.

On February 26, 2021, we entered into a new employment agreement with Mr. Continenza, which has a three-year term. The new employment agreement replaces in its entirety Mr. Continenza's prior employment agreement.

David E. Bullwinkle

We employ Mr. Bullwinkle under an employment agreement effective July 1, 2016 with no scheduled term ending date. Under this employment agreement, Mr. Bullwinkle is eligible for the following:

- An annual base salary of $400,000, which was increased to $460,000 effective November 12, 2018;
- Participation in our EXCEL Plan with an annual target opportunity of 65% of base salary and a maximum of 200% of target; and
- Participation in all benefit plans, policies and arrangements that are provided to employees generally.

The employment agreement provides that if Mr. Bullwinkle's employment is terminated by us without cause or by him with good reason, he will be eligible to receive (less applicable withholding):

- An amount equal to his annual base salary;
- Continued vesting of his equity grants in accordance with the terms of such awards; and
- Eligibility for an EXCEL award for the fiscal year in which the termination occurs, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

The employment agreement provides that in the event that Mr. Bullwinkle's employment is terminated due to his disability or death, he or his estate, as applicable, will be eligible to receive (less applicable withholding) continued vesting of his equity awards in accordance with the terms of such awards and a pro rata EXCEL award, if earned, as governed by the terms of the EXCEL Plan and applicable Administrative Guide or Award Notice.

Eligibility to receive the severance benefits payable in connection with termination without cause or with good reason is subject to (1) execution of a general release and covenant not to sue in favor of us; and (2) compliance with a non-compete agreement after termination of employment. The severance payments provided under the employment agreement are in lieu of those provided under our Termination Allowance Plan.

Roger W. Byrd

We provide Mr. Byrd a special severance plan pursuant to a letter agreement dated May 31, 2018. Under this letter agreement, if Mr. Byrd's employment is terminated without cause, he would be eligible to receive (less applicable withholding) an amount equal to his annual base salary. Eligibility to receive the severance benefits payable in connection with termination without cause is subject to execution of a general release and covenant not to sue in favor of us.

Tax-Qualified Retirement Plans

Employees' Savings and Investment Plan (SIP)

We offer a tax-qualified 401(k) defined contribution plan known as the Employees' Savings and Investment Plan (SIP) for all U.S. employees. Employer contributions to SIP were frozen as of January 1, 2015.

Kodak Retirement Income Plan (KRIP)

We fund a tax-qualified defined benefit pension plan known as the Kodak Retirement Income Plan (KRIP) for all U.S. employees. Effective January 1, 2000, we amended KRIP to include a cash balance component. KRIP's cash balance component covers employees hired before March 1, 1999 who elected that coverage and all new U.S. employees hired on or after March 1, 1999.

On January 1, 2015, we froze all benefit accruals in the traditional component of KRIP for all participants. Beginning on that date, all future accruals in KRIP are made under the cash balance component for all participating employees in an amount equal to 8%, for non-exempt employees, and 7%, for exempt employees, of the employee's monthly pay, which was previously 4% for cash balance participants. Effective January 1, 2020, we increased the credits to either 10% or 9% of pay for non-exempt and exempt employees, respectively.

Cash Balance Component

Under KRIP's cash balance component, a hypothetical account is established for each participating employee and, for every month the employee works, the employee's account is credited with an amount equal to 7% or 8%, as applicable, of the employee's monthly pay (i.e., base salary and EXCEL awards, including allowances in lieu of salary for authorized periods of absence, such as illness, vacation or holidays). Effective January 1, 2020, we increased the credits to the employee's account to an amount equal to 9% or 10%, as applicable. In addition, the ongoing balance of the employee's account earns interest at the 30-year Treasury bond rate. Employees rights under the cash balance component are fully vested. Benefits under the cash balance component are payable upon normal retirement (age 65), termination or death. Participants in the cash balance component of the plan may choose from among various forms of benefits such as a lump sum, a joint and survivor annuity and a straight life annuity.

Non-Qualified Deferred Compensation

Except for Mr. Continenza, none of our named executive officers have non-qualified deferred compensation.

Effective December 26, 2013, we adopted the Deferred Compensation Plan for Directors, which allows non-employee directors to defer some or all of their RSU awards into a phantom stock account.

Mr. Continenza received a grant of 88,029 RSUs on January 8, 2019, prior to becoming our Executive Chairman, which vested on January 8, 2020. Pursuant to his prior election under the Deferred Compensation Plan for Directors, such RSUs were credited to his phantom stock account upon vesting.

OUTSTANDING EQUITY AWARDS AT 2020 FISCAL YEAR-END TABLE (1)

The following table sets forth additional information concerning equity awards held by our named executive officers as of December 31, 2020.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock Held that Have Not Vested (#)(2)	Market Value of Shares or Units of Stock Held that Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)
J.V. Continenza	981,707(4)		3.03	02/19/2026				
	298,780(4)		4.53	02/19/2026				
	298,780(4)		6.03	02/19/2026				
	170,733(4)		12.00	02/19/2026				
	1,150,000		3.03	02/19/2026				
	350,000		4.53	02/19/2026				
	350,000		6.03	02/19/2026				
	200,000		12.00	02/19/2026				
D.E. Bullwinkle		15,000(5)	3.03	02/19/2026				
		10,000(5)	4.53	02/19/2026				
		10,000(5)	6.03	02/19/2026				
		10,000(5)	12.00	02/19/2026				
	48,010	24,007(6)	3.90	12/03/2025				
	355,330		12.50	09/13/2024				
	45,942		16.24	06/30/2023				
	7,965		13.76	09/02/2022				
	5,349		20.25	12/14/2021				
	5,805		23.78	09/02/2021				
					14,958(7)	121,758		
R.W. Byrd		15,000(5)	3.03	02/19/2026				
		10,000(5)	4.53	02/19/2026				
		10,000(5)	6.03	02/19/2026				
		10,000(5)	12.00	02/19/2026				
	29,914	59,830(8)	3.09	01/15/2026				
	30,457		12.50	09/13/2024				
					37,757(9)	307,342		

(1) This table includes only those awards outstanding as of December 31, 2020.

(2) This column represents outstanding awards of RSUs.

(3) The market value of shares, units or other rights that have not vested was calculated using a stock price of $8.14, which was the closing price of our common stock as of December 31, 2020, the last trading day of the year.

(4) This stock option was granted on July 27, 2020 in four tranches with separate exercise prices. Pursuant to the terms of the award agreement, 471,405 shares (28.57% of each tranche) vested on the grant date, an additional 1,119,665 shares (67.86% of each tranche) vested on July 29, 2020 upon the conversion of 95% of our $100,000,000 of our outstanding Notes, and the remaining 58,930 shares (3.57% of each tranche) vested on September 30, 2020 upon the conversion of the remaining 5% of the Notes.

(5) This stock option was granted on July 27, 2020 in four tranches with separate exercise prices. This stock option will vest in substantially equal installments on the first, second and third anniversaries of the grant date.

(6) This stock option was granted on December 4, 2018 and the first two of three substantially equal installments vested on September 3, 2019 and September 3, 2020. The third installment will vest on September 3, 2021.

(7) These RSUs were granted on December 4, 2018 and the first two of three substantially equal installments vested on September 3, 2019 and September 3, 2020. The third installment will vest on September 3, 2021.

(8) This stock option was granted on January 16, 2019 and the first of three substantially equal installments vested on January 16, 2020. The second and third installments will vest on the second and third anniversaries of the grant date.

(9) These RSUs were granted on January 16, 2019 and the first of three substantially equal installments vested on January 16, 2020. The second and third installments will vest on the second and third anniversaries of the grant date.

DIRECTOR COMPENSATION

Introduction

Historically, our directors have been compensated through a combination of cash retainers and equity. We do not pay employee directors for Board service in addition to their regular employee compensation.

The Board and Chair Retainers for our non-employee directors under the terms approved on August 11, 2015, which were based on the recommendation of our compensation consultant, are as shown below (subject to proration based on length of service as a director). In the first quarter of 2020, 75% of each director's cash retainer and fees was paid in RSUs with immediate vesting. For the remaining three quarters of 2020, each director's cash retainer and fees were paid in the form of Nonqualified Stock Options (NQSOs) having an equivalent grant date fair value. These NQSOs were granted on May 20, 2020 and each option vested one-third on each of June 30, 2020, September 30, 2020 and December 31, 2020.

Director Compensation Schedule

The following table reflects the amounts to be paid or granted to our non-employee directors for a full year of service, and not the amounts actually granted, which are reflected in the 2020 Director Compensation Table below.

	Cash Retainer ($)	Committee Chair ($)	Equity Value ($)
Richard Todd Bradley (1)	100,000	—	150,000
Jeffrey D. Engelberg	100,000	—	150,000
George Karfunkel	100,000	—	150,000
Philippe D. Katz	100,000	20,000	150,000
Jason New (2)	100,000	20,000	150,000
William G. Parrett	100,000	20,000	150,000

(1) Mr. Bradley ceased being a member of the Board effective December 24, 2020.

(2) Mr. New ceased being a Chair when the committees were reorganized on May 20, 2020.

2020 Director Compensation Table

Our non-employee directors received the following compensation in 2020:

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Total ($)
Richard Todd Bradley[3]	100,000	150,000	250,000
Jeffrey D. Engelberg	100,000	150,000	250,000
George Karfunkel	100,000	150,000	250,000
Philippe D. Katz	120,000	150,000	270,000
Jason New	104,220[4]	150,000	254,220
William G. Parrett	120,000	150,000	270,000

(1) The amounts reported in the Fees Earned or Paid in Cash column include both director retainer and fees paid in cash and, where applicable, the grant date fair value of the RSUs and NQSOs, respectively, paid to each director in lieu of cash retainer and fees. In the first quarter of 2020, 75% of each director's cash retainer and fees were paid in RSUs with immediate vesting. As a result, on March 31, 2020, Messrs. Bradley, Engelberg and Karfunkel each received a grant of 10,839 RSUs with a grant date fair value equal to $18,750; and Messrs. Katz and Parrett each received a grant of 13,006 RSUs with a grant date fair value equal to $22,500; and on April 2, 2020, Mr. New received a grant of 13,006 RSUs with a grant date fair value of $21,720. The grant date fair value of these RSUs received in lieu of cash retainer and fees are included in the amounts in this column. For the remaining three quarters of 2020, 75% of each director's cash retainer and fees were paid in the form of stock options, one-third of which vested on each of June 30, 2020, September 30, 2020 and December 31, 2020. The exercise price of 56.10% of these options was $3.03, the exercise price of 17.07% of these options was $4.53, the exercise price of 17.07% of these options was $6.03, and the exercise price of the remaining 9.76% of these options was $12.00. As a result, on May 20, 2020, Messrs. Bradley, Engelberg, Karfunkel and New each received a grant of 37,579 stock options with a grant date fair value equal to $56,250; and Messrs. Katz and Parrett each received a grant of 45,095 stock options with a grant date fair value equal to $67,500. The grant date fair value of the stock options was determined using Black-Scholes. The grant date fair value of these stock options received in lieu of cash retainer and fees are included in the amounts in this column.

(2) Pursuant to the previous determination of the Board of Directors that annual director grants be made on the fifth trading day of each calendar year, the 2020 equity awards were granted effective January 8, 2020 as RSUs and vested after one year. The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718.

(3) Mr. Bradley ceased to be a member of the Board effective December 24, 2020. The amounts shown for him are the cash fees he received prior to his departure.

(4) Mr. New received a committee chair fee of $5,000 for the first quarter of 2020 for his service as the Chair of the Corporate Governance and Nominating Committee before the Board committees were reorganized on May 20, 2020.

Aggregate Stock and Option Awards Outstanding at Fiscal Year End

	Restricted Stock Units		Stock Options	
Name	Unvested (#)	Vested (#)	Unvested (#)	Vested (#)
Richard Todd Bradley	0	46,729 [1]	0	37,579 [1]
Jeffrey D. Engelberg	46,729	0	0	37,579
George Karfunkel	46,729	0	0	37,579
Philippe Katz	46,729	0	0	45,095
Jason New	46,729	0	0	37,579
William G. Parrett	46,729	0	0	45,095

(1) Upon ceasing to be a member of the Board effective December 24, 2020, the Board accelerated the vesting of Mr. Bradley’s outstanding RSUs and options.

Deferred Compensation

Effective December 26, 2013, we adopted the Deferred Compensation Plan for Directors, which allows non-employee directors to defer some or all of their Board Retainer and RSU awards into a phantom stock account.

Pursuant to this plan, the following directors elected to defer RSU awards granted on January 8, 2020:

William G. Parrett – 46,729 RSUs (100%); and

Philippe Katz – 46,729 RSUs (100%).

Expense Reimbursement

We reimburse our directors for reasonable travel expenses incurred in connection with attending Board, committee and shareholder meetings and other Board business events.

PROPOSAL 2

PROPOSAL 2 - ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Our named executive officers are identified in the “Executive Compensation” section of this Proxy Statement. Pursuant to Section 14A of the Exchange Act, you are voting on a proposal, commonly known as a “say-on-pay” proposal, which gives our shareholders the opportunity to endorse or not endorse our named executive officer pay programs and policies through the following resolution:

> RESOLVED, that the shareholders approve the compensation of Eastman Kodak Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Company’s Proxy Statement for the 2021 Annual Meeting of Shareholders.

At our 2020 annual meeting of shareholders, we recommended, and our shareholders approved, that we hold this non-binding, advisory vote on executive compensation on an annual basis. The next required vote on frequency will occur at our 2026 annual meeting of shareholders.

We believe that our executive compensation program is designed to attract, motivate and retain individuals with the skills required to achieve our business objectives. Our compensation strategy is to provide opportunities to incentivize and reward our named executive officers when they deliver defined performance results that are based on success in a diverse set of businesses. We also align the interests of our executives with those of our shareholders and our long-term interests through stock ownership. We believe that the compensation of our named executive officers for 2020 was appropriate and aligned with our performance results and strategic plan.

In order to be approved on an advisory basis, this proposal must receive the affirmative vote of the majority of votes cast by holders entitled to vote thereon. Because your vote is advisory, it will not be binding on our Board of Directors. However, our Board values the opinions that our shareholders express in their votes and will take into account the outcome of the vote when considering future executive compensation arrangements as it deems appropriate.

The Board of Directors recommends you vote FOR the advisory resolution approving the compensation of our named executive officers.

PROPOSAL 3

PROPOSAL 3 – APPROVAL OF THE FIRST AMENDMENT TO THE AMENDED AND RESTATED 2013 OMNIBUS INCENTIVE PLAN

INTRODUCTION

You are being asked to approve the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan (the Plan) to increase the maximum number of shares of common stock of the Company available for grant to participants pursuant to awards under the Plan and to change the method of counting Shares granted under the Plan. On March 31, 2021, the Board of Directors approved the First Amendment to the Plan and the submission of the First Amendment to the shareholders for their approval. Approval of the First Amendment to the Plan by shareholders will enable the Company to continue to grant equity and cash awards to employees and directors of the Company.

Approval of the First Amendment to the Plan requires the affirmative vote of a majority of the votes cast at the Annual Meeting by holders entitled to vote thereon.

BACKGROUND

The Plan provides for the grant of various types of equity awards (Options, Stock Appreciation Rights (SARs), Restricted Stock Awards, Restricted Stock Units (RSUs), Other Stock-Based Awards and cash awards).

The 2013 Omnibus Incentive Plan (the Original Plan) originally became effective as of September 3, 2013, was amended to increase the maximum number of shares available for grant effective May 22, 2018 and was further amended to increase the limit on the number of options or stock appreciation rights that may be granted to an employee in any calendar year on February 20, 2019. On May 20, 2020, shareholders approved the Plan to increase the number of shares available, remove provisions with respect to performance-based compensation exception under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the Code) and reduce the maximum aggregate grant date fair value of awards in respect of a calendar year that may be granted to a member of the Board of Directors.

The closing stock price of a share of the Company’s common stock as reported on the NYSE on March 30, 2021 was $8.05.

TERMS OF THE FIRST AMENDMENT

The Plan currently provides that the maximum number of shares available for grant to participants pursuant to awards under the Plan is 8,000,000 shares. The First Amendment to the Plan would increase this maximum number of available shares to 13,000,000 shares. Based on our anticipated share usage, we expect these shares to be sufficient for the next three years.

The First Amendment would also change how shares are counted under the Plan for awards granted after May 19, 2021. Since the adoption of the Original Plan in 2013, each share underlying each Option, SAR and similar award has counted as a fraction of a share, based on the financial value of each such award relative to a share. To simplify the administration of the Plan and disclosure relating to the Plan for awards granted after May 19, 2021, each Restricted Stock Award, RSU, Option, SAR and other award will count as one share. For awards granted on or prior to May 19, 2021, the number of shares granted under the Plan will remain determined as follows: (i) each Restricted Stock Award, RSU and similar award will count as one share and (ii) each Option, SAR and similar award will count as a fraction of a share, based on the financial value of each such award relative to a share.

The Plan also currently provides that the Plan shall terminate on May 20, 2030. The First Amendment to the Plan would extend the term of the Plan to May 19, 2031.

SUMMARY OF THE PLAN

The following summary of the Plan, as proposed to be amended, is qualified in its entirety by the terms of the Plan document, a copy of which is attached to this Proxy Statement as Appendix A, and the First Amendment to the Plan, a copy of which is attached to this Proxy Statement as Appendix B.

Purpose

The purpose of the Plan is to attract, retain and motivate officers, employees, and non-employee directors providing services to the Company or any of its subsidiaries or affiliates and to promote the success of the Company’s business by providing such persons with appropriate incentives.

Administration

The Compensation, Nominating and Governance Committee (the Committee) will administer the Plan. However, if a Committee member does not meet the following requirements, the Committee may delegate some or all of its functions to another committee that meets these requirements. Generally, the Committee must consist of two or more directors, each of whom is: 1) an independent director under the listing requirements of the NYSE; and 2) a non-employee director within the meaning of Rule 16b-3 under the Exchange Act.

Eligibility for Participation

The following persons are eligible to participate in the Plan:

- All employees of the Company, any of its 50% or more owned subsidiaries or any of its affiliates; and
- The non-employee directors of the Company.

The selection of those employees who will receive awards is entirely within the discretion of the Committee. There are currently approximately 4,296 employees who are eligible to participate in the Plan, together with the Company's six non-employee directors.

Types of Awards

The Plan authorizes the grant of:

- Nonqualified and Incentive Stock Options;
- SARs;
- Restricted Stock Awards and RSUs;
- Dividend Equivalent Rights;
- Other Stock-Based Awards (stock-based awards granted either as freestanding grants or payments of earned performance awards); and
- Cash awards (including, without limitation, retainers and meeting-based fees).

Termination and Amendment of the Plan

The Committee may from time to time amend, alter, suspend, discontinue or terminate the Plan in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any participant; provided that, subject to the provisions of the Plan regarding adjustments in authorized shares in the case of certain corporate events or transactions, or as otherwise specifically provided in the Plan, no amendment shall materially adversely impair the rights of a participant under any award without the participant's consent.

Shareholder approval will be required for any amendment to the Plan that: (i) increases the number of shares available under the Plan (other than an increase permitted under Article 5 of the Plan); (ii) expands the types of awards available under the Plan; (iii) materially extends the term of the Plan; (iv) materially changes the method of determining the option price or grant price per share for SARs; or (v) except as permitted pursuant to Article 14 of the Plan, reduces the option price or grant price per share, as applicable, of any outstanding Options or SARs.

Available Shares

Subject to adjustment as provided in Article 14 of the Plan, following the effectiveness of the First Amendment to the Plan, the maximum number of shares available for grant to participants pursuant to awards under the Plan shall be equal to 13,000,000 shares. The number of shares available for granting Incentive Stock Options under the Plan shall not exceed 2,000,000. The shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares. The share reserve under the Plan is increased by: (i) any shares delivered to the Company or withheld by the Company in payment or satisfaction of the tax withholding obligation of an award (other than an Option or SAR); and (ii) any shares underlying awards (counted in accordance with the following paragraph) that expire, are forfeited, cancelled or otherwise terminated without the issuance of the shares, or are otherwise settled for cash. The aggregate number of shares will not be reduced by shares granted by the Company in assumption of, or exchange for, awards granted by another company as a result of a merger or consolidation. The number of shares under the Plan may be adjusted for changes in the Company's capital structure, such as a stock split or merger.

Following the effectiveness of the First Amendment to the Plan, the number of shares granted under the Plan will be determined as follows: (a) for awards granted on or prior to May 19, 2021: (i) each Restricted Stock Award, RSU and similar award will count as one share; and (ii) each Option, SAR and similar award will count as a fraction of a share, based on the financial value of each such award relative to a share, as determined by the Committee promptly after the effective date of the Plan; and (b) for awards granted after May 19, 2021, each Restricted Stock Award, RSU, Option, SAR and other award will count as one share.

Award Limits

The maximum number of shares for which Options may be granted to any one employee during any calendar year is 2,500,000 shares, and the maximum number of shares for which SARs may be granted to any one employee during any calendar year is 2,000,000 shares. The aggregate fair market value of shares with respect to which Incentive Stock Options are exercisable for the first time by an eligible employee during any calendar year under all stock option plans of the Company and of any subsidiary may not exceed $100,000.

The aggregate awards to any one non-employee director for any calendar year may not exceed a number of awards with a grant date fair value of $450,000.

Grants to Non-U.S. Employees

To facilitate the granting of awards to participants who are employed outside of the United States, the Plan authorizes the Committee to modify and amend the terms and conditions of an award to accommodate differences in local law, policy or custom.

Stock Options

The Committee may grant awards in the form of Options to purchase shares of the Company's common stock. For each Option grant, the Committee will determine the number of shares subject to the Option and the manner and time of the Option's exercise, provided that no Option will be exercisable after ten years from the date of its grant. The Committee may condition the grant of Options or the vesting of Options upon the participant's achievement of one or more performance goals (including the participant's provision of services for a designated time period). The exercise price of an Option may not be less than the fair market value of the Company's common stock on the date the Option is granted. Upon exercise, a participant may pay the exercise price in cash, shares of common stock, a combination thereof or such other consideration as the Committee determines. Any Option granted in the form of an Incentive Stock Option is intended to satisfy the requirements of Section 422 of the Code.

Stock Appreciation Rights

The Committee may grant SARs either in tandem with an Option (Tandem SARs) or independent of an Option (Freestanding SARs).

A Tandem SAR may be granted at the time of the grant of the related Option. A Tandem SAR will be exercisable to the extent its related Option is exercisable, and the exercise price of such a SAR may not be less than the fair market value of the Company's common stock on the date the SAR is granted. Upon the exercise of an Option as to some or all of the shares covered by the award, the related Tandem SAR will automatically be cancelled to the extent of the number of shares covered by the Option exercise. Upon the exercise of all or a portion of a Tandem SAR, an equivalent portion of the related Option will be forfeited.

The Committee will determine the number of shares subject to a Freestanding SAR and the manner and time of the SAR's exercise. Freestanding SARs must be granted for a term of ten years or less and may generally have the same terms and conditions as Options. The exercise price of a Freestanding SAR may not be less than the fair market value of the Company's common stock on the date of grant.

Other Awards

Awards may be granted in the form of Restricted Stock Awards, RSUs and Other Stock-Based Awards. These awards are subject to such terms, restrictions and conditions as the Committee may determine, including the participant's achievement of one or more performance goals (including the participant's provision of services for a designated time period).

Participants receiving a Restricted Stock Award, unless otherwise provided in the award agreement, shall have the right to vote and receive dividends on the shares underlying such award during the restriction period. At the end of the restriction period, the restrictions imposed under the Plan and under the award agreement shall lapse with respect to the number of shares underlying the Restricted Stock Award as determined by the Committee, and such number of shares shall be delivered to the participant.

Participants receiving RSUs will have only the rights of a general unsecured creditor of the Company and no rights as a shareholder of the Company until delivery of shares, cash or other securities or property is made as specified in the applicable award agreement. On the delivery date specified in the award agreement, with respect to each RSU not previously forfeited or terminated, the participant will receive one share, cash or other securities or property equal in value to a share or a combination thereof, as specified by the Committee.

Dividend Equivalent Rights

For Restricted Stock Awards, RSUs and Other Stock-Based Awards, the Committee may include as part of the award an entitlement to receive Dividend Equivalent Rights. In the event such a provision is included in an award agreement, the

Committee will determine whether such payments will be made in cash, in shares or in another form, whether they will be conditioned upon the exercise of the award to which they relate, the time or times at which they will be made and such other terms and conditions as the Committee will deem appropriate.

Participants receiving Dividend Equivalent Rights will have only the rights of a general unsecured creditor of the Company until payment of such amounts is made as specified in the applicable award agreement. No Dividend Equivalent Rights will be paid at a time when any performance-based goals that apply to the Dividend Equivalent Rights or award granted in connection with the Dividend Equivalent Rights have not been satisfied and will revert back to the Company if such goals are not satisfied.

Other Terms

Awards, other than Options or Restricted Stock Awards, may be paid in cash, shares, a combination of cash and shares, or any other form of property as the Committee may determine.

Adjustments in Authorized Shares and Outstanding Awards

In the event of any corporate event or transaction involving the Company, a subsidiary and/or an affiliate (including, but not limited to, a change in the shares of the Company or the capitalization of the Company), the Committee, to prevent dilution or enlargement of participants' rights under the Plan, shall substitute or adjust (in each case in such manner as it deems equitable and appropriate):

- The number and kind of shares or other property (including cash) that may be issued under the Plan or under particular forms of awards;
- The number and kind of shares or other property (including cash) subject to outstanding awards;
- The option price, grant price or purchase price applicable to outstanding awards;
- Any individual award limits; and/or
- Other value determinations applicable to the Plan or outstanding awards.

Change of Control

Upon the occurrence of a change of control of the Company, the Committee shall make one or more of the following adjustments to the terms and conditions of outstanding awards to the extent determined by the Committee to be permitted under Section 409A of the Code:

- continuation or assumption of such outstanding awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent;
- substitution by the surviving company or corporation or its parent of awards with substantially the same terms for such outstanding awards;
- accelerated exercisability, vesting and/or lapse of restrictions under outstanding awards immediately prior to the occurrence of such event;
- upon written notice, provide that any outstanding awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event, or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such awards shall terminate to the extent not so exercised within the relevant period;
- cancellation of all or any portion of outstanding awards for fair value (as determined in the sole discretion of the Committee and which may be zero) which, in the case of Options and SARs and similar awards, if the Committee so determines, may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of shares subject to such awards (or, if no such consideration is paid, fair market value of the shares subject to such outstanding awards or portion thereof being canceled) over the aggregate option price or grant price, as applicable, with respect to such awards or portion thereof being canceled (which may be zero); or
- such other adjustment as determined appropriate by the Committee.

Clawback/Recoupment

Awards under the Plan shall be subject to the clawback or recoupment policy, if any, that the Company may adopt from time to time, whether before or after the grant of such awards, to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that the awards be repaid to the Company after they have been distributed or paid to the participant.

New Plan Benefits

The following table reflects the benefits or amounts that will be received by or allocated to the following listed individuals and specified groups under the Plan as of March 29, 2021.

	Amended and Restated 2013 Omnibus Incentive Plan (1)	
Name and Position	**Dollar Value ($)**	**Number of Shares**
J.V. Continenza Executive Chairman and Chief Executive Officer	(2)	600,000(2)
D.E. Bullwinkle Chief Financial Officer, President, Eastman Business Park and Senior Vice President	0	0
R.W. Byrd General Counsel, Secretary and Senior Vice President	0	0
Executive Officer Group	0	0
Non-Executive Director Group	0	0
Non-Executive Officer Employee Group	0	0

(1) Except as set forth in this table, the benefits or amounts to be received by or allocated to participants and the number of shares to be granted under the Plan that are subject to approval of the First Amendment to the Plan cannot be determined at this time because the amount and form of grants to be made to any eligible participant in any year is determined at the discretion of the Committee and the Committee has not determined future awards or who might receive them. Except as set forth in this table, no nominee for election as a director, no associate of any executive officer, director or nominee, and no other person who received or is to receive five percent of the options or rights under the Plan will receive any options or rights that are determinable at this time and subject to the approval of the First Amendment to the Plan.

(2) Pursuant to his Executive Chairman and CEO agreement dated February 26, 2021, the Company is obligated to make a grant of 300,000 RSUs to Mr. Continenza each year during the three-year term of his agreement, with the first grant having been made upon the execution of the agreement. In the event of any automatic renewal of his agreement, the number of RSUs to be granted each year during the renewal term shall be determined by dividing $3,000,000 by the volume-weighted average price per share for the 20 trading days prior to the date of grant (which shall be an anniversary of the effective date of his agreement). The number of shares reflects the current contractual commitment and does not include any RSUs that may become contractually required as a result of a renewal of Mr. Continenza's agreement. The grant value cannot be determined at this time because the grant has not yet occurred.

Aggregate Awards Granted

The following table sets forth information with respect to the number of shares subject to awards previously granted to the following listed individuals and specified groups under the Plan since its inception through March 29, 2021, our record date:

Name and Position	Number of Shares Underlying Options	Number of Shares Underlying Restricted Stock Units
J.V. Continenza Executive Chairman and Chief Executive Officer	3,800,000	741,589
D.E. Bullwinkle Chief Financial Officer, President, Eastman Business Park and Senior Vice President	537,408	83,898
R.W. Byrd General Counsel, Secretary and Senior Vice President	165,201	60,088
Executive Officer Group [1]	5,453,513	1,153,575
Non-Executive Director Group	202,927	734,313
Each Nominee for Election as a Director Group [1]	3,920,250	1,044,330
Each associate of any of such directors, executive officer or nominees	0	0
Each other person who received or is to receive 5 percent of such options, warrants or rights	0	0
Non-Executive Officer Employee Group	5,527,645	1,833,996

[1] This row includes the aggregate awards previously granted to Mr. Continenza set forth above.

FEDERAL TAX TREATMENT

The following is a summary of certain U.S. federal income tax consequences of participating in the Plan. This discussion does not purport to be a complete statement of all aspects of the U.S. federal income tax consequences in this area, including any state, local or foreign tax consequences of participating in the Plan. This section is based on the Code, its legislative history, existing and proposed regulations under the Code and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Incentive Stock Options

A participant will not be subject to tax upon the grant of an Incentive Stock Option (ISO) or upon the exercise of an ISO. However, the excess of the fair market value of the shares on the date of exercise over the exercise price paid will be included in a participant's alternative minimum taxable income. Whether a participant is subject to the alternative minimum tax will depend on the participant's particular circumstances. The participant's basis in the shares received will be equal to the exercise price paid, and the participant's holding period in such shares will begin on the day following the date of exercise.

If a participant disposes of the shares on or after the later of: 1) the second anniversary of the date of grant of the ISO and 2) the first anniversary of the date of exercise of the ISO (the statutory holding period), the participant will recognize a capital gain or loss in an amount equal to the difference between the amount realized on such disposition and the participant's basis in the shares.

If the participant disposes of the shares before the end of the statutory holding period, the participant will have engaged in a "disqualifying disposition." As a result, the participant will be subject to tax: 1) on the excess of the fair market value of the shares on the date of exercise (or the amount realized on the disqualifying disposition, if less) over the exercise price paid, as ordinary income and 2) on the excess, if any, of the amount realized on such disqualifying disposition over the fair market value of the shares on the date of exercise, as capital gain. If the amount a participant realizes from a disqualifying disposition is less than the exercise price paid (i.e., the participant's basis) and the loss sustained upon such disposition would otherwise be recognized, a participant will not recognize any ordinary income from such disqualifying disposition and instead the participant will recognize a capital loss. In the event of a disqualifying disposition, subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled to a deduction in the same amount.

Income tax withholding and employment taxes do not apply upon the exercise of an ISO or upon any subsequent disposition, including a disqualifying disposition, of shares acquired pursuant to the exercise of the ISO.

Nonqualified Stock Options

The participant will not be subject to tax upon the grant of an Option which is a Nonqualified Stock Option. Upon exercise of a Nonqualified Stock Option, an amount equal to the excess of the fair market value of the shares acquired on the date of exercise over the exercise price paid is taxable to the participant as ordinary income, and subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled at that time to a deduction in the same amount. This amount of income will be subject to income tax withholding and employment taxes. The participant's basis in the shares received will equal the fair market value of the shares on the date of exercise, and the participant's holding period in such shares will begin.

Restricted Stock Awards, Restricted Stock Units and Other Stock-Based Awards

A participant normally will not recognize taxable income and the Company will not be entitled to a deduction upon the grant of Restricted Stock Awards, RSUs or Other Stock-Based Awards. When the Restricted Stock Award vests or the RSUs settle or the Other Stock-Based Awards are paid or settle, the participant will recognize taxable ordinary income in an amount equal to the fair market value of the shares or other property received at that time, less the amount, if any, paid for the shares, and, subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled at that time to a deduction in the same amount. However, a participant may elect to recognize taxable ordinary income in the year a Restricted Stock Award is granted in an amount equal to the excess of their fair market value at the grant date, determined without regard to certain restrictions, over the amount, if any, paid for the shares. In that event, subject to applicable provisions of the Code, including Section 162(m), the Company will be entitled to a deduction in such year in the same amount. Any gain or loss realized by the participant upon the subsequent disposition of shares received will be taxed as short-term or long-term capital gain or loss, but will not result in any further deduction for the Company.

Limitation on Income Tax Deduction

Section 162(m) of the Code places a $1,000,000 annual limit on the compensation deductible by the Company that is paid to an individual who is a covered employee.

Tax Withholding

The Company shall have the power and the right to deduct or withhold (or cause to be deducted or withheld) from any amount deliverable under an award or otherwise (including shares otherwise deliverable), or require a participant to remit to the Company, the minimum statutory amount to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. With respect to required withholding, participants may elect (subject to the Company's automatic withholding right set out above) to satisfy the withholding requirement, in whole or in part, (i) by having the Company withhold shares or (ii) through an independent broker-dealer arrangement to sell a sufficient number of shares, in each case, having a fair market value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

EQUITY COMPENSATION PLAN INFORMATION

Information as of December 31, 2020 regarding the Company's equity compensation plans is summarized in the following table:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units (a)	Weighted-Average Exercise Price of Outstanding Options [1] (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) [2] (c)
Equity compensation plans approved by security holders [3]	8,105,386	$8.10	860,631
Equity compensation plans not approved by security holders	—	—	—

(1) Represents the weighted-average exercise price of outstanding stock options. The weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock units under the Plan, which do not have an exercise price.

(2) For the purposes of the number of shares available under the Plan, each stock option counts as a fraction of a share, based on the financial value of the stock option relative to a share.

(3) All shares covered by the Plan are now being treated as approved by shareholders based on the approval by shareholders of the amendment and restatement of the Plan on May 20, 2020. The shares covered by the Original Plan were previously reported as not approved by shareholders because the Original Plan had been approved by the Bankruptcy Court pursuant to the Plan of Reorganization.

OTHER INFORMATION

Approval of the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan requires the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote.

The Board of Directors recommends a vote FOR the approval of the First Amendment to the Amended and Restated 2013 Omnibus Incentive Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

BENEFICIAL SECURITY OWNERSHIP OF MORE THAN 5% OF THE COMPANY'S SHARES

The table below presents certain information as of March 29, 2021 regarding the persons known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock and our Series C preferred stock (as of March 30, 2021 in the case of GO EK Ventures IV, LLC), with percentages based on 78,503,476 shares of common stock outstanding as of March 29, 2021 and 1,000,000 shares of Series C preferred stock outstanding as of March 30, 2021. We also have 1,000,000 shares of 4.0% Series B Convertible Preferred Stock (Series B preferred stock) outstanding that do not have voting rights at the Annual Meeting.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent of Class Beneficially Owned	Number of Shares of Series C Preferred Stock Beneficially Owned	Percent of Class Beneficially Owned
GO EK Ventures IV, LLC B. Thomas Golisano 7632 County Road 42 Victor, New York, 14564-8906	10,054,510(1)	11.35%	1,005,451(1)	100%
George and Renee Karfunkel 1671 52nd Street Brooklyn, New York 11204	5,020,565(2)	6.39%	—	—
Philippe D. Katz 160 Broadway New York, New York 10038	10,648,914(3)	13.56%	—	—
K.F. Investors LLC 160 Broadway New York, New York 10038	5,044,023(4)	6.43%	—	—
Southeastern Asset Management, Inc., et al. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	12,058,701(5)	13.70%	—	—

(1) The amount shown includes 750,000 shares of Series C preferred stock, which are convertible at any time, into shares of our common stock at the initial conversion price of $10 per share of common stock, corresponding to an initial conversion rate of 10 shares of common stock for each share of Series C preferred stock, acquired by GO EK Ventures on February 26, 2021, at the initial closing of the purchase transaction under the Series C Purchase Agreement. The amount shown also includes an additional 250,000 shares of our Series C preferred stock (convertible into 2,500,000 shares of our common stock) issued in a second closing under the Series C Purchase Agreement on March 30, 2021. In addition, the amount shown includes 54,510 shares of common stock issuable upon conversion of 5,451 shares of Series C preferred stock issuable on April 15, 2021 as a dividend payable in kind. For purposes of determining the percent of beneficial ownership of GO EK Ventures, the shares of common stock underlying the Series C preferred stock are included in the outstanding share amount. GO EK Ventures reports sole voting and dispositive power with respect to these shares of our Series C preferred stock. B. Thomas Golisano, a director nominee, is the sole member of GO EK Ventures. This information is based on the Schedule 13D filed by GO EK Ventures and Mr. Golisano on March 8, 2021.

(2) George and Renee Karfunkel report shared voting and dispositive power with respect to 5,020,565 shares of our common stock. The amount shown includes Mr. Karfunkel's presently exercisable options to purchase 37,579 shares of our common stock and 500,000 shares of our common stock owned by the Chesed Foundation of America, a charitable foundation controlled by Mr. Karfunkel. This information is based on Amendment No. 3 to the Schedule 13D filed by Mr. and Mrs. Karfunkel on January 14, 2021 and Section 16 reports filed with the SEC by Mr. and Mrs. Karfunkel.

(3) The amount shown includes presently exercisable options to purchase 45,095 shares of our common stock. Philippe Katz has an indirect ownership interest in and shares voting and dispositive power over 3,139,741 shares held by Momar Corporation and 170,000 shares held by 111 John Realty Corp. (111 John), each an entity in which Mr. Katz has an ownership interest and is a member of the board of directors; 1,519,646 shares held by United Equities Commodities Company (United Equities), an entity of which Mr. Katz is a general partner; 614,041 shares held by Marneu Holding Company (Marneu), an entity of which Mr. Katz is a partner; and 5,044,023 shares held by K.F. Investors (KF Investors), an entity of which Mr. Katz is a managing member and a greater than 5% holder of our shares as reported in this table. Mr. Katz is the son-in-law of Moses Marx, a

shareholder who reports having voting and dispositive power over 2,353,687 shares of our common stock. Mr. Katz has 46,729 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.

(4) KF Investors has sole voting and dispositive power over these shares. KF Investors, Moses Marx, Momar Corporation, Marneu, United Equities and 111 John have agreed to act as a "group" within the meaning of Section 13(d)(3) of the Exchange Act. This information is based on Amendment No. 3 to the Schedule 13D filed jointly by KF Investors, Mr. Marx and the entities described in this footnote 4 on August 3, 2020 and Section 16 reports filed with the SEC by KF Investors.

(5) Southeastern, et al. has beneficial ownership of 12,058,701 shares of our common stock, including 9,523,809 shares issuable upon conversion of 1,000,000 shares of Series B preferred stock (or 10.8% of the outstanding shares when including these shares on an as converted basis in the number of outstanding shares). For purposes of determining the percent of beneficial ownership of Southeastern et al., the shares of common stock underlying the Series B preferred stock, which are freely convertible, are included in the outstanding share amount. Southeastern shares voting power with Longleaf Partners Small-Cap Fund (Longleaf), a series of Longleaf Partners Funds Trust, a Massachusetts business trust, with respect to 8,877,619 shares. Southeastern reports no voting power with respect to 3,181,082 shares. Southeastern has sole dispositive power with respect to 170,000 shares and shares dispositive power with respect to 11,888,701 shares, including 8,877,619 shares with Longleaf. Mr. O. Mason Hawkins is the Chairman of the Board of Southeastern. All shares reported by Southeastern are owned by Southeastern's investment advisory clients, including Longleaf, and none are owned directly or indirectly by Southeastern.

BENEFICIAL SECURITY OWNERSHIP OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

The table below presents certain information as of March 29, 2021 regarding shares of our common stock and shares of our Series C preferred stock held by our directors, nominees, each of our named executive officers and all directors, nominees and executive officers as a group.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned (1)	Percent of Class Beneficially Owned (1)(2)	Number of Shares of Series C Preferred Stock Beneficially Owned (1)	Percent of Class Beneficially Owned (1)(2)
Directors and Nominees				
Jeffrey D. Engelberg	244,100(3)	—	—	—
George Karfunkel	5,020,565(4)	6.39%	—	—
B. Thomas Golisano	10,054,510(5)	11.35%	1,005,451(5)	100%
Philippe D. Katz	10,648,914(6)	13.56%	—	—
Kathleen B. Lynch	—	—	—	—
Jason New	97,314(7)	—	—	—
William G. Parrett	73,784(8)	—	—	—
Darren L. Richman	3,516,437(9)	4.37%	—	—
Michael E. Sileck, Jr.	10,000	—	—	—
Named Executive Officers				
James V. Continenza (10)	4,081,644(11)	4.99%(11)	—	—
David Bullwinkle	522,130(12)	—	—	—
Roger Byrd	116,296(13)	—	—	—
All directors, director nominees and executive officers as a group (16 persons, including the above)	35,361,929(14) (15)	36.84%(15)	1,005,451(5)	100%

(1) Under the rules of the SEC, "beneficial ownership" is deemed to include shares for which an individual, directly or indirectly, has or shares voting or dispositive power, whether or not they are held for the individual's benefit, and includes shares that may be acquired within 60 days, including, but not limited to, the right to acquire shares by the exercise of options or upon the conversion of convertible securities. Shares that may be acquired by the exercise of options within 60 days are referred to in the footnotes to this table as "presently exercisable options." Percentages are based on 78,503,476 shares of common stock outstanding and 1,000,000 shares of Series C preferred stock outstanding except where the person has the right to receive shares within the next 60 days (as indicated in the other footnotes to this table), which increases the number of shares owned by such person and the number of shares outstanding. Unless otherwise indicated in the other footnotes to this table, each shareholder named in the table has sole voting and investment power with respect to all of the shares shown as owned by the shareholder.

(2) We have omitted percentages of less than 1% from the table.

(3) The amount shown includes presently exercisable options to purchase 37,579 shares of our common stock. Mr. Engelberg is the managing member of Additive Advisory PBC, which receives management fees from C2W Partners Master Fund Limited, whose ownership includes 3,011,082 shares and is an investment fund managed by Southeastern, a greater than 5% holder as reported in the table "Beneficial Security Ownership of More than 5% of the Company's Shares" above. Mr. Engelberg disclaims beneficial ownership of the shares held by C2W Partners Master Fund Limited.

(4) The amount shown includes presently exercisable options to purchase 37,579 shares of our common stock and 500,000 shares of our common stock owned by the Chesed Foundation of America, a charitable foundation controlled by Mr. Karfunkel. Mr. Karfunkel shares voting and dispositive power with respect to our common stock with his spouse.

(5) The amount shown includes 750,000 shares of Series C preferred stock, which are convertible at any time, into shares of our common stock at the initial conversion price of $10 per share of common stock, corresponding to an initial conversion rate of 10 shares of common stock for each share of Series C preferred stock, acquired by GO EK Ventures on February 26, 2021, at the initial closing of the purchase transaction under the Series C Purchase Agreement. The amount shown also includes an additional 250,000 shares of our Series C preferred stock (convertible into 2,500,000 shares of our common stock) issued in a second closing under the Series C Purchase Agreement on March 30, 2021. In addition, the amount shown includes 54,510 shares of common stock issuable upon conversion of 5,451 shares of Series C preferred stock issuable on April 15, 2021 as a dividend payable in kind. B. Thomas Golisano is the sole member of GO EK Ventures.

(6) The amount shown includes presently exercisable options to purchase 45,095 shares of our common stock. Mr. Katz has an indirect ownership interest in and shares voting and dispositive power over 3,139,741 shares held by Momar Corporation and 170,000 shares held by 111 John, each an entity in which Mr. Katz has an ownership interest and is a member of the board of directors; 1,519,646 shares held by United Equities, an entity of which Mr. Katz is a general partner; 614,041 shares held by Marneu, an entity of which Mr. Katz is a partner; and 5,044,023 shares held by KF Investors, an entity of which Mr. Katz is a managing member and a greater than 5% holder of our shares as reported in this table. Mr. Katz is the son-in-law of Moses Marx, a shareholder who reports having voting and dispositive power over 2,353,687 shares of our common stock. Mr. Katz has 46,729 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.

(7) The amount shown includes presently exercisable options to purchase 37,579 shares of our common stock.

(8) The amount shown includes presently exercisable options to purchase 45,095 shares of our common stock. Mr. Parrett has 172,065 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors.

(9) The amount shown includes (i) 2,020,196 shares of common stock issuable upon conversion of a convertible note held by KLIM Fund II, including 13,196 shares of common stock issuable to KLIM Fund II upon conversion of interest payable in kind on April 15, 2021 with respect to such convertible note, (ii) 803,000 shares of common stock held directly by KLIM Fund II, (iii) 496,241 shares of common stock issuable upon conversion of a convertible note held by KLIM Fund I, including 3,241 shares of common stock issuable to KLIM Fund I upon conversion of interest payable in kind on April 15, 2021 with respect to such convertible note, and (iv) 197,000 shares of common stock held directly by KLIM Fund I. Kennedy Lewis Management LP (the "Adviser") is the investment adviser to KLIM Fund I and KLIM Fund II. KLM GP LLC ("KLM") is the general partner of the Adviser. KLIM is the owner and control person of KLM. David K. Chene and Darren L. Richman are the managing members and control persons of KLIM. Each of the Adviser, KLM and KLIM may be deemed to exercise voting and investment power over securities held by each of the KLIM Funds due to their relationship with the KLIM Funds. Kennedy Lewis GP LLC ("Fund I GP") is the general partner of KLIM Fund I. Kennedy Lewis Investment Holdings LLC ("Holdings I") is the managing member of Fund I GP. David K. Chene and Darren L. Richman are the managing members of Holdings I. Each of Fund I GP and Holdings I may be deemed to exercise voting and investment power over securities held by KLIM Fund I due to their relationship with KLIM Fund I. Kennedy Lewis GP II LLC ("Fund II GP") is the general partner of KLIM Fund II. Kennedy Lewis Investment Holdings II LLC ("Holdings II") is the managing member of Fund II GP. David K. Chene and Darren L. Richman are the managing members of Holdings II. Each of Fund II GP and Holdings II may be deemed to exercise voting and investment power over securities held by KLIM Fund II due to their relationship with KLIM Fund II. David K. Chene and Darren L. Richman, in their capacities as managing members of KLIM, and managing members of each of Holdings I and Holdings II, may be deemed to exercise voting and investment power over securities held by each of the KLIM Funds due to their relationships with the KLIM Funds.

(10) Mr. Continenza has served as our Chief Executive Officer since July 2020, Executive Chairman since February 2019 and as a director since April 2013.

(11) Mr. Continenza holds presently exercisable options to purchase 3,800,000 shares of our common stock. Mr. Continenza also has 241,589 shares of phantom stock credited to his account under the Deferred Compensation Plan for Directors. Mr. Continenza's employment agreement provides that he will not have the right to exercise any stock options granted to him pursuant to the terms of any award granted to him in February 2019 or July 2020 under the Plan to the extent that, after giving effect to the issuance of the common stock resulting from such exercise, Mr. Continenza (together with his affiliates and any person acting as a group (as such term is defined in Section 13(d)(3) of the Exchange Act and Rule 13d-5(b)(1) promulgated thereunder)), would beneficially own more than 4.99% (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) of the then issued and outstanding shares of our common stock. Accordingly, the shares reported on the table above as beneficially owned by Mr. Continenza and his percentage ownership of our outstanding shares do not include amounts in excess of Mr. Continenza's ownership limit.

(12) The amount shown includes presently exercisable options to purchase 468,401 shares of our common stock.

(13) The amount shown includes presently exercisable options to purchase 90,285 shares of our common stock.

(14) The amount shown includes presently exercisable options to purchase an aggregate of 845,951 shares of common stock for executive officers who are not named executive officers.

(15) The shares and percentage ownership of our outstanding shares do not include amounts in excess of the ownership limit for Mr. Continenza described above in footnote 11 to this table.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. Based solely on the written representations of our directors and executive officers and copies of reports that they and persons who owned more than 10% of our common stock have filed with the SEC, we believe that all of our directors, executive officers and greater than 10% beneficial owners timely complied with the filing requirements of Section 16(a) during 2020, except for Jeffrey Engelberg who filed one late Form 4 with respect to one transaction.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

INTERESTED TRANSACTIONS

Our Board has adopted written policies and procedures relating to approval or ratification of "interested transactions" with "related parties." Under these policies and procedures, which are posted on our website at http://investor.kodak.com/supporting.cfm, our Compensation, Nominating and Governance Committee reviews the material facts of all interested transactions that require the Committee's approval. The Compensation, Nominating and Governance Committee will approve or disapprove the interested transactions, subject to certain exceptions, by taking into account, among other factors it deems appropriate, whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. No director or board observer may participate in any discussion or approval of an interested transaction for which he or she is a related party, other than providing material information concerning the interested transaction to the Compensation, Nominating and Governance Committee. If an interested transaction will be ongoing, the Compensation, Nominating and Governance Committee may establish guidelines for our management to follow in its ongoing dealings with the related party and then, at least annually, must review and assess ongoing relationships with the related party.

Under the Board's policies and procedures, an "interested transaction" is any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness), in which the aggregate amount involved will or may be expected to exceed $100,000, our company is a participant and any related party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A "related party" is any person who is or was, since the beginning of the last fiscal year for which we have filed a Form 10-K and proxy statement, a Section 16 Executive Officer, director or nominee for election as a director or board observer (even if the person does not presently serve in that role), a beneficial owner of greater than 5% of our common stock or any immediate family member of any of the foregoing. Immediate family member includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone residing in such person's home (other than a tenant or employee).

The Board has granted standing pre-approval or ratification for the categories of interested transactions described below. In addition, any interested transaction with a related party in which the aggregate amount involved is expected to be less than $120,000 may be pre-approved by the Chair of the Compensation, Nominating and Governance Committee. Pre-approved interested transactions include:

- Employment of Section 16 Executive Officers either if the related compensation is required to be reported or if the Section 16 Executive Officer is not an immediate family member of another Section 16 Executive Officer or a director, and the related compensation would be reported if the Section 16 Executive Officer was a "Named Executive Officer" and our Executive Compensation Committee approved (or recommended that the Board approve) such compensation.
- Any compensation paid to a director if the compensation is required to be reported.
- Any transaction with another company with which a related person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of $1 million or 2% of that company's total annual revenues.
- Any charitable contribution, grant or endowment by our company to a charitable organization, foundation or university with which a related person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the greater of $1 million or 2% of the charitable organization's total annual receipts.
- Any transaction where the related person's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis (e.g., dividends).
- Any transaction involving a related party where the rates or charges involved are determined by competitive bids.
- Any transaction with a related party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- Any transaction with a related party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

The Compensation, Nominating and Governance Committee reviews pre-approved transactions at its regularly scheduled meetings and considered the following related party relationships and interests as follows:

- Mr. Karfunkel, a current director, holds securities of the Company by virtue of a Backstop Commitment Agreement that the Company entered into effective upon emergence from bankruptcy in September 2013 and has certain registration rights in connection with a related registration rights agreement. Mr. Karfunkel currently holds approximately 6.4% of our outstanding common stock (including through a charitable foundation controlled by Mr. Karfunkel).
- Mr. Engelberg, a current director, and Mr. Bradley, a former director, were designated by the purchasers of the Company's Series A Convertible Preferred Stock (Series A convertible preferred stock) pursuant to the terms of the Purchase Agreement dated as of November 7, 2016 between the Company, Southeastern and certain investment funds managed by Southeastern. Mr. Engelberg is the managing member of Additive Advisory PBC, which receives management fees from C2W Partners Master Fund Limited, one of the purchasers of the Series A convertible preferred stock. In May 2019, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust, which are investment funds managed by Southeastern, purchased $100 million aggregate principal amount of convertible notes. On July 29, 2020, two of the investment funds managed by Southeastern converted $95 million of the principal amount of the convertible notes, and on September 30, 2020 the Company exercised its right to mandatorily convert the remainder of the convertible notes. On February 26, 2021, Southeastern, Longleaf Partners Small-Cap Fund, C2W Partners Master Fund Limited and Deseret Mutual Pension Trust (collectively, the Purchasers), and the Company entered into a Series A Preferred Stock Repurchase and Exchange Agreement pursuant to which the Company agreed to repurchase from the Purchasers an aggregate of 1,000,000 shares of the Series A convertible preferred stock, for an aggregate purchase price of $100,641,667. In addition, the Company and the Purchasers agreed to exchange the remaining 1,000,000 shares of Series A convertible preferred stock held by the Purchasers for shares of Series B preferred stock on a one-for-one basis. Southeastern may be deemed to hold approximately 13.7% of our outstanding common stock and C2W Partners Master Fund Limited may be deemed to hold approximately 3.8% of our outstanding common stock. The Company granted registration rights with respect to the shares of common stock issuable upon conversion of each of the Series A preferred stock and the Series B preferred stock.
- Mr. Katz, a current director, is affiliated with Momar Corporation, an entity of which Mr. Katz is a director and officer and has an ownership interest in, United Equities Commodities Company, an entity of which Mr. Katz is a general partner, Marneu Holding Company, an entity of which Mr. Katz is a partner, KF Investors, an entity of which Mr. Katz is a managing member, and 111 John Realty Corp., an entity of which Mr. Katz is a managing member and has an ownership interest in, each of which holds an equity interest in our company. KF Investors is a greater than 5% holder of our shares as reported above in the table "Beneficial Security Ownership of More than 5% of the Company's Shares." As a result, Mr. Katz holds an indirect pecuniary interest in approximately 13.6% of our outstanding common stock. Mr. Katz is also the son-in-law of Moses Marx, a shareholder that has sole voting and dispositive power over 2,353,687 shares of our common stock. In addition, certain of the entities Mr. Katz is affiliated with have registration rights with respect to some of the securities of the Company they hold by virtue of a registration rights agreement that the Company entered into effective upon emergence from bankruptcy in September 2013.
- Mr. Continenza, our Executive Chairman and Chief Executive Officer, is also the Chairman and Chief Executive Officer of Vivial, Inc. (Vivial), a privately held marketing technology and communications company that provides a wide range of digital and legacy leads-generating products to local and national advertisers. In January 2020, in the ordinary course of business, the Company engaged Vivial on an arm's length competitive basis to provide salesforce optimization consulting services at an expected cost over a two-year period of up to $2 million. Mr. Continenza did not participate in the negotiation or decision-making process. By virtue of Mr. Continenza's positions, he is deemed to have an indirect material interest in the Company's transactions with Vivial. At its meeting on January 8, 2020, our Corporate Governance and Nominating Committee (which was combined with the Executive Compensation Committee to form the Compensation, Nominating and Governance Committee) considered the relevant information and pre-approved the transaction with Vivial.
- Mr. Richman, a current director, is a managing member of KLIM, the owner and control person of KLM GP LLC (KLM). KLM is the general partner of Kennedy Lewis Management LP, which is the investment adviser to the KLIM Funds. On February 26, 2021, the Company entered into the Term Loan Credit Agreement with the KLIM Funds, as lenders, and Alter Domus (US) LLC, as administrative agent, that provided the Company with (i) an initial term loan in the amount of $225,000,000, which was drawn in full on the same date, and (ii) a commitment to provide delayed draw term loans in an aggregate principal amount of up to $50,000,000 on or before February 26, 2023. In connection with the Term Loan Credit Agreement, we entered into a letter

agreement with KLIM to provide KLIM with certain board nominee rights pursuant to which Mr. Richman was appointed a director of the Company. In addition, pursuant to a securities purchase agreement, KLIM Funds purchased (i) 1,000,000 shares of our common stock for an aggregate purchase price of $10,000,000, and (ii) $25,000,000 aggregate principal amount of the Company's 5.0% unsecured convertible promissory notes due May 28, 2026 in a private placement transaction. The Company granted certain registration rights with respect to these shares of common stock and the shares of common stock issuable upon conversion of the notes.

- Mr. Golisano, a director nominee, is the sole member of GO EK Ventures, a greater than 5% holder of the Company's shares as reported above in the table "Beneficial Security Ownership of More than 5% of the Company's Shares." On February 26, 2021, the Company and GO EK Ventures, entered into a Series C Purchase Agreement pursuant to which the Company sold to GO EK Ventures an aggregate of 1,000,000 shares of Series C preferred stock for a purchase price of $100 per share, representing $100,000,000 of gross proceeds to the Company. In connection with the Series C Purchase Agreement, the Company granted GO EK Ventures with certain board nominee rights pursuant to which Mr. Golisano was nominated as a director of the Company. On February 26, 2021, the initial portion of the transactions closed, and the Company issued to GO EK Ventures an aggregate of 750,000 shares of the Series C preferred stock for a purchase price of $75,000,000. The issuance and sale of the remaining 250,000 shares of Series C preferred stock closed on March 30, 2021. The Company granted certain registration rights with respect to the shares of common stock issuable upon conversion of the Series C preferred stock.

PRINCIPAL ACCOUNTING FEES AND SERVICES

AUDIT AND NON-AUDIT FEES

On March 26, 2020, we selected Ernst & Young LLP as our independent registered public accounting firm, effective as of such date. See "Proposal 4 - Ratification of the Audit and Finance Committee's Selection of Ernst & Young LLP as our Independent Registered Public Accounting Firm" for more information.

The following fees were approved by the Audit and Finance Committee and were billed by Ernst & Young LLP, our current independent registered public accounting firm (independent accountants), for services rendered in 2020.

Type of Service (in millions)	**2020**
Audit Fees (1)	$3.07
Audit-Related Fees (2)	0.05
Tax Fees (3)	0.12
All Other Fees (4)	0.005
Total	$3.25

(1) Audit fees related primarily to the annual audit of our consolidated financial statements included in our Annual Report on Form 10-K, quarterly reviews of interim financial statements included in our Quarterly Reports on Forms 10-Q, and statutory audits of certain of our subsidiaries.

(2) Audit related fees primarily consisted of fees related to the audit of our subsidiary's retirement plan.

(3) Tax fees were for tax compliance and assistance services.

(4) All other fees consisted of non-audit related procurement of an on-line accounting research tool offered by Ernst & Young LLP to its clients.

POLICY REGARDING PRE-APPROVAL OF SERVICES PROVIDED BY OUR INDEPENDENT ACCOUNTANTS

The Audit and Finance Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy (the Pre-Approval Policy) requiring the Audit and Finance Committee's pre-approval of all audit and permissible non-audit services provided by the independent accountants. The Pre-Approval Policy sets forth principles that must be considered by the Audit and Finance Committee in approving services to ensure that the independent accountant's independence is not impaired; describes the audit, audit-related, tax and other permissible non-audit services that may be provided and the non-audit services that are prohibited; and sets forth the pre-approval requirements for all permitted services.

The Pre-Approval Policy provides for the general pre-approval of specific types of audit, audit-related, tax and other permissible non-audit services and annual approval of a budget for such services. As set forth in the Pre-Approval Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit and Finance Committee. In addition, any proposed services exceeding pre-approved budgeted amounts will also require specific pre-approval by the Audit and Finance Committee. The independent accountant is required to report quarterly to the Audit and Finance Committee regarding the extent of services provided in accordance with their pre-approval and the fees for the services performed to date. The Pre-Approval Policy also delegates to the Audit and Finance Committee's Chair the authority to pre-approve specific engagements or changes to engagements when it is not practical to bring the matter before the Audit and Finance Committee as a whole. The Audit and Finance Committee may not delegate its responsibilities to pre-approve services performed by the independent accountant to management or to others.

In 2020, the Audit and Finance Committee pre-approved all services performed by Ernst & Young LLP.

PROPOSAL 4

PROPOSAL 4 - RATIFICATION OF THE AUDIT AND FINANCE COMMITTEE'S SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Finance Committee is directly responsible for the selection, compensation, retention, performance and evaluation of our independent registered public accounting firm. The Audit and Finance Committee assesses the selection of the independent registered public accounting firm each year. In addition, the Audit and Finance Committee considers the independence of the independent registered public accounting firm each year.

On March 26, 2020, following the completion of a competitive process to select our independent registered public accounting firm for the 2020 fiscal year, the Company engaged Ernst & Young LLP as auditors for the Company, effective as of such date, which resulted in the dismissal of PricewaterhouseCoopers LLP (PwC), the Company's prior independent registered public accounting firm, effective as of March 24, 2020. The engagement of Ernst & Young LLP and the resulting dismissal of PwC were approved by the Audit and Finance Committee. After consideration of a number of factors, including the firm's performance and an assessment of the firm's qualifications and resources, the Audit and Finance Committee has selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2021.

The audit reports of PwC on the consolidated financial statements of the Company as of and for the years ended December 31, 2019 and December 31, 2018 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to audit scope or accounting principle; however, the reports for both years contained a paragraph stating there was substantial doubt about the Company's ability to continue as a going concern.

During the Company's fiscal years ended December 31, 2019 and December 31, 2018 and through March 24, 2020, there were no: (i) disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PwC would have caused PwC to make reference thereto in its reports on the financial statements of the Company for such years, or (ii) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K.

During the fiscal years ended December 31, 2019 and December 31, 2018 and through March 26, 2020, neither the Company nor anyone on the Company's behalf consulted Ernst & Young LLP regarding any of the matters referred to in Item 304(a)(2)(i) or (ii) of Regulation S-K.

A representative of Ernst & Young LLP is expected to attend the Annual Meeting to respond to appropriate questions and, if he or she desires, make a statement.

As a matter of good corporate governance, the Audit and Finance Committee has determined to submit its selection of the independent registered public accounting firm to our shareholders for ratification. In the event that the selection of Ernst & Young LLP is not ratified, the Audit and Finance Committee will review its future selection of an independent registered public accounting firm. Even if the selection is ratified, the Audit and Finance Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our shareholders.

The ratification of the Audit and Finance Committee's selection of Ernst & Young LLP requires the affirmative vote of a majority of the votes cast by holders entitled to vote thereon.

The Board of Directors recommends a vote FOR ratification of the Audit and Finance Committee's selection of Ernst & Young LLP as our independent registered public accounting firm.

By Order of the Board of Directors

Roger W. Byrd

Roger W. Byrd
General Counsel, Secretary and Senior Vice President
April 9, 2021

APPENDIX A

EASTMAN KODAK COMPANY
2013 OMNIBUS INCENTIVE PLAN

(AS AMENDED AND RESTATED EFFECTIVE MAY 20, 2020)

Article 1. Establishment & Purpose

1.1 Establishment. Eastman Kodak Company, a New Jersey corporation, hereby establishes the Eastman Kodak Company 2013 Omnibus Incentive Plan (hereinafter referred to as the "**Plan**") as set forth in this document.

1.2 Purpose. The purpose of this Plan is to attract, retain and motivate officers, employees, and non-employee directors providing services to the Company, any of its Subsidiaries, or Affiliates and to promote the success of the Company's business by providing Participants with appropriate incentives.

Article 2. Definitions

For purposes of the Plan, the following terms have the meanings set forth below:

2.1 "Affiliate" means any entity that the Company, either directly or indirectly, is in common control with, is controlled by or controls, or any entity in which the Company has a substantial equity interest, direct or indirect; provided, however, to the extent that Awards must cover "service recipient stock" in order to comply with Section 409A, "Affiliate" shall be limited to those entities which could qualify as an "eligible issuer" under Section 409A.

2.2 "Award" means any award that is granted under the Plan.

2.3 "Award Agreement" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under this Plan.

2.4 "Beneficial Owner" or **"Beneficial Ownership"** shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.5 "Board" means the Board of Directors of the Company.

2.6 "Cause" means (i) with respect to a Participant employed pursuant to a written employment agreement that includes a definition of "Cause", "Cause" as defined in such agreement or (ii) with respect to any other Participant, the occurrence of any of the following:

(a) the Participant's continued failure, for a period of at least 30 calendar days following a written warning, to perform the Participant's duties in a manner deemed satisfactory by the Participant's supervisor, in the exercise of his or her sole discretion;

(b) the Participant's failure to follow a lawful written directive of the Chief Executive Officer, the Participant's supervisor or the Board;

(c) the Participant's willful violation of any material rule, regulation, or policy that may be established from time to time for the conduct of the Company's business;

(d) the Participant's unlawful possession, use or sale of narcotics or other controlled substances, or performing job duties while illegally used controlled substances are present in the Participant's system;

(e) any act or omission by the Participant in the scope of his or her employment (a) which results in the assessment of a civil or criminal penalty against the Participant or the Company, or (b) which in the reasonable judgment of the Participant's supervisor could result in a material violation of any foreign or U.S. federal, state or local law or regulation having the force of law;

(f) the Participant's conviction of or plea of guilty or no contest to any crime involving moral turpitude;

(g) any misrepresentation of a material fact by the Participant to, or concealment of a material fact from, the Participant's supervisor or any other person in the Company to whom the Participant has a reporting relationship in any capacity; or

(h) the Participant's breach of the Company's Business Conduct Guide or the Eastman Kodak Company Employee's Agreement.

For purpose of this definition, no act or failure to act by the Participant shall be considered "willful" unless done or omitted to be done by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interests of the Company, any of its Subsidiaries, or Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company, any of its Subsidiaries, and Affiliates.

2.7 **"<u>Change of Control</u>"**, unless otherwise specified in the Award Agreement, means the occurrence of any of the following events:

(a) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of the Company's securities representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board ("**<u>Company Voting Securities</u>**"); <u>provided</u>, <u>however</u>, that the event described in this paragraph (a) shall not be deemed to be a Change of Control by virtue of an acquisition of Company Voting Securities: (i) by the Company or any Subsidiary, (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities or (iv) pursuant to a Non-Qualifying Transaction (as defined in paragraph (b) of this definition);

(b) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the

Company that requires the approval of the Company's shareholders, whether for such transaction or the issuance of securities in the transaction (a "**Business Combination**"), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "**Surviving Entity**"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least 95% of the voting power, is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity or the parent), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the parent (or, if there is no parent, the Surviving Entity) and (iii) at least a majority of the members of the board of directors of the parent (or, if there is no parent, the Surviving Entity) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) of this paragraph (b) shall be deemed to be a "**Non-Qualifying Transaction**");

(c) individuals who, on the Effective Date, constitute the Board (the "**Incumbent Directors**") cease for any reason to constitute at least a majority of the Board within any 24 month period; provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the Company's proxy statement in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(d) the consummation of a sale of all or substantially all of the Company's assets (other than to an Affiliate); or

(e) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding;

provided that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person (and in all cases results in beneficial ownership of more than 50% of the Company Voting Securities), a Change of Control shall then occur.

2.8 **"Code"** means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.9 **"Committee"** means the Executive Compensation Committee of the Board (as constituted from time to time, and including any successor committee) or any other committee designated by the Board to administer this Plan. To the extent applicable, the Committee shall have at least two members, each of whom shall be (i) a Non-Employee Director and (ii) an "independent director" within the meaning of the listing requirements of the New York Stock Exchange.

2.10 **"Company"** means Eastman Kodak Company, a New Jersey corporation, and any successor thereto.

2.11 **"Director"** means a member of the Board who is not an Employee.

2.12 **"Dividend Equivalent Right"** means a dividend equivalent right under Article 10 of the Plan.

2.13 **"Effective Date"** means the date set forth in Section 16.19.

2.14 **"Employee"** means an officer or other employee of the Company, a Subsidiary or Affiliate, including a member of the Board who is an employee of the Company, a Subsidiary or Affiliate.

2.15 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended from time to time.

2.16 **"Fair Market Value"** means, as of any date, the per-Share value determined as follows:

(a) The closing price of a Share on a recognized U.S. national exchange or any established over-the-counter trading system on which dealings take place, or if no trades were made on any such day, the immediately preceding day on which trades were made; or

(b) In the absence of an established market for the Shares of the type described in (a) above, the per Share value determined by the Committee in good faith and in accordance with applicable provisions of Section 409A.

2.17 **"Good Reason"** means (i) with respect to a Participant employed pursuant to a written employment agreement that includes a definition of "Good Reason", "Good Reason" as defined in such agreement or (ii) with respect to any other Participant, in the absence of written consent of such Participant, the occurrence of any of the following:

(a) a reduction, in the aggregate, of the Participant's base salary and target annual cash bonus compensation (including variable and other incentives) or sales and commission opportunities, as applicable, as in effect immediately prior to a Change of Control (or as the same may be increased from time to time thereafter) by more than 10%; or

(b) reassignment of the Participant's primary work site to a new primary work site that increases his or her one-way commute to work by more than 35 miles, unless the Participant is in a position where periodic reassignment is standard practice.

Notwithstanding the foregoing, a termination for Good Reason shall not have occurred unless (i) the Participant gives written notice to the Company of termination of employment within 30 days after the Participant first becomes aware of the occurrence of the circumstances constituting Good Reason, specifying in detail the circumstances constituting Good Reason, and the Company has failed within 30 days after receipt of such notice to cure the circumstances constituting Good Reason, and (ii) the Participant's "separation from service" (within the meaning of Section 409A) occurs no later than two years following the initial existence of the circumstances giving rise to Good Reason.

2.18 "Incentive Stock Option" means an Option intended to meet the requirements of an incentive stock option as defined in Section 422 of the Code and designated as an Incentive Stock Option.

2.19 "Non-Employee Director" means a person defined in Rule 16b-3(b)(3) promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission.

2.20 "Nonqualified Stock Option" means an Option that is not an Incentive Stock Option.

2.21 "Other Stock-Based Award" means any right granted under Article 11 of the Plan.

2.22 "Option" means any stock option granted under Article 6 of the Plan.

2.23 "Option Price" means the purchase price per Share subject to an Option, as determined pursuant to Section 6.2 of the Plan.

2.24 "Participant" means any eligible person as set forth in Section 4.1 to whom an Award is granted.

2.25 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

2.26 "Restricted Stock Award" means any Award granted under Article 8 of the Plan.

2.27 "Restricted Stock Unit" means any restricted stock unit granted under Article 9 of the Plan.

2.28 "Restriction Period" means the period during which a Restricted Stock Award is subject to forfeiture.

2.29 "Section 409A" means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance relating thereto, in each case as they may be from time to time amended or interpreted through further administrative guidance.

2.30 **"Service"** means service as an Employee or Director.

2.31 **"Share"** means a share of common stock of the Company, par value $0.01 per share, or such other class or kind of shares or other securities resulting from the application of Article 14 hereof.

2.32 **"Stock Appreciation Right"** means any right granted under Article 7 of the Plan.

2.33 **"Subsidiary"** means any corporation, partnership, limited liability company or other legal entity of which the Company, directly or indirectly, owns stock or other equity interests possessing 50% or more of the total combined voting power of all classes of stock or other equity interests (as determined in a manner consistent with Section 409A).

Article 3. Administration

3.1 **Authority of the Committee**. The Plan shall be administered by the Committee, which shall have full power to interpret and administer the Plan and Award Agreements and full authority to select the Employees and Directors to whom Awards will be granted, and to determine the type and amount of Awards to be granted to each such Employee or Director, and the terms and conditions of Awards and Award Agreements. Without limiting the generality of the foregoing, the Committee may, in its sole discretion but subject to the limitations in Article 12 and Article 14, clarify, construe or resolve any ambiguity in any provision of the Plan or any Award Agreement, extend the term or period of exercisability of any Awards, or waive any terms or conditions applicable to any Award. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or any of its Subsidiaries or Affiliates or a company acquired by the Company or with which the Company combines. The Committee shall have full and exclusive discretionary power to adopt rules, forms, instruments, and guidelines for administering the Plan as the Committee deems necessary or proper. All actions taken and all interpretations and determinations made by the Committee or by the Board (or any other committee or sub-committee thereof), as applicable, shall be final and binding upon the Participants, the Company, and all other interested individuals.

3.2 **Delegation**. The Committee may delegate to one or more of its members or one or more executive officers of the Company such duties or powers as it may deem advisable; provided that no delegation shall be permitted under the Plan that is prohibited by applicable law or applicable rules and regulations of the New York Stock Exchange; and provided further that no delegation shall permit an executive officer of the Company to grant, amend, cancel or suspend Awards granted to a Director or an executive officer of the Company. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards or administer the Plan. In any such case, the Board will have all of the authority and responsibility granted to the Committee herein.

Article 4. Eligibility and Participation

4.1 **Eligibility**. Participants will consist of such Employees and Directors as the Committee in its sole discretion determines and whom the Committee may designate from time to time to receive Awards. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year.

4.2 Type of Awards. Awards under the Plan may be cash-based or stock-based. Stock-based Awards may be in the form of any of the following: (i) Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock Awards, (iv) Restricted Stock Units, (v) Dividend Equivalent Rights, and (vi) Other Stock-Based Awards. Cash-based Awards may be in the form of cash awards (including, without limitation, retainers and meeting-based fees) that the Committee determines to be consistent with the purposes of the Plan and the interests of the Company. Awards granted under the Plan shall be evidenced by Award Agreements (which need not be identical) that provide additional terms and conditions associated with such Awards, as determined by the Committee in its sole discretion; provided, however, that in the event of any conflict between the provisions of the Plan and any such Award Agreement, the provisions of the Plan shall prevail.

Article 5. Shares Subject to the Plan and Maximum Awards

5.1 General. Subject to adjustment as provided in Article 14 hereof, the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan shall be equal to 8,000,000. The number of Shares available for granting Incentive Stock Options under the Plan shall not exceed 2,000,000, subject to Article 14 hereof and the provisions of Sections 422 or 424 of the Code and any successor provisions. The Shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued Shares or treasury Shares. Shares issued in connection with awards that are assumed, converted or substituted as a result of the Company's acquisition of another company (including by way of merger, combination or similar transaction) ("**Acquisition Awards**") will not count against the number of Shares that may be granted under the Plan.

5.2 Share Counting. The number of shares of Common Stock granted under the Plan per year will be determined as follows: (i) each Restricted Stock Award, Restricted Stock Unit and similar Award will count as one share of Common Stock and (ii) each Option, Stock Appreciation Right and similar Award will count as a fraction of a share of Common Stock, based on the financial value of each such Award relative to a share of Common Stock, as determined by the Committee promptly after the Effective Date.

5.3 Director Awards. Aggregate Awards to any one Director in respect of a calendar year may not exceed a number of Awards with a grant date fair value of $450,000 (computed as of the date of grant in accordance with applicable financial accounting rules).

5.4 Additional Shares. In the event that any outstanding Award expires, is forfeited, cancelled or otherwise terminated without the issuance of Shares or is otherwise settled for cash, the Shares subject to such Award (counted in accordance with Section 5.2 of the Plan), to the extent of any such forfeiture, cancellation, expiration, termination or settlement for cash, shall again be available for Awards. Additionally, any shares delivered to the Company or withheld by the Company in payment or satisfaction of the tax withholding obligation of an Award (other than an Option or Stock Appreciation Right) shall again be available for Awards. If the Committee authorizes the assumption under this Plan, in connection with the acquisition of another company (whether by way of merger, consolidation, acquisition of all or substantially all of the assets, acquisition of stock, or reorganization), of awards granted under a plan maintained by such company prior to the acquisition of such company, such assumption shall not reduce the maximum number of Shares available for issuance under this Plan.

Article 6. Stock Options

6.1 Grant of Options. The Committee is hereby authorized to grant Options to Participants. Each Option shall permit a Participant to purchase from the Company a stated number of Shares at an Option Price established by the Committee, subject to the terms and conditions described in this Article 6 and to such additional terms and conditions as established by the Committee, in its sole discretion, that are consistent with the provisions of the Plan. Options shall be designated as either Incentive Stock Options or Nonqualified Stock Options; provided that Options granted to Directors shall only be Nonqualified Stock Options. An Option granted as an Incentive Stock Option shall, to the extent it fails to qualify as an Incentive Stock Option, be treated as a Nonqualified Stock Option. Neither the Committee, the Company, any of its Subsidiaries or Affiliates, nor any of their employees and representatives shall be liable to any Participant or to any other Person if it is determined that an Option intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. Each Option shall be evidenced by an Award Agreement which shall state the number of Shares covered by such Option. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

6.2 Terms of Option Grant. The Option Price shall be determined by the Committee at the time of grant, but, except as otherwise permitted by Article 14 or in the case of an Acquisition Award, shall not be less than 100% of the Fair Market Value of a Share on the date of grant.

6.3 Option Term. The term of each Option shall be determined by the Committee at the time of grant and shall be stated in the Award Agreement, but in no event shall such term be greater than 10 years.

6.4 Method of Exercise. Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Article 6, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii), (iii) or (iv) of the following sentence (including the applicable tax withholding pursuant to Section 16.4 of the Plan). The aggregate Option Price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by cashier's check), (ii) to the extent permitted by the Committee, in Shares previously owned by the Participant having a fair market value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares (as described in (ii) above) or (iv) in consideration received by the Company under a cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.

6.5 Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to employees of the Company or of a "parent corporation" or "subsidiary corporation" (as such terms are defined in Section 424 of the Code) at the date of grant. The aggregate fair market value (generally determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all plans of the Company and of any "parent corporation" or "subsidiary corporation" shall not exceed $100,000, or the Option shall be treated as a Nonqualified Stock Option. For purposes of the preceding sentence, Incentive Stock Options will be taken into account generally in the order in which they are granted.

Each provision of the Plan and each Award Agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

6.6 Performance Goals. The Committee may condition the grant of Options or the vesting of Options upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Option to such Participant or the Option shall not vest, as applicable.

6.7 Individual Limitations. No Employee may be granted Options or Stock Appreciation Rights covering in excess of 2,500,000 Shares in any calendar year (with tandem Options and Stock Appreciation Rights being counted only once with respect to this limit), subject to adjustment as provided in Article 14 hereof.

Article 7. Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants, including a grant of Stock Appreciation Rights in tandem with any Option at the same time such Option is granted (a "**Tandem SAR**"). Stock Appreciation Rights shall be evidenced by Award Agreements that shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of a specified number of Shares on the date of exercise over (ii) the grant price of the right as specified by the Committee on the date of the grant. Such payment may be in the form of cash, Shares, other property or any combination thereof, as the Committee shall determine in its sole discretion.

7.2 Terms of Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price (which shall not be less than 100% of the Fair Market Value of a Share on the date of grant, except as otherwise permitted by Article 14 or in the case of an Acquisition Award), term, methods of exercise, methods of settlement, and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such other conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate. No Stock Appreciation Right shall have a term of more than 10 years from the date of grant.

7.3 Tandem Stock Appreciation Rights and Options. A Tandem SAR shall be exercisable only to the extent that the related Option is exercisable and shall expire no later than the expiration of the related Option. Upon the exercise of all or a portion of a Tandem SAR, a Participant shall be required to forfeit the right to purchase an equivalent portion of the related Option (and, when a Share is purchased under the related Option, the Participant shall be required to forfeit an equivalent portion of the Stock Appreciation Right).

7.4 Individual Limitations. No Employee may be granted Options or Stock Appreciation Rights covering in excess of 2,000,000 Shares in any calendar year (with tandem Options and Stock Appreciation Rights being counted only once with respect to this limit), subject to adjustment as provided in Article 14 hereof.

Article 8. Restricted Stock Award

8.1 Grant of Restricted Stock Award. The Committee is hereby authorized to grant a Restricted Stock Award consisting of a specified number of Shares to a Participant, which Shares are subject to forfeiture upon the occurrence of specified events. Each Restricted Stock Award shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

8.2 Terms of Restricted Stock Awards. Each Award Agreement evidencing a Restricted Stock Award grant shall specify the period(s) of restriction, the number of Shares underlying the Restricted Stock Award, the performance, employment or other conditions (including the termination of a Participant's Service whether due to death, disability or other reason) under which the Restricted Stock Award may be forfeited to the Company and such other provisions, as the Committee shall deem advisable. At the end of the Restriction Period, the restrictions imposed hereunder and under the Award Agreement shall lapse with respect to the number of Shares underlying the Restricted Stock Award as determined by the Committee, and the legend shall be removed and such number of Shares delivered to the Participant (or, where appropriate, the Participant's legal representative).

8.3 Voting and Dividend Rights. Unless otherwise provided in an Award Agreement, Participants shall have none of the rights of a shareholder of the Company with respect to the Shares underlying the Restricted Stock Award until the end of the Restricted Period; provided that Participants shall have the right to vote and receive dividends on the Shares underlying the Restricted Stock Award during the Restriction Period. Dividends shall be paid to Participants at the same time that other shareholders of common stock of the Company receive such dividends. Notwithstanding the foregoing, no dividends will be paid at a time when any performance-based goals that apply to a Restricted Stock Award have not been satisfied; until such goals are satisfied, all dividends paid upon the Shares underlying the Restricted Stock Award shall be retained by the Company for the account of the Participant and paid to the Participant (without interest) upon satisfaction of such goals and revert back to the Company if such goals are not satisfied.

8.4 Performance Goals. The Committee may condition the grant of a Restricted Stock Award or the expiration of the Restriction Period upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Restricted Stock Award to such Participant or the Participant shall forfeit the Restricted Stock Award to the Company, as applicable.

8.5 Section 83(b) Election. A Participant may only make an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award with the prior written consent of the Company, which may be withheld in its sole discretion. In the event that a Participant makes such an election, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9. Restricted Stock Units

9.1 Grant of Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock Units to a Participant in such amounts and subject to such terms and conditions as the Committee may determine. Restricted Stock Units shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

9.2 Terms of Restricted Stock Units. With respect to a Restricted Stock Unit, a Participant will have only the rights of a general unsecured creditor of the Company until delivery of Shares, cash or other securities or property is made as specified in the applicable Award Agreement. The terms and conditions set forth by the Committee in the applicable Award Agreement may relate to vesting and nontransferability restrictions that will lapse upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives, as determined by the Committee at the time of grant. On the delivery date specified in the Award Agreement, with respect to each Restricted Stock Unit not previously forfeited or terminated, the Participant will receive one Share, cash or other securities or property equal in value to a Share or a combination thereof, as specified by the Committee.

Article 10. Dividend Equivalent Rights

10.1 Grant of Dividend Equivalent Rights. The Committee, in its sole discretion, may include in the Award Agreement with respect to any Award, other than Options and Stock Appreciation Rights, a dividend equivalent right entitling the Participant to receive amounts equal to all or any portion of the regular cash dividends that would be paid on the Shares covered by such Award if such Shares had been delivered pursuant to such Award.

10.2 Terms of Dividend Equivalent Rights. With respect to a dividend equivalent right, a Participant will have only the rights of a general unsecured creditor of the Company until payment of such amounts is made as specified in the applicable Award Agreement. In the event such a provision is included in an Award Agreement, the Committee will determine whether such payments will be made in cash, in Shares or in another form, whether they will be conditioned upon the exercise of the Award to which they relate, the time or times at which they will be made, and such other terms and conditions as the Committee will deem appropriate. Notwithstanding anything to the contrary, no dividends or dividend equivalents will be paid at a time when any performance-based goals that apply to the dividend equivalent right or Award that is granted in connection with a dividend or dividend equivalent right have not been satisfied and will revert back to the Company if such goals are not satisfied.

Article 11. Other Stock-Based Awards

The Committee, in its sole discretion, may grant Awards of Shares and Awards that are valued, in whole or in part, by reference to, or are otherwise based on the fair market value of, Shares (the "**Other Stock-Based Awards**"), including without limitation, phantom awards. Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, if any, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards, whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares, and all other terms and conditions of such Awards.

Article 12. [Intentionally Omitted]

Article 13. Section 409A

13.1 The Board and the Committee shall have full authority to give effect to any statement in an Award Agreement to the effect that an Award is intended to be "deferred compensation" subject to Section 409A, to be exempt from Section 409A or to have other intended treatment under Section 409A and/or other provision of the Code. To the extent necessary to give effect to this authority, in the case of any conflict or potential inconsistency between the Plan and a provision of any Award or Award Agreement with respect to the subject matter of this paragraph, the Plan shall govern.

13.2 Without limiting the generality of Section 13.1, with respect to any Award made under the Plan that is intended to be "deferred compensation" subject to Section 409A: (i) references to termination of the Participant's employment will mean the Participant's separation from service with the Company within the meaning of Section 409A; (ii) any payment to be made with respect to such Award in connection with the Participant's separation from service with the Company within the meaning of Section 409A that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after the Participant's separation from service (or earlier death) in accordance with the requirements of Section 409A; (iii) to the extent necessary to comply with Section 409A, any cash, other securities, other Awards or other property that the Company may deliver in lieu of Shares in respect of an Award shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with the requirements of Section 409A); (iv) if the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the regulations promulgated under the Code), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment; (v) if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the regulations promulgated under the Code), the Participant's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award; and (vi) unless the Committee determines otherwise, for purposes of determining whether the Participant has experienced a separation from service with the Company within the meaning of Section 409A, "subsidiary" shall mean a corporation or other entity in a chain of corporations or other entities in which each corporation or other entity, starting with the Company, has a controlling interest in another corporation or other entity in the chain, ending with such corporation or other entity. For purposes of the preceding sentence, the term "controlling interest" has the same meaning as provided in Section 1.414(c)-2(b)(2)(i) of the regulations promulgated under the Code; provided that the language "at least 20 percent" is used instead of "at least 80 percent" each place it appears in Section 1.414(c)-2(b)(2)(i) of the regulations promulgated under the Code.

Article 14. Adjustments

14.1 Adjustments in Authorized Shares. In the event of any corporate event or transaction involving the Company, a Subsidiary and/or an Affiliate (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of Shares, exchange of Shares, dividend in kind, amalgamation, or other like change in capital structure (other than regular cash dividends to shareholders of the Company), or any similar corporate event or transaction, the Committee, to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust (in each case in such manner as it deems equitable or appropriate) the number and kind of Shares or other property (including cash) that may be issued under the Plan or under particular forms of Awards, the number and kind of Shares or other property (including cash) subject to outstanding Awards, the Option Price, grant price or purchase price applicable to outstanding Awards, any individual Award limits, and/or other value determinations applicable to the Plan or outstanding Awards.

14.2 Change of Control. Upon the occurrence of a Change of Control after the Effective Date, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges or unless the Committee shall determine otherwise in the Award Agreement, the Committee shall make one or more of the following adjustments to the terms and conditions of outstanding Awards to the extent determined by the Committee to be permitted under Section 409A: (i) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same terms for such outstanding Awards; (iii) accelerated exercisability, vesting and/or lapse of restrictions under outstanding Awards immediately prior to the occurrence of such event; (iv) upon written notice, provide that any outstanding Awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event, or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such Awards shall terminate to the extent not so exercised within the relevant period; (v) cancellation of all or any portion of outstanding Awards for fair value (as determined in the sole discretion of the Committee and which may be zero) which, in the case of Options and Stock Appreciation Rights or similar Awards, if the Committee so determines, may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Awards (or, if no such consideration is paid, fair market value of the Shares subject to such outstanding Awards or portion thereof being canceled) over the aggregate Option Price or grant price, as applicable, with respect to such Awards or portion thereof being canceled (which may be zero) and (vi) such other adjustment as determined appropriate by the Committee. The Company shall have no liability to any Participant or otherwise if the Plan or any Award, vesting, exercise or payment of any Award hereunder is subject to the additional tax and penalties under Section 409A or any other Code section.

Article 15. Duration, Amendment

15.1 Duration of the Plan. Unless sooner terminated as provided in Section 15.2, the Plan shall terminate on the 10th anniversary of the Effective Date; provided that all Awards made under the Plan before its termination will remain in effect until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements.

15.2 Amendment. The Committee may from time to time amend, alter, suspend, discontinue, or terminate the Plan or an Award in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any Participant; provided that, subject to Section 14.1 or as otherwise specifically provided in the Plan, no amendment shall materially adversely impair the rights of a Participant under any Award without such Participant's consent.

Unless otherwise determined by the Committee, shareholder approval of any amendment, alteration, suspension or discontinuance will be obtained only to the extent necessary to comply with any applicable laws; provided that shareholder approval will be required for any amendment to the Plan that, in each case as reasonably determined by the Committee: (i) increases the number of Shares available under the Plan (other than an increase permitted under Article 5 absent shareholder approval); (ii) expands the types of Awards available under the Plan; (iii) materially extends the term of the Plan; (iv) materially changes the method of determining the Option Price or grant price per Share for Stock Appreciation Rights; or (v) except as permitted pursuant to Article 14, reduces the Option Price or grant price per Share, as applicable, of any outstanding Options or Stock

Appreciation Rights, including through amendment, cancellation in exchange for the grant of a substitute Award (in each case that has the effect of reducing the Option Price or grant price per Share, as applicable) or repurchase for cash or other consideration.

Article 16. General Provisions

16.1 No Right to Service. The granting of an Award under the Plan shall impose no obligation on the Company, any Subsidiary or any Affiliate to continue the Service of a Participant and shall not lessen or affect any right that the Company, any Subsidiary or any Affiliate may have to terminate the Service of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

16.2 Foreign Jurisdictions. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practices and to further the purposes of the Plan, the Committee may, without amending the Plan, establish special rules applicable to Awards to Participants who are foreign nationals, are employed outside of the United States or both and grant Awards (or amend existing Awards) in accordance with those rules.

16.3 Settlement of Awards; Fractional Shares. Each Award Agreement shall establish the form in which the Award shall be settled. The Committee shall determine whether cash, Awards, other securities or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be rounded, forfeited or otherwise eliminated.

16.4 Tax Withholding. The Company shall have the power and the right to deduct or withhold (or cause to be deducted or withheld) from any amount deliverable under the Award or otherwise (including Shares otherwise deliverable), or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. With respect to required withholding, Participants may elect (subject to the Company's automatic withholding right set out above) to satisfy the withholding requirement, in whole or in part, (i) by having the Company withhold Shares or (ii) through an independent broker-dealer arrangement to sell a sufficient number of Shares, in each case, having a fair market value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

16.5 No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any Person regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any Person with respect to any Award under Section 409A or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

16.6 Non-Transferability of Awards. Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant except in the event of his death (subject to the applicable laws of descent and distribution) and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate. No transfer shall be permitted for value or consideration. An Award exercisable after the death of a Participant may be exercised by the heirs, legatees, personal representatives or distributees of the Participant. Any permitted transfer of the Awards to heirs, legatees, personal representatives or distributees of the Participant shall not be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the applicable Award Agreement and this Plan.

16.7 Conditions and Restrictions on Shares. The Committee may impose such other conditions or restrictions on any Shares received in connection with an Award as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received for a specified period of time or a requirement that a Participant represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any conditions and restrictions applicable to such Shares.

16.8 Clawback/Recoupment. Awards under the Plan shall be subject to the clawback or recoupment policy, if any, that the Company may adopt from time to time, whether before or after the grant of such Awards, to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that the Awards be repaid to the Company after they have been distributed or paid to the Participant.

16.9 Other Payments or Awards. Nothing contained in the Plan will be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect. In addition, Section 5.1 (as adjusted by Article 14) sets forth the only limit on the aggregate amount of securities that may be delivered pursuant to this Plan.

16.10 Compliance with Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies, or any stock exchanges on which the Shares are admitted to trading or listed, as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable national, state or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

The restrictions contained in this Section 16.10 shall be in addition to any conditions or restrictions that the Committee may impose pursuant to Section 16.7. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company, its Subsidiaries and Affiliates, and all of their employees and representatives of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

16.11 Rights as a Shareholder. Except as otherwise provided herein or in the applicable Award Agreement, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

16.12 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

16.13 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Subsidiaries or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other Person. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts.

16.14 No Constraint on Corporate Action. Nothing in the Plan shall be construed to (i) limit, impair, or otherwise affect the Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets, or (ii) limit the right or power of the Company to take any action which such entity deems to be necessary or appropriate.

16.15 Liability. No member of the Board or the Committee or any employee of the Company, a Subsidiary or Affiliate (each such person an **"Indemnified Person**") shall have any liability to any person (including, without limitation, any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Indemnified Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnified Person in connection with or resulting from any action, suit or proceeding to which such Indemnified Person may be a party or in which such Indemnified Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Indemnified Person, with the Company's prior approval, in settlement thereof, or paid by such Indemnified Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnified Person, provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel chosen by the Company. The foregoing right of indemnification shall not be available to an Indemnified Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Indemnified Person giving rise to the indemnification claim resulted from such Indemnified Person's bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Indemnified Persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

16.16 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

16.17 Governing Law. THE PLAN WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

16.18 Data Protection. By participating in the Plan, the Participant consents to the collection, processing, transmission and storage by the Company in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of introducing and administering the Plan. The Company may share such information with any Subsidiary or Affiliate, the trustee of any employee benefit trust, its registrars, trustees, brokers, other third-party administrator or any Person who obtains control of the Company or acquires the Company, undertaking or part-undertaking which employs the Participant, wherever situated.

16.19 Effective Date. The Plan originally became effective as of September 3, 2013; was amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan effective May 22, 2018; was amended to increase the limit on the number of Options or Stock Appreciation Rights that may be granted to an Employee in any calendar year under the Plan effective February 20, 2019; and was amended and restated to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan and to make certain other changes effective May 20, 2020 (the "**Effective Date**").

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APPENDIX B

FIRST AMENDMENT
TO THE
EASTMAN KODAK COMPANY
2013 OMNIBUS INCENTIVE PLAN
(As Amended and Restated Effective May 20, 2020)

The Eastman Kodak Company 2013 Omnibus Incentive Plan, as amended and restated effective May 20, 2020 (the "**Plan**"), is hereby amended as follows, effective May 19, 2021:

1. Section 2.9 of the Plan is hereby amended and restated in its entirety to provide as follows:

   "**2.9 "<u>Committee</u>"** means the Compensation, Nominating and Governance Committee of the Board (as constituted from time to time, and including any successor committee) or any other committee designated by the Board to administer this Plan. To the extent applicable, the Committee shall have at least two members, each of whom shall be (i) a Non-Employee Director and (ii) an "independent director" within the meaning of the listing requirements of the New York Stock Exchange."

2. Section 5.1 of the Plan is hereby amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan from 8,000,000 Shares to 13,000,000 Shares.

3. Section 5.2 of the Plan is hereby amended and restated in its entirety to provide as follows:

   "**5.2 Share Counting**. The number of shares of Common Stock granted under the Plan per year will be determined as follows:

   (a) for Awards granted on or prior to May 19, 2021, (i) each Restricted Stock Award, Restricted Stock Unit and similar Award will count as one share of Common Stock and (ii) each Option, Stock Appreciation Right and similar Award will count as a fraction of a share of Common Stock, based on the financial value of each such Award relative to a share of Common Stock, as determined by the Committee promptly after the Effective Date; and

(b) for Awards granted after May 19, 2021, each Restricted Stock Award, Restricted Stock Unit, Option, Stock Appreciation Right and other Award will count as one share of Common Stock."

4. Section 16.19 of the Plan is hereby amended and restated in its entirety to provide as follows:

"**16.19 Effective Date**. The Plan originally became effective as of September 3, 2013; was amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan effective May 22, 2018; was amended to increase the limit on the number of Options or Stock Appreciation Rights that may be granted to an Employee in any calendar year under the Plan effective February 20, 2019; and was amended and restated to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan and to make certain other changes effective May 20, 2020; and was amended to increase the maximum number of Shares available for grant to Participants pursuant to Awards under the Plan and to change the method of counting Shares granted under the Plan effective May 19, 2021 (the "**Effective Date**")."

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About Kodak

Kodak is a global technology company focused on print, advanced materials and chemicals. We provide industry-leading hardware, software, consumables and services primarily to customers in commercial print, packaging, publishing, manufacturing and entertainment. We are committed to environmental stewardship and ongoing leadership in developing sustainable solutions. Our broad portfolio of superior products, responsive support and world-class R&D make Kodak solutions a smart investment for customers looking to improve their profitability and drive growth.

For additional information on Kodak, visit us at Kodak.com, follow us on Twitter @Kodak or like us on Facebook at Kodak.

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